



Annual Report 2015

Waterfront Philippines, Inc.
Acesite (Phils.) Hotel Corp.

WATERFRONT CEBU CITY HOTEL & CASINO

1 Salinas Drive, Lahug, Cebu City, 6000 Philippines
Tel. No. (63 32) 232 6888 / Fax No. (63 32) 232 6880
wcch@waterfronthotels.net

WATERFRONT AIRPORT HOTEL & CASINO

1 Airport Road, Lapu-Lapu City, 6015 Philippines
Tel. No. (63 32) 340 4888 / Fax No. (63 32) 340 5862
wahc@waterfronthotels.net

WATERFRONT INSULAR HOTEL DAVAO

Lanang, Davao City, 8000 Philippines
Tel. No. (63 82) 233 2881 / Fax No. (63 82) 235 0900
wihd@waterfronthotels.net

MANILA PAVILION HOTEL

United Nations Avenue, cor.
Ma. Orosa Street, Ermita, Manila, 1000 Philippines
Tel. No. (63 2) 526 1212 / Fax No. (63 2) 526 2552
wphc@waterfronthotels.net

WATERFRONT HOTELS & CASINOS CORPORATE OFFICE

7th Floor, Manila Pavilion Hotel, United Nations Avenue cor.
Ma. Orosa Street, Ermita, Manila, 1000 Philippines
Tel. No. (63 2) 559 0888 / Fax No. (63 2) 559 0129
corporateoffice@waterfronthotels.net

This report is published annually by Waterfront Philippines, Inc. for the benefit of our stakeholders, peers & patrons.

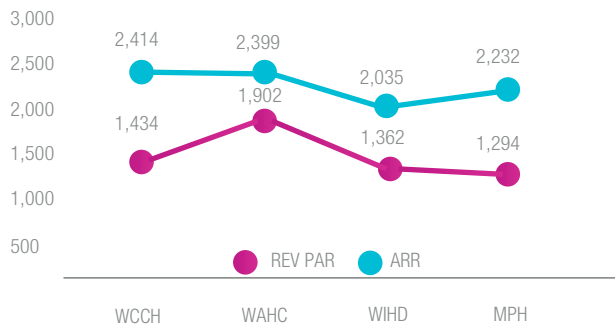
No part of this report may be reproduced without explicit permission from the publishers.

Copyright © 2016
Waterfront Philippines, Inc. and
Acesite (Phils.) Hotel Corporation.

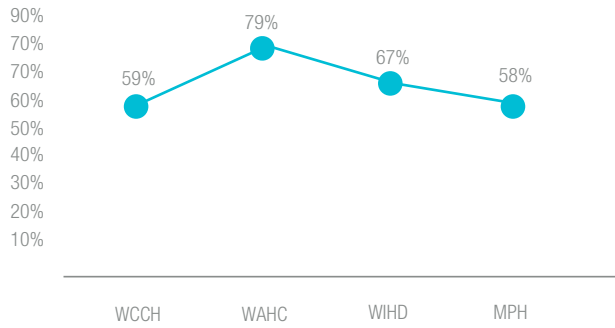
All rights reserved.

Waterfront Philippines, Inc. and Subsidiaries

AVERAGE RATE & REVPAR 2015

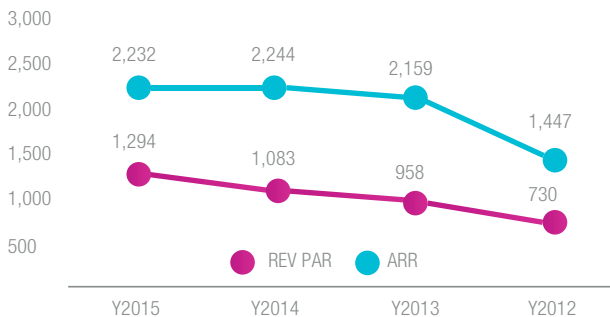


OCCUPANCY 2015

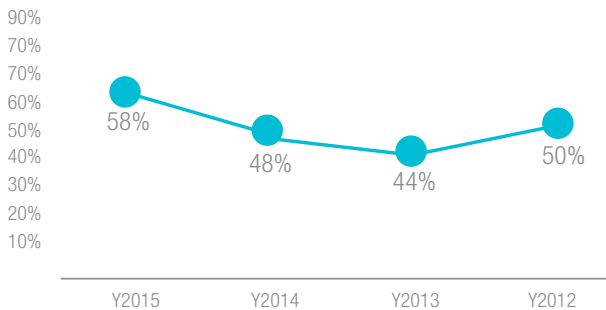


Acesite (Phils.) Hotel Corporation

AVERAGE RATE & REVPAR 2015

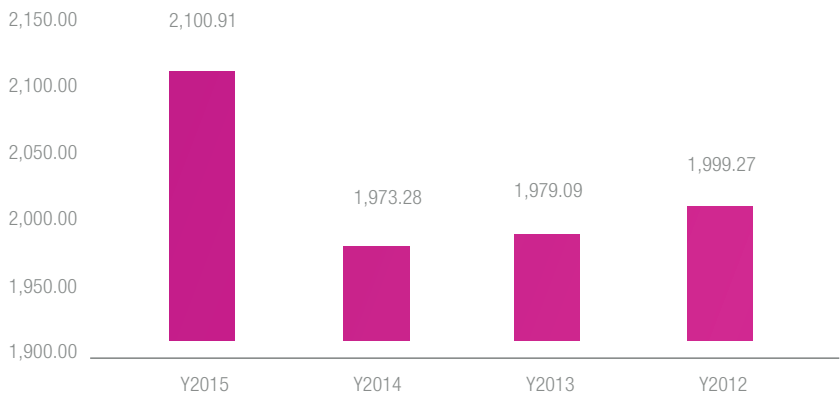


OCCUPANCY 2015

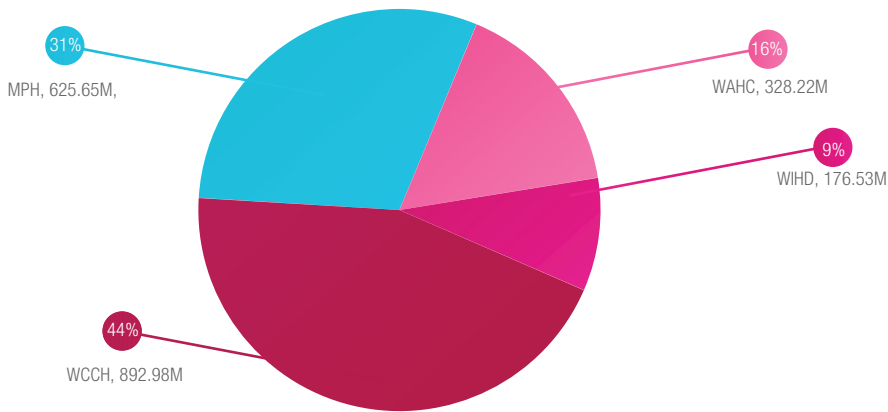


Waterfront Philippines, Inc. and Subsidiaries

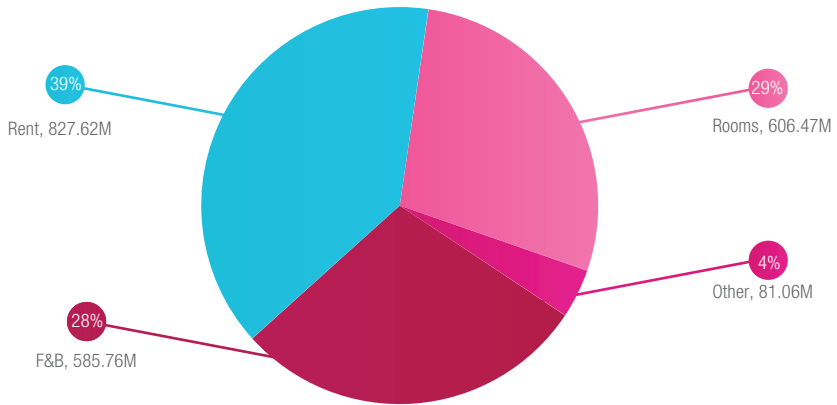
Consolidated Revenue (In Millions)



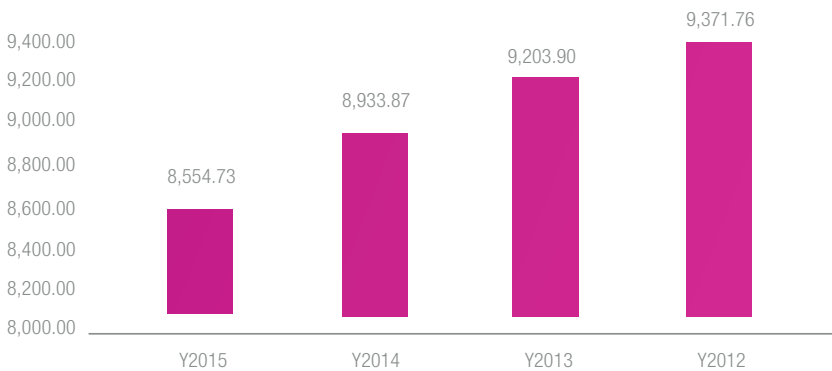
Revenue Per Hotel 2015



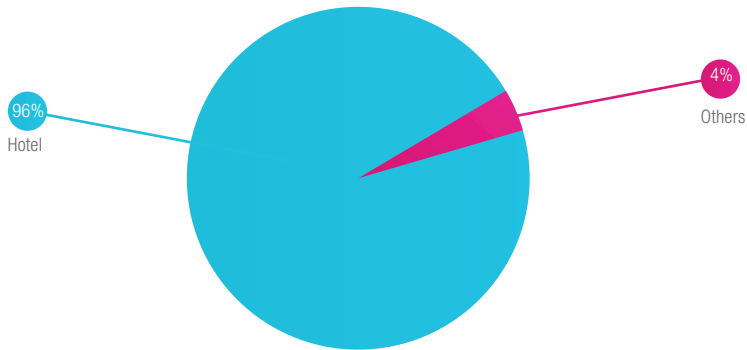
Consolidated Revenue Breakdown 2015



Total Assets (In Millions)

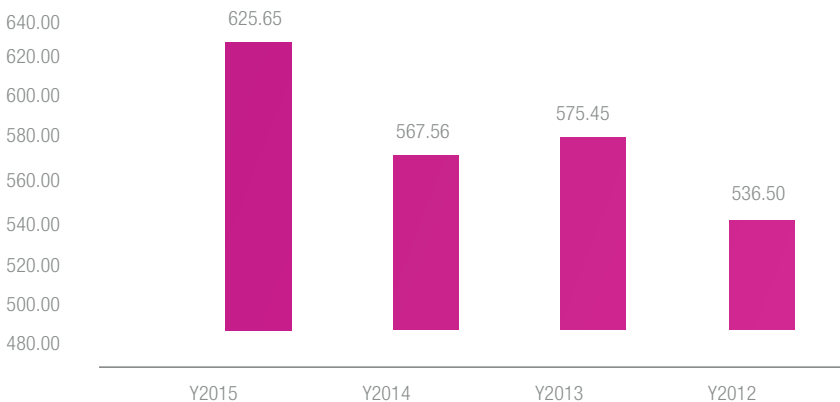


Revenue Stream 2015

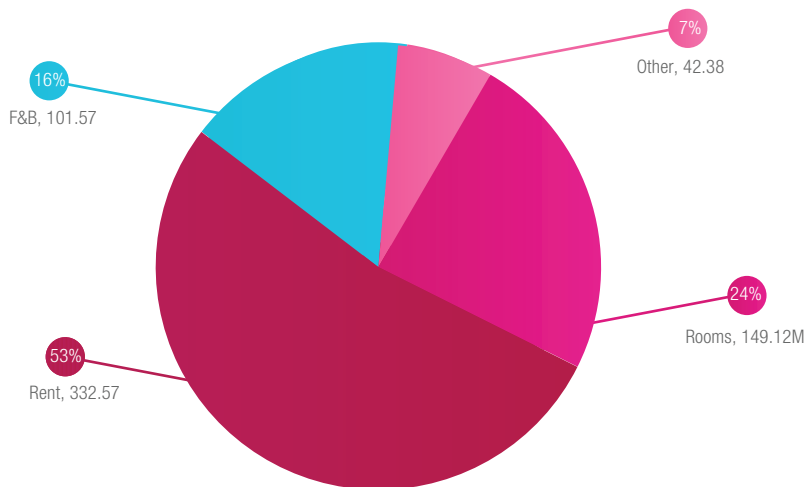


Acesite (Phils.) Hotel Corporation

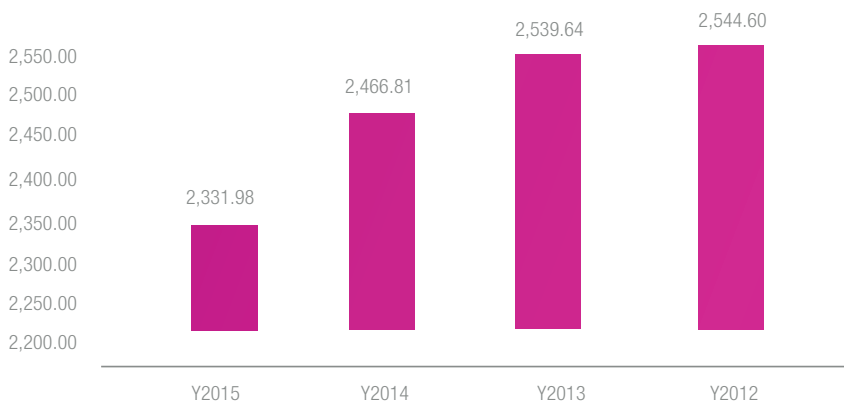
Consolidated Revenue (In Millions)



Consolidated Revenue Breakdown 2015

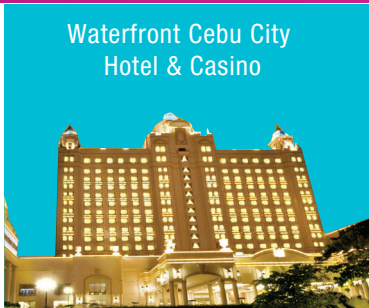


Total Assets (In Millions)



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-story entertainment/casino block.

Gross Revenue (in millions)



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. It offers a fine choice of 486 rooms, 3 food and beverage outlets and a 5-story casino block.

Gross Revenue (in millions)



Waterfront Airport Hotel & Casino

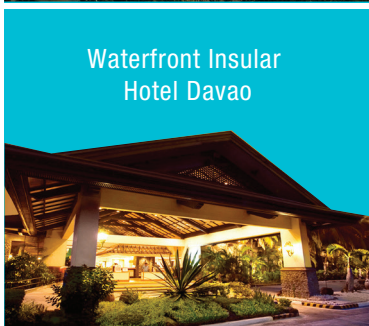


Conveniently located right across the Mactan International Airport, this hotel provides unparalleled accessibility and ease for business and leisure travelers. It has 164 rooms, 4 food and beverage outlets and a Casino Filipino facility.

Gross Revenue (in millions)



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.

Gross Revenue (in millions)



Our Subsidiaries

Waterfront Wellness Group, Inc.



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

Gross Revenue (in millions)



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.

Gross Revenue (in millions)



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.

Gross Revenue (in millions)



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 Entertainment and Hotel Management Corporation

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.

Who We Are

Throughout its 19 years of existence, Waterfront Philippines, Inc. has kept a steady vision and an unwavering set of values. Our core beliefs 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 to ensure total guest satisfaction.
- To be the leader in the tourism industry committed to provide gracious Filipino hospitality towards total customer satisfaction.

Our Core Values

- Increase Revenue
- Cost Effectiveness
- Improve Guest Satisfaction Index
- Peer 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 the one of the largest Filipino-owned 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 and G-Hotel by Waterfront which discontinued operations in October 31, 2014. Overall, Waterfront offers and operates 1,417 guest rooms and suites, employs 875 personnel and has over 29,385.30 square meters of convention and gaming space.

A Year of Decisive Gains

A Message from the Chairman

The year 2015 has been an exceedingly successful one for the Waterfront group of companies. It marks a spike in profits, healthy performance and positive overall growth--a testament to the aptness of strategies undertaken in previous years, and a direct outcome of the intensified marketing focus that has become the new game-changer, pushing us to further profitability.

Previously, we determined ourselves as "Charting New Horizons"--emerged out of challenging times, rightly positioned to seize future opportunities, with key indicators on a clear upward trend. By now the horizons are within grasp. We are truly the captains of our ship, surpassing the performance of previous years and setting all-new benchmarks for efficiency, effective distribution, satisfaction and value for our customers, peers and shareholders.

We have positive numbers in nearly every aspect of operations, with evident gains in Gross Operating Profit (GOP) and Net Operating Profit (NOP). GOP in 2015 rose to PhP 696.53 million--a remarkable 24% ncrease from the previous year's PhP 563.05 million. NOP increased by 447%. From 2014's PhP 29.02 million it is now a robust PhP 158.71 million.

The Consolidated Gross Revenue is at PhP 2.10 billion--a 6% increase from the previous year's PhP 1.97 billion. Gross Revenue for hotel operations totals PhP 2.02 billion, a 7% increase from 2014's PhP 1.89 billion. For subsidiaries, the Gross Revenue amounts to PhP 88.88 million. Effective cost control was demonstrated yet again as consolidated cost and expenses for all properties decreased by 0.42%, from PhP 1.41 billion in 2014 to PhP 1.40 billion in 2015, and cost and expenses for subsidiaries cropped by a significant 10%, from PhP 104.69 million in 2014 to PhP 94.11 million in 2015.

These figures indicate the blanket effect of comprehensive institutional measures that have been implemented across all our properties, resulting in company-wide gains and strong overall performance. The relatively new facilities brought back to the market have started to yield.

Per property, GOP has been robust, exhibiting double-digit growth. Waterfront Cebu City Hotel and Casino (WCCHC) experienced a 12% leap, from PhP 288.41 million in 2014 to PhP 323.44 million in 2015. Manila Pavilion Hotel (MPH)'s GOP has a growth rate of 19%, from PhP 185.19 million in 2014 to PhP 220.84 million in 2015. Waterfront Airport Hotel and Casino (WAHC) also achieved a significant growth rate in GOP. From the past year's PhP 105.47 million it rose to PhP 134.62 million, a growth rate of 28%. Waterfront Insular Hotel Davao (WIHD) also bumped its growth rate higher. From a GOP of PhP 28.80 million in 2014 it achieved PhP 32.02 million in 2015--a growth of 11%.

Having instituted effective cost-saving strategies, invested considerably in the improvement of our product and service, constantly improved our peer performance through trainings, improved our experience and infrastructure, allocated new resources to the development of our online channels, reviewed and enhanced our various distribution channels and built strategic partnerships in the industry that propelled us forward, we are in 2015 a confident and emboldened organization, making decisive strides in key business metrics.

What sets us apart this year is our renewed and intensified focus on marketing. We have redoubled our efforts to market our brand to our customers and endeavored to meet them where they increasingly spend their time--which is, in this age of digitally-propelled tourism, the online space. We still cater to traditional markets through our offline channels, strengthening partnerships and aggressively forming revenue-generating deals and contracts with significant clients. By being proactive and addressing the consumer market through innovative and creative marketing in multiple touch points and by maximizing online-offline dynamics, we have been able to capture a bigger share of the business, generating increased rooms revenue and F&B revenue. These efforts have resulted in total rooms revenue for all WPI properties at PhP 606.47 million, growing by 7% from the previous year's PhP 565.51 million. F&B revenue in 2015 for all

properties totaled PhP 585.76 million, reflecting an 8% growth rate versus the past year's PhP 544.84 million.

The MICE market has been a particularly strong driving force in the year. Our ability to reach out to our existing client base to facilitate further business and enhance brand loyalty has been highly rewarding, with MICE-generated banquet and functions contributing significantly to overall growth in sales. Consolidated MICE group rooms revenue for WCCHC, WAHC, Acesite and WIHD is PhP 96.68 million, up 14% from 2014's PhP 84.78 million. Three properties demonstrated considerable growth in this area, with WCCHC increasing MICE rooms revenue by 9%, from PhP 42.61 million in 2014 to PhP 46.55 million in 2015, WAHC growing by 26% from PhP 3.33 million in 2014 to PhP 4.18 million in 2015 and WIHD up by 45% from PhP 18.86 million in 2014 to PhP 27.40 in 2015.

This is a moment to celebrate our triumphs. We are resolute on the path of growth, as our drive for change meets our soaring momentum.

Consolidated F&B Banquet revenue for WCCHC, WAHC, Acesite and WIHD generated from MICE in 2015 is PhP 202.77 million, up 15% from the previous year's PhP 176.19 million. Acesite demonstrated 449% growth in this area, from PhP 3.06 million in 2014 to PhP 16.79 million in 2015. WIHD increased its revenue by 13% from PhP 49.06 million in 2014 to PhP 55.35 million in 2015. WAHC also grew by 30% from PhP 3.73 million in 2014 to PhP 4.85 million in 2015. WCCHC increased revenue by 5% from PhP 120.34 million in 2014 to PhP 125.77 million in 2015.

Events such as the APEC Summit, while enhancing our brand as a business destination in Southeast Asia, also generated rooms revenue and banquet sales, meeting both marketing and sales agenda. We are determined to continue to market ourselves as the choice host for such iconic business conventions.

Our online distribution continues to generate increasing revenue year on year. By subscribing to online stems like the newly introduced booking engine on our website and the Channel Management System (provided by DirectWithHotels and Compass Edge, respectively), which makes monitoring and handling of our online travel agents more efficient, we are able to maintain an aggressive position in harnessing the xtensive online market and address the movement of the customer to the online space. Our Waterfront mobile app, which has been given so me functional and design upgrades, serves our market even better by being an added tool of convenience for those who prefer to do booking over an app. The overwhelming trend towards mobile is also pushing the industry increasingly to developing more tools that cater to new onsumer behavior.

Total revenue for online channels grew from PhP 152.33 million in 2014 to PhP 218.89 million in 2015, reflecting a growth rate of 44%. Room nights under online channels for all properties increased by a growth rate of 51% from 69,693 room nights in 2014 to 105,156 in 2015. WCCHC contributed a total online revenue (combined from global distribution service, online travel agencies, website and mobile app revenue) of PhP 113.25 million, up 50% from 2014's PhP 75.55 million. Total room nights in 2015 is at 43,437, an increase of 50% from online-generated room nights in 2014 at 28,983. WAHC's total online revenue increased by 41% from PhP 34.43 million in 2014 to PhP 48.50 million in 2015. Room nights from online sources also increased by 49%, from 14,416 in 2014 to 21,549 in 2015. WIHD's total online revenue grew by 7% from PhP 11.46 million in 2014 to PhP 12.29 million in 2015. Room nights grew by 20% from 5,169 the previous year to 6,199 in 2015. MPH's online-generated revenue increased from PhP 30.89 million in 2014 to PhP 44.85 million this year. There is also demonstrated growth in room nights from online bookings from 2014's 21,125 to 33,971 in 2015.

Our top market continues to be the local Philippine market, making up 155,636 room nights for the year, followed by Japan with 43,625 room nights and Korea with 33,703 room nights. These are followed by other markets such as the US, Australia, China, Great Britain, India, Singapore and Canada to form the top ten. There has been a demonstrated growth of 28% in bookings from Japan with 34,134 room nights in 2014 to the current figure of 43,625 room nights. The US showed a significant growth in 2015 at 35% with 17,409 room nights compared to 2014's 12,844. Korea demonstrated a 29% increase with 33,703 room nights.

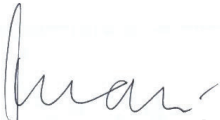
Overall, this reflects a keen interest by both local and international markets, with the local market as a uniquely consistent driving force in our hotels--showing that the Waterfront brand has gained significant loyalty among local customers and provides an important revenue stream that can be harnessed further as it creates resilience in the business. The increase in foreign bookings among different demographics indicates the overall upward trend in global travel, yet also demonstrates our ability to capture different markets through effective distribution across our selected channels.

At Waterfront, we emphasize service that brings people back, and we reinforce this service through site training, among other programs. We are known for our signature warmth, attention to detail and approachability, qualities that our guests of all nationalities cherish during every stay. Whoever encounters the Waterfront experience will be assured of a reliable, consistent and satisfying brand familiarity that leads to loyalty.

Our Guest Satisfaction Index (GSI) has remained consistent across our properties. We continue to use Revinate as our Reputation Management System, enabling guest reviews to provide us with a roadmap to guide in improving products and services. Overall Hotel Experience in WCCHC garnered a 4.17 score (with 4 as the benchmark passing score), a growth rate of 1.71% from 2014's 4.10; WAHC attained 4.82; WIHD is at 4.40. MPH ranked well in the Banquet dimension of GSI, with a 4.15 score.

At Waterfront, we emphasize service that brings people back, and we reinforce this service through site training, among other programs. We are known for our signature warmth, attention to detail and approachability, qualities that our guests of all nationalities cherish during every stay. Whoever encounters the Waterfront experience will be assured of a reliable, consistent and satisfying brand familiarity that leads to loyalty.

I would like to thank our shareholders, partners and peers for your enduring trust in the Waterfront brand. Our efforts are consistently geared towards providing profitability and value, and rewarding your confidence. Our success this year is owed in no small measure by the pivotal steps taken in the past, building up to a re-energized and renewed organization, able to deliver on its promise of strength and growth. However, it is also fuelled by our desire to consistently better our performance each year, taking into account our strengths and maximizing our opportunities. Our company is meeting this optimistic time with optimistic gains. This is a moment to celebrate our triumphs. We are resolute on the path of growth, as our drive for change meets our soaring momentum.

A handwritten signature in dark ink, appearing to read 'Renato', with a stylized flourish at the end.

Renato B. Magadia

Waterfront Philippines, Inc.

Forging Ahead

A Message from the Chairman

Winning is at the heart of the Pavilion's drive to surge ahead of the competition. Over the years, beginning with the acquisition of our property, we were presented with numerous challenges in restructuring our organization and streamlining our business to achieve our desired levels of efficiency and stability.

Now we take one giant leap forward, as the entire organization of Waterfront Philippines, Inc. moves toward a newfound strength and profitability, gaining from key reforms that have accomplished significant growth across all hotels.

At Acesite, we have emphasized that investment in our "hardware"--vital infrastructure, facilities and amenities--and our "software"--people, technology and service--are the two essential pillars that will take the company to new heights.

Our relatively new facilities at the Manila Pavilion Hotel that we have recently reintroduced to the market as refreshed and renovated experiences have begun to produce evident returns.

Gross Revenue is up by 10%, from 2014's PhP 567.56 million to PhP 625.65 million at present. GOP is at PhP 220.84 million this year, rising by 19% from the previous year's PhP 185.19 million. Net income is up by a remarkable 63%, from PhP 45.88 million in 2014 to PhP 74.58 million this year. Based on revenue per hotel, MPH contributes 30% of total revenue to the entire Waterfront group, second only to our flagship facility.

Total rooms revenue this year is up by 15%, from PhP 129.35 million in 2014 to PhP 149.12 million in 2015. Food and beverage is up slightly by 1%, from PhP 100.21 million in 2014 to PhP 101.57 million in 2015.

Such recent strides would not be possible without the determination of our organization to upgrade itself. Our 117 newly-renovated Deluxe Rooms were launched back into the market beginning last year, generating a continuing benefit to RevPAR, which is at PhP 1,294.33 versus 2014's PhP 1,082.73, an increase of 20%. ARR remains relatively steady at PhP 2,231.80.

Highest contribution to consolidated revenue is from rent and related income, generating PhP 332.57 million (53%), followed by rooms at PhP 149.12 million (24%), F&B at PhP 101.57 million (16%) and OOD at PhP 42.38 million (7%).

There is evidently a significant contribution in F&B, owing to our enhanced banquet facilities. We are constantly finding innovative ways to synergize our banquet product with our MICE offerings and our rooms business. By being aware of corporate groups' unique needs and catering to them with flexibility, we have improved our live-in business packages, thereby effectively increasing revenue.

We continue to invest in hardware that enhance our operational efficiency such as generator sets, heat pumps and submersible pumps, which are targeted at lowering energy costs. We also continually invest in equipment that keep our overall hotel experience in good shape, increasing our Guest Satisfaction Index (GSI). Total investment in these areas is PhP 5.33 million in 205.

We are actively focused on improving our offline and online distribution. Offline, we are continually building partnerships and strategically ensuring that we are working with the best in the industry. Online, we have invested heavily on our web assets, ensuring user-friendliness, convenience and security of bookings and are employing proven marketing strategies to drive traffic to our site. Our online accessibility is of prime importance. We value our user experience and are determined to constantly improve navigability and ease of use on our site.

We also ensure that the customer service aspect complementing our online network is on point. As a result, our website has generated a growth rate of 47% or 1,731 room nights and a 37% increase in revenue or PhP 4.38

million. Our alternative distribution channels have also performed well this year, giving us increased production and a growth rate of 65% or 17,852 in room nights and 48% in revenue or PhP 40.34 million.

More online developments this year for MPH include utilizing a new Channel Management System through Direct with Hotels. Our booking engine is also now powered by DirectWithHotels. Through these channels, we hope to aggressively capture the market further and expand revenue by

**The rewards
we have
reaped today
are the seeds
of our future
success. They
are the
building blocks
of higher
targets--the
foundations we
have set as we,
invigorated and
thriving--forge
forward.**

integrating new software systems and enhancing technologically-generated streams. We expect to begin to feel the rewards of such deals beginning next year.

Despite these massive movements, we will not rest on our laurels. Instead, we see our current success as a springboard for more improvement and innovation. It is clear that a mindset of innovation is the way forward for capturing market share and advancing our leadership in the industry.

Our organization is determined to accomplish more gains by moving with a renewed vision to achieve greater goals ahead. We bank on our success to strive more, aspire more and achieve more. We are driven to develop our offline and online revenue further, improve our GSI, invest in our software and continually train our people, boost our efficiency and streamline our costs, as we have only begun on this path of growth.

The rewards we have reaped today are the seeds of our future success. They are the building blocks of higher targets--the foundations we have set as we, invigorated and thriving--forge forward.



Arthur M. Lopez

Acesite (Phils.) Hotel Corporation

THE YEAR IN REVIEW

Our Company in 2015

Waterfront Philippines, Inc. is a strong and highly dynamic organization that provides enduring shareholder value as it maintains its lead as a top Filipino hotel chain in the country. We have demonstrated our ability to flourish even during challenging economic times, making strategic decisions that position us to take advantage of future opportunities as a more efficient and viable company. We believe in constantly improving our business practice, product and service as a way of making new inroads to success.

For the past years, we strived to balance leaning up our operations with introducing leading-edge change. Our governance style is a prime example of the importance of synergy of sound management, cost efficiency and dynamic innovation.

This year is a time of growth, as evidenced by our robust figures. The profitability we experience today is a product of skillful investment, strategic planning, managed costs and savvy marketing through the years.

Among these, we consider marketing as the notable driver of 2015. The company shifted its attention to intensified marketing efforts. These efforts have led to a boost in numbers in both online and offline sales. Through marketing, the company worked on building loyalty among its existing customers and finding ways to attract new customers.

Because our business is made up of both tangible and intangible products-- service of which is crucial-- we have also directed our efforts at refining our service product. It is important to us to evoke the right feeling in our customers. Paramount to our brand recognition and reputation is the signature Filipino warmth and trademark hospitality. Our Peers continue to undergo trainings and garner certifications in order to keep up with a consistent level of service efficiency that communicates accessibility, comfort, luxury, prestige, reliability and that unforgettable warm Filipino welcome.

We strive to deliver these brand qualities into our messaging, tapping into existing markets for favorable brand recall as well as reaching out to previously untapped markets through effective communications and new technological approaches. Our online marketing channels have delivered prodigiously this year, increasing sales for every property. The online trend continues to be on an upsurge, consistent with shifting global customer behavior.

Maintaining cost-efficiency is always a priority. We constantly evaluate our business to see how we can further streamline systems and optimize performance. The company continues to implement the judicious programs we have already set in motion.

Among our interventions has been in the labor aspect, streamlined across our properties through the Early Retirement Program. Peers have the option to retire early and take advantage of an attractive package. This win-win situation has trimmed our workforce to an efficient number, while ensuring satisfaction among our employees. Our training programs enhance the competence of our existing team, ensuring that the service improves while the numbers are kept at efficient levels.

Our energy program is a gift that keeps on giving. Energy use has been made vastly more efficient through our partnership with Cofely Philippines. Cofely, a third-party vendor, retrofitted our chiller system, making it exceedingly more powerful yet economical. Modernization of our chillers is our way of cutting the largest part of our energy costs. This program is expected to produce cost reduction results that become more appreciable with every year that it is in place.

Cost reduction was observed this year in our subsidiaries. Waterfront Wellness Group which operates our gym, reflected a 4% decrease in cost from PhP 15.73 million in 2014 to PhP 15.05 million in 2015. Waterfront Food Concepts (WFC) reflected 24% cost savings from PhP 10.86 million in 2014 to PhP 8.30 million in 2015. Waterfront Entertainment Corporation (WEC) reduced costs by 19%, from PhP 7.85 million in 2014 to PhP 6.34 million in 2015. Mayo Bonanza, Inc. (MBI) reduced costs by 8%, from PhP 68.87 million in 2014 to PhP 63.02 million in 2015. Overall, these cost savings reflect the individual efforts of our subsidiaries to make their operations more efficient. Total consolidated cost reduction for all our subsidiaries is 10%, from PhP 104.69 million in 2014 to PhP 94.11 million in 2015.

Total consolidated operational expenses for all our properties has been cut by 0.42%, from PhP 1.41 billion in 2014 to PhP 1.40 billion in 2015.

Our physical product is essential in maintaining the quality of experience across our properties. We invest in well-timed and subtle improvements, such as upgrading of room amenities and refurbishment of common areas in our hotels. Capital expenditures for 2015 totaled PhP 4.40 million for WCCHC, PhP 5.33 million for MPH, PhP 6.42 million for WIHD and PhP 4.71 million for WAHC. (See details per hotel.)

Highly aware of our existing advantages, being located in the country's prime hubs for tourism and economic expansion, we look forward to improving our competitive advantage every time and being ready for every business opportunity.

As a leading operator of world class casino-hotels and convention facilities, we contribute the country's vision for economic growth by providing a valuable experience category for local and international tourists. Our hotel experience is highly integrated, with all the convenient facilities and amenities necessary for a comfortable stay, be it for business or leisure.

Our strong presence in key cities of the Philippines and integrated booking services makes us a highly accessible network of hotels providing reliable stays and consistently pleasing guest experiences across our properties.

Hotel Performance

The stellar growth we experience this year is largely a result of our intensified marketing efforts, producing estimable profits in many key aspects of our business. However, these efforts would not be effective without the coaction of bold moves into new technology and management's strong commitment to an ever-increasingly efficient organization and maintaining Waterfront's brand value.

In 2015, consolidated gross revenue is at PhP 2.10 billion, a rise of 6% from the previous year's PhP 1.97 billion. Gross revenue for hotel operations totaled PhP 2.02 billion, rising 7% from 2014's PhP 1.88 billion.

Group GOP is at PhP 696.53 million in 2015, demonstrating a rise of 24% from PhP 563.05 million in 2014. This double-digit rise in GOP marks a big stride in the company's effort to elevate performance progressively through the years. Waterfront Cebu City Hotel and Casino accounts for 43% of total revenue this year at PhP 892.98 million, while Manila Pavilion Hotel brings in a 30% share with PhP 625.65 million. Waterfront Airport Hotel and Casino generates 16 % of revenue or PhP 328.22 million. Waterfront Insular Hotel Davao provides 8% at PhP 176.53 million. Remarkably, each property has increased its revenue from the past year. (See details per property.)

Guest Satisfaction Index (GSI) ratings for 2015 show a consistent performance overall. With 4.00 as a passing mark for the ratings, our facilities exhibited satisfactory annual averages. The entire Waterfront group earned a GSI of 4.3.

WCCHC registered a 4.17 GSI for overall hotel experience, higher than the previous year's 4.10 , with 4.07 in rooms and 4.15 in F&B. WAHC showed high ratings with 4.82 for overall hotel experience, 4.75 for rooms satisfaction, 4.59 for F&B and 4.53 for banquet. WIHD also exceeded the standard by registering a 4.51 on overall hotel experience, 4.50 for rooms, 4.51 for F&B and 4.43 for banquet. MPH's GSI for banquet was also satisfactory at 4.15.

Rooms

The company is reaping the benefits of its facilities and amenities renovations of previous years. Our biggest expenses in room renovation in recent years were at the Manila Pavilion Hotel. MPH was able to elevate its room categories as a result of extensive upgrades to its interiors. At MPH total of 117

freshly renovated Deluxe Rooms within three floors became available to the market. These were formerly Superior Rooms renamed to the Deluxe Category level. As a result, the hotel is presently able to take advantage of new gains from pricing and increased demand for the new rooms.

Function rooms were also recently renovated, enabling MPH to take advantage of MICE functions. The rooms were named after historical hotel habitué National Artist Frederico Aguilar-Alcuaz. The design echoes Alcuaz's personality and aesthetics, enhancing MPH's brand of rich national heritage. Total new area available for functions is 550.1 square meters, thus being able to accommodate larger MICE groups.

We constantly look to make room improvements in all our properties, be it extensive or subtle, to engage our market, improve guest satisfaction and maintain our overall competitiveness. Each year, new or subtle refurbishments are distributed across our hotels to maintain a fresh and exciting experience.

Consolidated room revenue increased by 7% this year. Room revenue in 2015 is at PhP 606.47 million versus PhP 565.51 million in 2014.

Average group occupancy is at 66%, an increase of 10% versus last year's 56%. The group average room rate (ARR) is at PhP 2,270.04. Revenue per available room (RevPAR) is at PhP 1,497.98 this year, an increase of 12% from last year's PhP 1,339.20.

Total number of rooms sold this year for the group is 262,177, up 14% from 2014's 229,051.

As a reputable hotel chain, it is imperative that our room experience is at par with international standards. We have already proven that continued improvements in room amenities result in better guest ratings. Our recent renovations have created an improving trend in guest satisfaction.

Marketing certainly plays a role in the increase in rooms sales this year. It is important that our message of quality is relayed through our marketing and translated into revenue. Guest rooms continue to be praised for their comfort and spaciousness-- our large floor area is notably more than the usual for any city hotel, giving a feeling of relaxation and luxury. This is an important differentiation for our brand. While many city hotels all over the world have been constantly reducing floor area to maximize profit and respond to increasingly scarce urban space thus giving guests that cramped feeling, Waterfront has been built to give our customer the luxury of his own private abode. Waterfront's famous signature bed, the "Slumber Splendor Bed", designed for an ultra-comfortable rest, is a highlight of every stay, giving superior comfort and garnering excellent guest reviews.

Our luxury suites stand out for their impeccable interiors, providing the advantage of both luxurious space and convenience for elite travelers. Their exceptional quality and style, combining both comfort and sophisticated chic, makes for a memorable stay.

Waterfront also provides dedicated room categories that serve our markets well. Whether it is a business suite at an exclusive floor with its own dining and office facilities, or a posh room at our entertainment area designed for those interested in our gaming spaces, or an affordable room category dedicated to our group bookings and MICE-related stays, we have a high degree of flexibility that enables us to be sensitive to varying customer needs, making us an ideal, reliable, convenient choice for business or leisure.

Food and Beverage

Innovations in our purchasing system continue to benefit us by managing costs. Micros Materials Control offers a scalable software solution for Purchasing and Cost Management. After establishing this as our purchasing and cost managing software in 2014, we are seeing the advantages of using this as an instrument for the qualified and rational accomplishment of the administrative functions in the F&B area.

We upgraded the Fidelio F&B Inventory System to a Materials Control System. This was implemented in WCCHC and WAHC. The bandwidth of the hotels was also increased to 10 MB for MPH, WAHC and WIHD.

Our menus are constantly refreshed in tune with international trends and market sensibilities. Our continued investment in F&B training distinguishes our hotel experience as unique with superior service. We continually evaluate our menus and F&B staff to ensure that our offerings are kept fresh and exciting.

We have managed to implement valuable upgrades in our restaurant and lobby lounge menus that are serving to pique guest interest as well as improve revenue.

We are also constantly improving service sequences and making sure we have superb international talent within our ranks. The recruitment of highly talented professional chefs from all over the world guarantees cultural authenticity in our menu choices and style. Our F&B managers are of international caliber and undergo regular training and certification.

To promote our F&B outlets, we use a mix of traditional advertising media and new media. Our Marketing Communications Department is tasked to come up with innovative campaigns to highlight our dining outlets.

To supplement these efforts, the Waterfront Recipe Guide System has been implemented across all properties. The new system enables us to standardize best-selling dishes aimed at structured consistency in preparation and taste.

F&B overall has reflected an 8% increase in consolidated revenue, from PhP 544.84 million in 2014 to PhP 585.76 million in 2015.

Our Brands

Waterfront Cebu City Hotel and Casino. Our flagship hotel remains an unrivaled property. A sprawling grand edifice located at a prime area of Cebu City, right across Asiatown IT Park and within minutes of Cebu Business Park and other business districts, makes it the ideal choice for anyone who values accessibility and convenience. WCCHC boasts the most number of rooms in the Visayas-Mindanao area and proposes an unbeatable package of sophisticated travel, round-the-clock gaming and unmatched variety in dining options. It is a convention hub with one of the country's largest convention facilities capable of hosting a variety of MICE functions and with the great advantage of being within a hotel with a high accommodation capacity.

ARR this year is at PhP 2,414.10. RevPAR is at PhP 1,434.02 versus 2014's PhP 1,321.22, reflecting a growth rate of 9%. Occupancy level is at 59%, a growth of 6% compared to last year's 53%.

WCCHC contributed 43% of the group's total revenue or PhP 892.98 million in gross revenue. WCCHC's gross revenue of PhP 892.98 million reflects a growth rate of 8% versus PhP 828.22 million in 2014. Out of this PhP 892.98 million, rooms generated PhP 279.72 million or 31% of hotel revenue, an increase 9% from PhP 256.94 million in 2014. F&B contributed 35% to total hotel revenue or PhP 309.19 million. F&B income in 2015 reflects a 8% increase versus the 2014 figure at PhP 287.08 million.

GOP also increased at PhP 323.44 million, a 12% growth versus last year's PhP 288.41 million. NOP for 2015 is at PhP 64.32 million versus last year's PhP -2.10 million, a growth rate of 3169%.

Manila Pavilion Hotel and Casino. Following extensive renovations in a PhP 500 million project, MPH is now positioned to make big strides in both brand value and profits. A total of PhP 155.42 million was spent for new renovations in 2014, adding to the value of the property and desirability of its experience. Today, 117 Deluxe Rooms are newly available to market. These rooms were re-categorized, thus able to generate better revenue based on higher prices. The new rooms make up over 50% of total room inventory.

Occupancy experienced a growth rate of 10% from 48% in 2014 to 58% in 2015.

Room revenue this year is up by 15%, from PhP 129.35 million in 2014 to PhP 149.12 million in 2015. F&B income increased by 1%, from PhP 100.21 million in 2014 to PhP 101.57 million in 2015. Rent and related income is at PhP 332.57 million this year. Other operating income is up by 974% from PhP 3.95 million in 2014 to PhP 42.38 million in 2015. This is partly owing to the newly available MICE facilities that are now able to cater to group functions.

GOP is at PhP 220.84 million, up by 19% from 2014's PhP 185.19 million. NOP is up 63%. From PhP 45.88 million in 2014, it is now at PhP 74.58 million. Cost and expenses this year is at PhP 404.81 million.

RevPAR reflects a remarkable growth rate of 20%, from PhP 1,082.73 in 2014 to PhP 1,294.33 in 2015. ARR this year is at PhP 2,231.80. As the property ramps up its marketing, now boasting the best quality rooms in its hotel category in the Manila Bay area, we expect further improvements in these numbers.

MPH continues to be an attractive and relevant hotel establishment, being in a historic location with high tourist activity with proximity to the Ninoy Aquino International Airport. It also offers the most number of rooms in its class.

Relaunching our product offerings based on the multi-million peso upgrades designed by famed Filipino designer Sonia Santiago Olivares and prestigious firm Illustre & Associates, we capitalize on the added value of these infrastructure projects to the MPH brand. Guest satisfaction is increasing as we work to further enhance the MPH experience and provide more interesting options to our market.

Waterfront Airport Hotel and Casino. Waterfront Airport Hotel and Casino has among the best locations for a hotel of its class, being right across the newly improved Mactan-Cebu International Airport (MCIA), which is poised to become the gateway to Visayas and Mindanao and many other local and international destinations under new international management. MCIA's massive improvements over time will benefit the hotel further with increased influx of travelers from all over the world requiring the proximity and 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.

Occupancy is at 79% in 2015, growing by 6% over the previous year's 73%. WAHC now enjoys the highest occupancy rate among Waterfront's properties.

This has been a very good year overall for the hotel. Gross revenue is at PhP 328.22 million, versus 297.14 million in 2014--an increase of 10%. GOP is at PhP 134.62 million in 2015. This reflects a remarkable 28% growth from 2014's PhP 105.47 million. NOP this year is at PhP 60.95 million, up 202% from the previous year's PhP 20.21 million.

RevPAR is at PhP 1,902.04, compared with 2014's PhP 1,726.58, reflecting a growth rate of 10%. ARR is at PhP 2,399.33 versus 2014's PhP 2,358.33, thus growing by 2%. Rooms revenue increased to PhP 104.52 million from PhP 92.95 million in the previous year, reflecting an increase of 12%. The total number of rooms sold has also increased from 39,415 to 43,561 in 2015, reflecting a growth of 11%.

Waterfront Insular Hotel Davao. WIHD is our prime property in Davao City. This year, the hotel produced PhP 176.53 million in gross revenue, a growth of 6% versus the previous year's PhP 166.31 million. Rooms revenue is at PhP 73.12 million, up 4% compared to 2014's PhP 70.09 million. F&B income is up by 13%, from PhP 86.43 million in 2014 to PhP 98.04 million in 2015. Other income is at PhP 5.37 million.

GOP posted an increase of 11% from PhP 28.80 million in 2014 to PhP 32.02 million in 2015. NOP jumped 6511% from PhP -113.70 thousand in the past year to PhP 7.29 million this year. Total assets of the property grew by 2%, with a value of PhP 631.60 million this year versus PhP 617.36 last year.

Our Subsidiaries

Our subsidiary companies provide important auxiliary services to our hotel brands and are in themselves important streams of revenue. Privately managed and known for the unique quality they bring to each hotel, these diversified services add value to our overall growth strategy.

Our subsidiary companies maintained successful operations in 2015. There remains much potential for each subsidiary's growth. We are confident that these companies will develop creatively and exponentially alongside our main business.

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. At year's end, Citigym achieved a gross revenue of PhP 13.81 million, up 7% from 2014's PhP 12.93 million. GOP is PhP -1.24 million, an improvement of 56% versus last year's PhP -2.80 million; NOP is PhP -1.56 million, an improvement of 34% over 2014's PhP -2.38 million. The company also managed to reduce costs further by 4% this year. Overall cost and expenses is at PhP 15.05 million versus PhP 15.73 million in 2014.

Gym membership revenue experienced a 15% growth rate, from PhP 8.36 million in 2014 to PhP 9.64 million in 2015. Our wellness facility produced a steady revenue of PhP 2.42 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. It is the largest industrial supplier of fine baked goods in Cebu with a loyal base of institutional customers. In 2015, our company posted gross revenues of PhP 3.82 million. GOP improved by 26%, from PhP -6.03 million in 2014 to PhP -4.48 million in 2015. NOP moved up by 27%, from PhP -6.16 million in 2014 to PhP -4.50 million in 2015.

Waterfront Hotel Management Corporation 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 Entertainment and Hotel Management Corporation (WEHMC) has 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. It recently opened a 1,200 square meter VIP arcade housing 240 slot machines in Sta. Cruz, Manila.

Gross revenue this year is at PHP 62.45 million. GOP has improved by 76%, from PHP -2.43 million last year to PHP -0.57 million this year. NOP improved 44%, from PHP -4.75 million in 2014 to PHP -2.65 million in 2015. Judicious cost-cutting measures have reduced costs this year by 8%, from PHP 68.87 million in 2014 to PHP 63.02 million currently.

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.

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 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. Unflinching 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, approximately 62% of our room nights production is from Filipino customers. The rest is spread across a range of nationalities that varies year to year.

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 and Reservations 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 e-commerce system that allows us to develop and reach out to new market segments 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.

Competent management and operating system.

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 location.

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.

This approach as a business model and a prime driver of our growth strategy is best exemplified in our acquisition of Manila Pavilion Hotel. The turnaround of the hotel's performance, after operational streamlining and major renovation works done in the hotel, is proof of the viability of pursuing this direction.

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 the Bagong Nayong Pilipino Entertainment City in the Manila Bay area, and the growth impetus ascribed to tourism by the national government. We intend to open several new slot machine arcades in select locations around the Philippines, in partnership with Elixir Gaming Technologies, an established name in the gaming industry.

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

We are passionate about improving the quality of our product. We believe this is essential for continued growth and sustainability. This year we are reinvesting in our product 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 make further improvements in all our properties.

The year 2015 marks the continuation of some of our most dramatic improvements yet, especially in our Cebu and Manila properties. Alongside our property improvements, we believe that the key elements to growth reside in strategic acquisitions, constantly seeking new distribution channels and consistent training of our personnel to preserve a standard of excellence in our organization.

Facility Upgrades

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

At WCCHC, improvements to equipment, room fittings and amenities were purchased and installed. Among our priorities were brand new safety deposit boxes, audio systems, office equipment, kitchen equipment and tech hardware improvements. Expenditure on the various improvements totaled PhP 4.40 million.

MPH spent PhP 5.33 million on new kitchen equipment, generators, heaters, submersible pumps and safety equipment. The hotel, fresh from its extensive PhP 500 million rooms renovation project, the hotel now boasts of its new improvements.

MPH's Alcuaz Function Rooms are now fully capable and ready to service MICE clientele. A set of three rooms with a combined area of 550.1 square meters, they are named after and inspired by National Artist Frederico Aguilar Alcuaz, who liked to dine in the area. The design was executed by architects Ilustre and Associates.

MPH also proudly brings back its new Deluxe Rooms, which offer a higher level of pleasure and comfort. A total of 117 Deluxe Rooms have been added to the hotel's new offerings. Formerly called Superior Rooms, the renamed accommodations have been fully renovated since 2014 and feature sophisticated furnishings with warm tones to create a distinguished yet comfortable ambiance. The rustic-chic vibe creates a fresh, comforting atmosphere ideal for recreational or business travel.

The Waterfront Group brings a message of "grandeur" to its guests. While the Pavilion is already a historic establishment in Manila's old district, the renovation seeks to refresh its image for the new corporate or leisure traveler.

MPH's new Ambassador Lounge is also fully functional and servicing business and premium guests with a daily buffet breakfast, fully equipped workstations, a spacious and fully functional boardroom and all-day refreshments. The corresponding Ambassador Suite has an area of 60 square meters

and plush interiors that make the most sophisticated traveler feel right at home with everything he needs to stay comfortable and connected. An adjoining room in the Suite has Waterfront's signature Slumber Bed with 300 thread count linens and goose down pillows. The Pavilion's new Premiere Suite occupies the topmost floors with luxuriously furnished rooms and the Premiere Lounge. The Deluxe Premium has an area of 46 square meters and is ideal for the individual traveler seeking a luxurious home away from home.

WAHC invested PhP 4.71 million in hotel improvements this year. The new fittings, machines and amenities include aesthetic improvements to common areas, improvements in administrative offices, fresh accessories for guest rooms, maintenance equipment and kitchen equipment.

WIHD spent a total of PhP 6.42 million in improvements. These include brand new room comforts and accessories, minor design improvements in public areas, wellness amenities, tech hardware upgrades, biometric scanners and convention area equipment.

Peers Development. Waterfront recognizes that continued and increased success is dependent in nurturing excellence in all peers. This is why the Peers' Training and Development Programs focus on conforming to globally diverse service standards, while strengthening the Waterfront brand through reinforcing our signature warmth of Filipino hospitality.

All of the programs are instituted to facilitate the development of strategic, effective and result-driven interventions and initiatives to sustain the company's competitive advantage. To further heighten our standards, the Training Index Target was increased from 70 hours per person per year to 90 hours per person per year.

Training hours are categorized under: inductive programs, basic skills, upgraded and advanced skills, supervisory and management programs. Be it skill-building, knowledge inputs, personal growth and development or wellness programs, all are aligned with our overall business goals and strategies.

Orientations were provided to our peers on the Press Reader app, which is a new perk offering to guests, enabling them to download free media online. Learning sessions were also provided for the new version of the Engineering Maintenance System which was implemented across all properties. Other training activities for the hotel systems were the in-depth training for our Rooms Division Super Users on the Opera PMS System and the Central Reservations System call flow system.

WHC supports the continuing development of its top-level managers and executives. In June 2015, the hotel managers of WIHD and WAHC were sent to the Professional Development Program of Cornell University School of Hotel Administration in Ithaca, New York, USA, where they gained certifications in Food Service Management and Hospitality Management. Department heads from all of our four hotels were sent to national and regional conferences of Philippine professional organizations

that offered updates and trends in their respective areas during the learning streams presented. Reinforcement of leadership competencies of managers and supervisors was done through partnerships and memberships with reputable institutions such as Les Clef D'or, an international hotel concierge society, Institute of Internal Auditors of the Philippines and Philippine Institute of Certified Public Accountants. We initiated partnerships and memberships with People Management Association of the Philippines and several other professional engineering organizations for the hotel's Electrical, Mechanical and Civil Engineers.

As further development of our corporate internal certification program for the skills and operations auditors, the three mentors for the certification program participated in a Six Sigma Yellow Belt Certification. In the near future, selected skills and operations auditors will then be moving on to the different levels of Six Sigma as supplement to the SOA Certification Program.

Several F&B development programs were organized across all properties like the acclaimed ServSafe Certification program, Intertek's Food Safety Training and GMP/GHP Good Manufacturing Practice and the Good Hygiene Practice training program.

With the focused efforts of the group, all hotels successfully achieved the new training index target of 90 hours per person per year. The group achieved a Training Index of 130.17 hours per person for 2015. WAHC secured the highest training index of 163.25 hours, followed closely by WIHD with 103.42 hours, then MPH with 118.26 hours and WCCHC with 108.72 hours. The combined actual training hours or the group is 44% above the Training Index target.

Our dedication to intensive peers development programs and strategic selection of the most timely and appropriate trainings assures us of the highest standards of performance in our organization. This is part of our continuing effort to meet an unwavering standard of service quality.

Acquisitions. Waterfront Hotel Management Corporation oversees the exploration of prospects and opportunities for expansion in key cities in Central Philippines and in the National Capitol Region. We remain faithful to our aim of developing our national presence. We are also dedicated to increasing access to our existing customer markets and reaching out to affluent customer segments in each of these areas.

Expanding Distribution. This year's remarkable profitability is anchored on Waterfront's bold efforts in marketing and distribution. Increased focus on online marketing tools has yielded the company appreciable results that continue to gain momentum with each year.

The recently-launched Waterfront Mobile App has undergone some software upgrades to increase user-friendliness and efficiency. More features were added such as web administration for Dynamic Data, Dynamic Data display, an API setup, more room categories and choices on the booking page, additional information on room rates on the booking page, capability for handling credit card details for booking guarantee purposes, vital information such as Terms of Service and Privacy

Policy and overall ease of data management. The data secured from this app assists the company in making better decisions and developing sound marketing policies. There has been promising growth in app bookings. For WCCHC, there has been an increase in revenue from PhP 28,167.01 in 2014 to PhP 110,975.60 in 2015--a growth rate of 294%. WAHC received its first app bookings this year, amounting to PhP 32,019.56; WIHD follows with PhP 18,213.70. The number of bookings through the mobile app is growing each year with growth rates for individual properties projected to be as high as 1374%. Total revenue for all properties in 2016, based on past reservation statistics and reservation forecasts, is projected to grow to PhP 726,674.67. Further marketing is needed to increase downloads of the app and maximize its effectiveness as a real-time bookings generator.

Our upgraded website also enjoys increased visits and bookings. The site is constantly improved to simplify user experience and guarantee ease and security of bookings. Online visits were consistently high in 2015, always within the tens of thousands, reaching a peak of 59,540 logged-in sessions in June. The website also enjoys a high returning visitor rate ranging from 34-50%. Top 10 engaged countries are Philippines, USA, Japan, Australia, South Korea, Singapore, Canada, UK, India and UAE. Top 5 browsers used in order of popularity are Chrome, Safari, Android, Internet Explorer and Firefox. Among all properties, WAHC experienced the highest--a 19% surge--in website-generated bookings revenue from PhP 2.79 million in 2014 to PhP 3.33 million in 2015.

Total online production has successfully increased among all our properties--this is an aggregate of production rates from our Global Distribution Service (GDS), Online Travel Agencies (OTA's), website and mobile app. WCCHC enjoyed 50% growth in total online revenue, from PhP 75.55 million in 2014 to PhP 113.25 million in 2015, with room nights also increasing by 50% from 28,983 to 43,437. WAHC overall online revenue increased by 41% from PhP 34.43 million in 2014 to PhP 48.50 million in 2015. Room nights increased from 14,416 the previous year to 21,549 this year--a growth of 49%. WIHD experienced 7% growth in online revenue from PhP 11.46 million in 2014 to PhP 12.29 million this year. Room nights increased from 5,169 in 2014 to 6,199 in 2015--a 20% upswing. MPH's online revenue growth registers at 45%, from PhP 30.89 million the past year to PhP 44.85 million currently. Room nights surged by 61%, from 21,125 in 2014 to 33,971 in 2015.

The company has adopted new online distribution and management systems this year. For WCCHC, WAHC and WIHD, a new Channel Management System has been set in place, with the Parity Rate provided by Compass Edge. A new Channel Management System for MPH, provided by DirectWithHotels, has also been installed. A new Booking Engine provided by Compass Edge has been installed for WCCHC, WAHC and WIHD. MPH runs a new Booking Engine from DirectWithHotels. These brand new systems from our new providers signal a fresh start with greater efficiency and speed, guaranteeing ease of management and greater integration of our booking systems.

Waterfront continues to generate steady sales volume through its Central Reservations System, 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.

Number of calls received through our Central Reservations Office (CRO) in 2015 increased by 10% with 79,229 calls made versus 2014 at 72,132 calls. Drop calls decreased by 57% as our CRO became more efficient. In terms of the details in the type of calls taken, calls for booking increased by 85%; inquiry increased by 33% and modifications and cancellations dropped by 8%. Online calls for modification and inquiries increased by 62%. In 2015, calls for booking contributed 29% of the total calls made to the CRO, an increase from the previous year's 17% contribution and reflecting a growth rate of 71%. It is important to note that the number of emails has increased significantly, becoming an important aspect in the operations of the CRO. Data for this will be available in 2016, as we have only begun monitoring statistics this year.

In 2015, we welcome a new partnership with Maidas (powered by Hanatour), a B2B Online Travel Agency (OTA) with a strong Korean market base, Korea being one of our top consistent markets. Linkage with Maidas is for WCCHC, WAHC and WIHD. We continue to work with Consortia Online Travel Agencies as our global distribution partner and with GDS-Utell, the world's largest and most experienced sales, marketing and distribution service for independent hotels and hotel groups worldwide. Utell 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.

Our new contract with Hotelbeds, a Guarantee Buy and Preferred Partnership Agreement for WCCHC, has resulted in significant production increases. Monthly growth rates have been notably higher during the months the contract was in place. From August to December of the year, WCCHC boosted its numbers significantly, with positive growth for each month, the highest reflected rate being 873% in September 2015, reflecting a jump in revenue from PhP 0.11 million in the same month in 2014 to PhP 1.07 million in 2015 and an increase in room nights from 38 to 464 (1121%).

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.

As members of the ICCA, we are able to bid for international conventions that see the Philippines as their next potential venue. Our convention facilities are international standard and are the largest in Visayas and Mindanao, giving us an edge in bidding for these projects. In 2015, the most notable MICE functions included the APEC Summit and the Papal visit. There were also many big groups (100 room nights and above) and major events and concerts (at least 500 pax) that booked in our hotel venues. These included large corporate conventions, beauty pageants, diplomatic functions, sports and gaming events, government agency events, industry-specific events, socio-civic conventions and business fora.

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.

Our recent renovations have positioned us to offer a highly desirable product for the premium corporate traveler as well as the premium individual traveler, who both seek an experience of comfort and luxury.

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) and the Mactan-Cebu International Airport (MCIA). 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 gatherings. We provide the best range of venues 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 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. Waterfront Cebu City Hotel and Casino offers free WiFi in-room and in its public areas. Our widespread connectivity service, whether in our rooms or our public spaces has been praised by many guests as generous and highly efficient. 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 WCCH 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 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. Our prestigious linkage with Utell allows us to be in touch with business travelers across the world, being easily accessible through search and Utell's extensive network. 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.

Nominations, Awards and Citations	Date	Organization	Property
GTA Powering Global Travel Award	2015	GTA	WCCHC
Golden Circle Award	2015	Agoda	WCCHC
Loved by Guests of Hotels.com	2015	Expedia	WIHD
Most Engaged Hotel	2015	Expedia	WIHD
Best Recommended Hotel	2015	Holiday Check	WAHC
Top 20 Taxpayers	2015	LGU of Mactan	WAHC
Three-Star Hotel Accreditation Status	2015	Department of Tourism (DOT)	WAHC
Four-Star Hotel Accreditation Status	2015	DOT	MPH
Best General Manager Nominee	2015	World Luxury Hotel Awards 2015	WCCH
Luxury Casino Hotel Nominee	2015	World Luxury Hotel Awards 2015	WCCH
Nominated for Best Luxury Hotel	2015	World Luxury Hotel Awards 2015	WCCH
Silver and Bronze Medals	2015	Mindanao Culinary Festival Competition	WIHD
Certificate of Appreciation	2015	Philippine Coast Guard	WIHD
First Class Hotel	2015	DOT	WIHD
Large Taxpayer	2015	Bureau of Internal Revenue	WCCH, WAHC, WIHD, MPH

Nominations, Awards and Citations	Date	Organization	Property
Nominated under Best Hotelier International Category	2014	Worldwide Hospitality Awards 2014	WCCH
Tin Gow: Best Chinese Restaurant	2014	Sun.Star Best of Cebu Awards	WCCH
Most Engaged Hotel Partner	2014	Expedia	WCCH
Top Producing Hotel - 4-star category	2014	Expedia	WCCH
Large Taxpayer	2014	Bureau of Internal Revenue	WCCH, WAHC, WIHD, MPH
Agoda Gold Circle Award	2013	Agoda	WCCH and WAHC
Top Producing Hotel by Roomnights- 4-star category	2013	Expedia	WCCH
Most Engaged Hotel Partner	2013	Expedia	WCCH
Large Taxpayer	2013	Bureau of Internal Revenue	WCCH, WAHC, WIHD, MPH
Gold Circle Award	2012	Agoda	MPH and WCCH
Expedia Top Producer by Roomnights	2012	Expedia	WCCH
Rakuten Travel Award 2012 (Gold Award)	2012	Rakuten Travel	WCCH
Rakuten Travel Award (Customer Satisfaction Award)	2012	Rakuten Travel	WCCH
Sixth Outstanding Taxpayer	2012	Lapu-Lapu City	WAHC
Rakuten Travel Award (Customer Satisfaction Award)	2012	Rakuten Travel	WCCH
No. 7 Best Airport Hotel in Asia Pacific	2012	AsiaRooms.com	WAHC

Giving Back

For Waterfront, Corporate Social Responsibility (CSR) is an integral part of doing business. Each of our hotels undertakes carefully selected causes that are in line with our corporate values and priorities and in tune with the needs of the time. We also believe in not looking far to create an impact. By listening to the needs of each locality, we are able to contribute positively to the communities where our properties are situated.

Waterfront Cebu City Hotel & Casino (WCCHC). Every year, the hotel holds its annual Christmas Tree Lighting Event, organized to direct special attention to the plight of underprivileged children. In 2015, the hotel continues its education sponsorship of the Children of Asia Foundation. Through this fund, Waterfront sponsors a quarterly outreach program and co-funds educational support for the children.

In 2015, the hotel sponsored an event for Breast Cancer Awareness Month in October. By co-organizing an event with iCanServe Foundation of Cebu, WCCHC gathered women's health advocates, media personalities, VIP guests and breast cancer survivors in an effort to promote support for the foundation's various missions and spread the word about Pink October.

Environmental preservation remains an important priority for the hotel. Every year, the hotel assesses its energy efficiency and finds ways to improve its environmental footprint. The hotel's five heat pump units were installed to save on fuel cost. The system uses reverse refrigeration in order to heat water and utilizes an eco-friendly refrigerant known as R-143-A. While it keeps diesel fuel consumption at a minimum, it also reduces carbon emissions year on year. We also installed a 40 BHp Logic Heat Vertical Steam Boiler to further save on fuel consumption and produce zero carbon emissions. The system uses electricity to convert water to steam. These two projects continue to generate substantial savings while they reduce the hotel's carbon footprint.

The hotel leaves 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 linens to limit water consumption and a program to limit the use of detergents that cause water pollution.

The property continues to participate in Earth Hour this 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.

Waterfront Airport Hotel and Casino (WAHC). Every March 28, 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 this year. 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. The hotel has cumulatively saved 598,592.48 kilowatt-hours between 2012 to 2014.

As with all other properties, energy conservation is a mainstay of WAHC's projects. The property finds ways to increase its energy efficiency thus contributing less to pollution and carbon footprint. The recent replacement of old televisions in all guest rooms to power-efficient LED TV's saved electricity consumption for the hotel. After the project's completion, energy cost was reduced by as much as 30%. The hotel also installed an efficient digital thermostat control system in all guest rooms. It also converted 35% of the total number of halogen lights to LED lights, saving on cost, efficiency and power consumption.

Manila Pavilion Hotel (MPH). The newly-redesigned and renovated hotel has upgraded most of its facilities. These upgrades have reduced overall maintenance cost and thereby many other aspects of its environmental footprint. The new equipment and hardware on account of their being more energy-efficient provided instant energy savings for the hotel.

MPH took a remarkable step in helping mitigate the negative ecological impact of climate change by its use of electric heat pumps instead of diesel-powered boilers. This initiative is aimed at reducing carbon emissions, the principal contributor to global warming. It was agreed that this is an ideal long-term step, too, in increasing the hotel's efficiency and minimizing costs, while reducing the hotel's carbon footprint for years to come.

Waterfront Insular Hotel Davao (WIHD). 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, 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 annual Christmas Tree Lighting Ceremony was made extra special with the attendance of the little angels from the Davao Children's Cancer Fund, Inc. or the DCCFI's House of Hope. They are the hotel's beneficiary as part of its Corporate Social Responsibility program in 2015. It was an evening of entertainment and wonder, with special attention to the beneficiaries who were considered to be the night's VIP's.

The hotel also partnered with government agencies to continue on its coastal cleanup drive. Together with the Environmental Management Bureau XI (EMB) of the Department of Environment and Natural Resources (DENR), its joint coastal cleanup drive program was implemented. This time around, the hotel was able to get 236 pieces of mangrove seedlings courtesy of the Office of the Mayor of Tagum City. The initiative was led by the hotel's then-OIC for Hotel Operations joined by the acting OIC of Barangay Hizon and volunteers from the Philippine Coast Guard. Since the hotel is the annual event sponsor for the 2nd Bugsay Mindanao Dragon Boat Competition, all seven Dragon Boat teams also pitched in with the activity. After clearing the area of debris and garbage, all 236 mangrove seedlings were all simultaneously planted as the highlight of the event. 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 is fully committed to environmental and social causes, believing that responsible business ownership entails dedicated involvement in environmental rehabilitation and restoration, energy conservation and community education. This is our message, our brand and our humble way of giving back to the community that has given us so much. The company not only invests in people, skills, services and infrastructure; our heart is also about assuring continuity. Waterfront supports environmental sustainability and invests in the Philippines' present and future potential.

Industry Overview

A Year of Sustained Global Growth

According to the United Nations World Tourism Organization (UNWTO) World Tourism Barometer, international tourism continues to rise at a favorable pace. The year 2015 saw a 4.4% increase in international arrivals, as well as a 3.6% growth in international tourism receipts across destinations globally. According to the report, this rising growth pattern is on its fourth consecutive year. The total share of tourism in world exports is at 7% in 2015. Export value of international tourism for the year is USD 1.4 trillion.¹

The Internationale Tourismus-Börse Berlin (ITB) World Travel Trends Report for 2015 states that despite some negative factors affecting growth like “worldwide economic factors, violent conflicts and terrorist attacks as well as the refugee crisis in Europe”, overall results remain “satisfying” with numbers on a consistent upward trend. It also gave similarly positive figures, reporting a 4.5% rise in outbound trips for the first eight months of the year. In sync with the global GDP, which was projected to rise 3.3% in 2015, travel reflected consistent gains.²

World travel trends (*change in % over respective previous year*):

	2012	2013	2014	2015 YTD
Outbound trips	+4%	+4%	+5%	+4.5%
Outbound nights	+2%	+4%	+3%	+3%
Outbound spending per night	+9%	+1%	+2%	+4%

Source: World Travel Monitor 2015®, IPK International

Asia-Pacific and North America were seen as the foremost drivers of global growth in the industry. Both contributed +5% to global outbound travel growth.

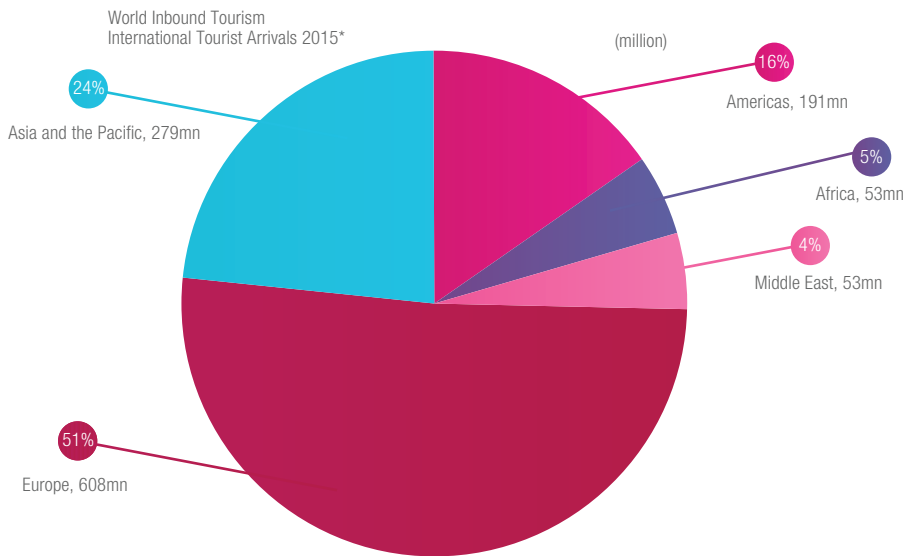
The Asia-Pacific region showed impressive growth (% change 2015 vs 2014) in terms of international tourist arrivals and international tourism receipts compared to other parts of the world.

International Tourism, arrivals and receipts:



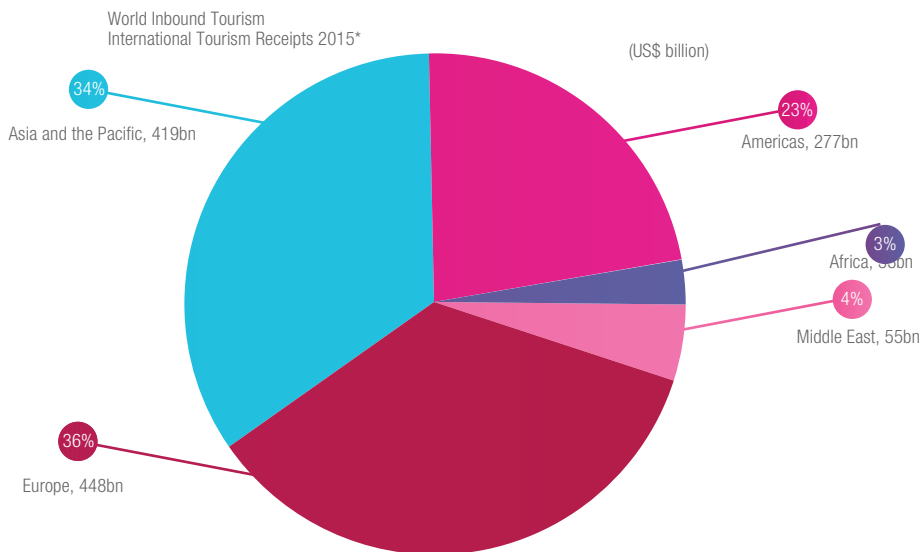
Source: World Tourism Organisation (UNWTO)®

In terms of inbound tourists, Asia-Pacific accounts for 24% of the world's total, amounting to 279 million arrivals in 2015, ranking second in the world after Europe with 51% or 608M arrivals.



Source: World Tourism Organisation (UNWTO)®

There is increased spending in the region, too, with international tourism receipts amounting to USD 419 billion, 34% of the world's total, and only slightly lower than Europe's 36%, despite Europe accounting for 51% of total arrivals.



Source: World Tourism Organisation (UNWTO)®

It is important to note that the most relevant trend for stakeholders is the expenditure trend. In general, although fluctuations in exchange rates and inflation must be considered in all growth estimations, Asia-Pacific is a notable hub for revenue growth according to the receipts figures.

Leading Outbound Source Markets

In 2015, the leading source markets for outbound tourism are China, the United States and the United Kingdom. China leads the world with double-digit growth in outbound travel, benefiting Asian destinations overall. Chinese travelers increased spending by 25% or a total of USD 292 billion. Total outbound travelers from China rose to 128 million, a 10% leap from the previous year's figure.

The US contributed USD 120 billion to global tourism expenditures, growing by 9% as a source market. Outbound travelers from the US also increased by 8% or 73 million travellers. The UK had 65 million of its residents traveling abroad, up by 9%, whose expenditures jumped up by 8% or USD 63 billion.

These top source markets were fueled by their strong economies and currencies. Korea reached expenditures of USD 25 billion in 2015. Though not among the top five global source markets, it is still a notable market especially in terms of the Philippines.¹

Philippines Perspective

A report by the World Travel and Tourism Council (WTTC) states that in 2015, the Philippine travel and tourism industry contributed PhP 1.43 trillion to the economy. The figure includes the multiplier effects of the industry on investments, goods and services and impacts on induced income.³

The measured direct contribution, an aggregate of earnings from hotels, travel agents, airlines and other transport, is at PhP 569 billion. This direct contribution amounts to 4.2% of GDP. The annual growth rate for the direct contribution is projected at 6% in 2016. If this is to be consistent, then the country should expect roughly PhP 604 billion in revenue by the following year.

Travel and tourism-related investments in 2015 were at PhP 76 billion. The sector an additional 1.3 million jobs for the year. The figure includes employment by hotels and other contributing industries.³

Total Contribution of PH travel and tourism industry to economy	PhP 1.43 trillion
Direct Contribution	PhP 569 billion 4.2% of GDP
Tourism-related Investments	PhP 76 billion
Industry Jobs Generated in 2015	1.3 million
Total Visitor Arrivals	5,360,682
Top 5 international visitors	1 - South Korea 4 - China 2 - USA 5 - Australia 3 - Japan
International Tourism Receipts	PhP 227.62 billion
Domestic Tourism Receipts	PhP 1.5 trillion (latest figure from 2014)

for wellness, exercise and relaxation.

Connectivity. Waterfront Cebu City Hotel and Casino offers free WiFi in-room and in its public areas. Our widespread connectivity service, whether in our rooms or our public spaces has been praised by many guests as generous and highly efficient. 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 WCCH 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 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. Our prestigious linkage with Utell allows us to be in touch with business travelers across the world, being easily accessible through search and Utell's extensive network. 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.

Department of Tourism (DOT) figures report a growth in foreign arrivals of 11.5% this year over 2014.⁴



The country welcomed its 5 millionth foreign visitor in December 21, 2015, a landmark number.⁵ A total of 5,360,682 visitors came to the Philippines in 2015.⁶

December 2015 was a peak month for tourism in the country, setting an all-time high monthly record of 553,002 based on a comparative study of arrivals tallies since 1991 as reported by the National Statistical Coordination Board (NSCB).⁷

The Philippines exceeded the Asia average of 8 to 8.5% for international tourist arrivals, as well as the global average of 3.5 to 4%, according to DOT. Based on a 10- month period, total earnings in the Philippines grew 8.2% to PhP 186.89 billion or USD 3.975 billion in comparison to the same period last year.

This, according to DOT, demonstrates the effectivity of the campaigns and strategies implemented to ensure sustained growth and to quote then-Undersecretary for Tourism Development Benito Bengzon, Jr. “insulate the industry from whatever negative developments and factors there are around the world.”⁵

Targets for the following year are reasonably optimistic. DOT aims to achieve 6 million foreign arrivals based on an “innovation” strategy. Part of that strategy is increasing infrastructure and enticing the cruise ship industry to call on Philippine ports. The goal is to generate 50,000 cruise passengers in 2016. The potential of each cruise ship is about PhP 11.75 million or USD 250,000.³ Among the top potential cruise destinations in the country are Manila, Cebu, Bohol, Boracay, Palawan, Davao, Iloilo and Siargao. DOT will prioritize port development in these areas. This plan positions the Philippines as an inter-island cruise destination in ASEAN. The reality of port infrastructure is, however, the glaring limiting factor, and considering the lack of development, DOT projects a tangible improvement around 2018.





















Aviation still the Dominant Contributor in Philippines Arrivals

While cruises are the new frontier being developed, 99% of foreign visitors in the country still arrive by plane. Being such a crucial industry to tourism and hospitality revenue, the importance in setting up bilateral air agreements was highlighted by the DOT.

The critical infrastructure supporting the aviation industry continues to be a point of necessary focus for the Philippine government. There also needs to be increased coordinated urban planning to address related issues concerning transport and congestion in the country's main cities.

As new airports are being developed with public-private partnerships, concomitant plans should be made as to how tourism players can derive opportunities from the increased number of inbound flights and visitor arrivals. Linkages among aviation, transport and accommodations should work more smoothly to increase overall satisfaction of visitors.

Top 20 International Visitors

Rank		Country/Origin	Visitors in 2015
1.		South Korea	1,339,678
2.		USA	779,217
3.		Japan	495,662
4.		China	490,641
5.		Australia	241,187
6.		Singapore	181,175
7.		Taiwan	177,670
8.		Canada	156,363
9.		Malaysia	155,814
10.		UK	154,589
11.		Hong Kong	122,180
12.		Germany	75,348
13.		India	74,824
14.		Saudi Arabia	50,884
15.		Indonesia	48,178
16.		France	45,505
17.		Thailand	44,038
18.		Russia	35,378
19.		Guam	35,262
20.		Vietnam	31,579

Capturing Market Share through Innovation

Given that all the tourism figures are echoing the global robustness of the industry, the Philippines still has a long way to go in capturing an ideal market share as a destination in Asia. The country is competing with its Asian neighbors with similar offerings-- that of relatively affordable travel with a variety of experiences, especially beach and shopping destinations.

Creative campaigns by the DOT are beginning to attract attention from new markets. The use of innovative marketing methods such as virtual reality booths in strategic public places, accompanied by unique experience offerings are a sign that our industry is stepping up to the challenge.

When it comes to exploiting new trends, the Philippines can continue to leverage on its creative strengths. There are immense opportunities for marketing online. Relationship marketing can be harnessed through building more ways for people to connect through their gadgets. Instead of focusing only on short-term sales, travel and hospitality companies can use their platforms to build strong loyalty programs and ensure enduring customer interest. Social media is becoming a dominant influencer. New features in social media can be key points where companies connect to their customer, allowing customers to participate in discussions, live broadcasts, provide useful feedback and serve as ambassadors for the brand. It is a matter of looking at the most effective trends to constantly encourage customer engagement. Today, social media and blogs influence nearly 25% of all international trips. Top choices influenced are destination and accommodation, according to the statistics presented at the most recent World Travel Monitor Forum. ²

However, the kind of influence social media presents varies with the type of information and opinions in the content. Approximately 70% of international travelers are active social media users, based on World Travel Monitor figures. Facebook users are now at 1.5 billion globally. Social platforms such as WhatsApp, TripAdvisor, LinkedIn, Twitter are growing steadily. Certain platforms are more popular in some countries than others. Apps such as Viber, Line, WeChat, SnapChat, Instagram and others enjoy varying popularity in different world regions.

The internet is now the top source of travel information. The great majority of today's travelers--a good 75%--use online information in planning trips. One-third utilize travel agencies and 25% use information from friends. These patterns are new and unprecedented and are projected to grow even bigger in 2016.

The marketing and sales avenues driven by these new online platforms offer immense opportunities for a small player like the Philippines to educate, inform and delight its audience. If the country provides a balanced tourism experience coupled with improving infrastructure and innovative marketing through fresh online or technological platforms, it could break away from the pack and lead its Asian neighbors, growing the tourism and travel industry even more.

Sources:

¹World Tourism Organization (UNWTO). May 2016. UNWTO World Tourism Barometer [E-Publication], Volume 14, ISSN: 1728-9246.

Retrieved from

http://cf.cdn.unwto.org/sites/all/files/pdf/unwto_barom16_03_may_excerpt_.pdf

²IPK International. (2015). ITB World Travel Trends Report December 2015. ITB World Travel Trends Report 2015 / 2016.

Retrieved from

http://www.itb-berlin.de/media/itbk/itbk_dl_all/itbk_dl_all_itbkongress/itbk_dl_all_itbkongress_itbkongress365/itbk_dl_all_itbkongress_itbkongress365_itblibrary/itbk_dl_all_itbkongress_itbkongress365_itblibrary_studien/ITB_World_Travel_Trends_Report_2015_2016.pdf

³Villegas, B. (2016). Tourism: Next Engine of Growth. Manila Bulletin.

Retrieved from

<http://www.mb.com.ph/tourism-next-engine-of-growth/#A8hpljDVgMdTf28a.99>

⁴Department of Tourism.

Retrieved from

www.tourism.gov.ph

⁵(2015). PH Hits 5 Million Foreign Tourists in 2015. Rappler.com.

Retrieved from

<http://www.rappler.com/business/industries/171-aviation-tourism/117352-tourism-arrivals-2015-target-2016>

⁶Official Gazette.

Retrieved from

<http://www.gov.ph/featured/daang-matuwid/>

⁷Philippines Tourist Arrivals.

Retrieved from

<http://www.tradingeconomics.com/philippines/tourist-arrivals>

World Travel & Tourism Council. (2015).

2015 Annual Research: Key Facts.

WTTC Travel & Tourism Impact 2015.

Retrieved from

<http://www.wttc.org/-/media/files/reports/economic%20impact%20research/countries%202015/philippines2015.pdf>

Global Distribution System Codes and Intl. Toll Free Numbers

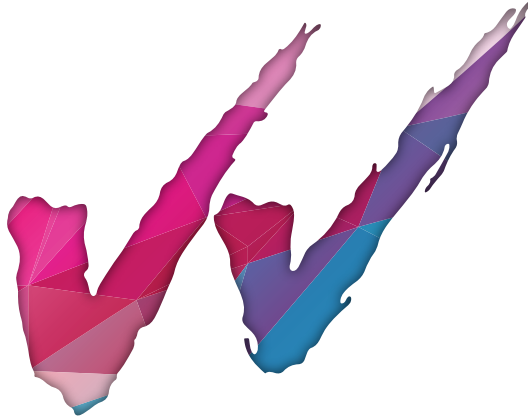
UI 045032 - MANILA PAVILION HOTEL
Sabre - UI 77126
Apollo - UI 60358
Worldspan - UI MNL28
Amadeus - UI MNL328

UI 045029 - WATERFRONT CEBU CITY HOTEL & CASINO
Sabre - UI 67406
Apollo - UI 49367
Worldspan - UI 8211
Amadeus - UI CEB211

UI 045033 - WATERFRONT AIRPORT HOTEL & CASINO
Sabre - UI 40455
Apollo - UI 49369
Worldspan - UI 8212
Amadeus - UI CEB212

UI 045024 - WATERFRONT INSULAR HOTEL DAVAO
Sabre - UI 74997
Apollo - UI 49397
Worldspan - UI 8213
Amadeus - UI DV0213

COUNTRY	TOLL FREE NUMBER
Australia	1-800-309-90
Canada	1-855-214-5937
Japan	00531-63-0034
Korea	0079-8631-0038
Philippines	1-800-10-9376688
USA	1-855-875-8446



rising above

Waterfront Philippines, Inc.
Acesite (Phils.) Hotel Corp.