

ACESITE PHILS. HOTEL CORP. ——— 2024

ANNUAL REPORT



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A high-angle, low-perspective shot of the Waterfront Manila Hotel & Casino building. The building is a tall, modern structure with a grid-like facade of windows. The name 'WATERFRONT' is visible on the upper part of the building, preceded by a stylized 'W' logo. The image is overlaid with a semi-transparent red filter. The background is a solid dark red color with some faint, abstract shapes.

OUR BRAND

WATERFRONT MANILA HOTEL & CASINO

An establishment rich in history, the Waterfront Manila Hotel & Casino 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.

WHO WE ARE

Owned and managed by Waterfront Philippines, Incorporated, Waterfront Hotels & Casinos is one of the largest Filipino-owned and managed Hotel chain in the Philippines.

Our Hotel properties are located in the key cities of Luzon, Visayas and Mindanao: in Cebu, we have Waterfront Cebu City Hotel and Casino and Waterfront Airport Hotel and Casino; in Davao, Waterfront Insular Hotel Davao; and in Manila, Waterfront Manila Hotel and Casino.

As of 2024, Waterfront offers and operates 886 guest rooms and suites, along with 19 food and beverage hotel restaurants and outlets.

The group employs 717 employees. Collectively, we have over 25,279 square meters of convention and leasable gaming space.

Throughout our 27 years of existence, Waterfront Philippines, Inc. (Parent company of APHC) has kept a steady vision and an unwavering set of values. Our core beliefs provide the tenets for our continued growth and success.

OUR CORPORATE MOTTO

“Excellent service begins with me.”

OUR CORE VALUES

- Increase Revenue
- Cost Effectiveness
- Improve Guest Satisfaction Index
- Peer Development

OUR VISION

To be the leader in the tourism industry committed to provide gracious Filipino hospitality towards total customer satisfaction.

OUR MISSION

- Provide equal opportunities and fair treatment to all peers for growth and advancement.
- Pursue relentlessly means to capture and augment business with the highest level of integrity in the pursuit of profitability.
- Carry out company plans and programs with the highest degree of professionalism.
- Spearhead community based project in the development of tourism industry.
- Reach out to every customer with utmost passion, dedication and excellence.

CHAIRMAN'S MESSAGE

ACESITE (PHILS.) HOTEL CORPORATION CHAIRMAN'S MESSAGE

Tourism Recovery and Strategic Repositioning in a Changing Global Climate

ARTHUR M. LOPEZ, APHC CHAIRMAN

The year 2024 marked a defining juncture for global tourism—and for our company. As the world completed its long journey toward normalization, international tourism finally crossed the long-anticipated threshold of recovery.

According to the UN World Tourism Organization, the year closed with 1.4 billion international arrivals, effectively restoring the industry to its 2019 pre-pandemic baseline. This milestone signaled more than statistical recovery. More importantly, it marked the return of global travelers to confident and aspirational mobility.

For the Philippines, this renewal bore historic results. The country posted a record-breaking PHP 760.5 billion in tourism revenues, surpassing even the most optimistic projections and marking its highest-ever annual receipts. While the total number of foreign arrivals (5.95 million) remains below 2019's peak, the yield per traveler rose dramatically, with average tourist spending reaching over USD 2,000 per visit. Visitors are staying longer, spending more, and returning in greater numbers. This trend underscores recovery as well as refinement in how the country is experienced and valued by international guests.

This macroeconomic backdrop is deeply relevant to Waterfront Hotels and Casinos, and particularly to our flagship Manila property under Acesite. As one of the most visible symbols of all-Filipino hospitality in the capital, Waterfront Manila Hotel & Casino remains a key player in the country's broader hospitality narrative. The sector's rebound reaffirms the vision we pursue. We go beyond measuring milestones or figures. We also measure progress in resilience, patience, and a long-term commitment to restoring a legacy property into a world-class destination.

While global tourism has largely reached its pre-pandemic scale, and the Philippines celebrated record-breaking receipts, the reality within Asia-Pacific and our own group has been more complex. Regional recovery has lagged behind other markets, and within our portfolio, performance remains uneven—reflecting broader structural differences and the impact of ongoing redevelopment. Waterfront's other core properties in Cebu and Davao benefitted from the return of regional travel. However, our Manila asset—still in the midst of a comprehensive, multi-year redevelopment following the 2018 fire—continued to operate in a phased reconstruction trajectory. Throughout this period, our path forward has remained clear and deliberate.

This context is crucial. The current tourism climate is not only focused on the restoration of its previous peak; it is in the middle of a massive industry reconfiguration. Demand is shifting toward premium experiences, integrated destination concepts, and higher-spending, longer-staying travelers. In this new paradigm, the fundamentals of our Manila project remain strong. The carefully managed reconstruction—though tested by pandemic delays and structural retrofitting requirements—is designed to meet this very shift. Once completed, Waterfront Manila Hotel & Casino will not only recapture its place as a top-tier gaming and hospitality venue, but redefine its value proposition in line with the evolving tourism economy of the Philippines.

This strategic positioning aligns well with broader national momentum. As of December 2024, the Philippine tourism sector is poised for long-term expansion, particularly with the Department of Tourism's campaign traction, the continued improvement of air connectivity, and heightened investor confidence.

Within this growth landscape, our performance reflects a deliberate investment phase. Waterfront Philippines, Inc. (WPI) has not yet returned to its 2019 pre-pandemic performance levels. This includes consolidated revenue, profitability, and key property metrics—excluding the encouraging outlier performance of Waterfront Insular Hotel Davao (WIHD), which has now surpassed its pre-pandemic benchmarks in revenue and operational stability.

This divergence is not unexpected. The broader recovery we observe in national and global tourism data does not translate uniformly across all segments, regions, or asset types. While leisure-driven destinations and mid-scale offerings have experienced faster rebounds due to domestic and regional travel surges, flagship properties undergoing redevelopment—such as Waterfront Manila Hotel & Casino—naturally remain in an investment and transition phase. Moreover, the group's deliberate strategy to reinvest in infrastructure, prioritize long-term asset value, and respond cautiously to fluctuating travel patterns has meant a slower, but ultimately more sustainable, return trajectory.

Our balance sheet today is shaped as much by strategic capital expenditure and operational prudence as by revenue performance. In short, 2024 was a year of steady movement forward—characterized by realignment, investment, and laying deeper foundations.

At the consolidated level, Waterfront recorded PHP 1.95 billion in total revenues—a new post-pandemic high. This figure represents an 8.2% increase over the previous year, driven by continued growth in rooms revenue, food and beverage services, and other ancillary income streams. All major lines posted positive year-on-year gains, with rooms revenue expanding by 15.5%, food and beverage by 9.3%, and other income by 11.4%. These results speak to the enduring strength of the brand and the momentum carried by the group's core operating properties.

And yet, this upward trajectory must be read with nuance. While topline growth was consistent, it was significantly outpaced by the rise in operating expenses—particularly personnel and overhead costs. Total operating costs excluding depreciation and financing reached PHP 1.43 billion in 2024, a 25.2% increase over the prior year. This cost acceleration resulted in a compression of gross operating profit (GOP), which declined by 21.2% year-on-year, from PHP 660 million to PHP 520 million. GOP margin fell from 37% in 2023 to 27% in 2024, underscoring the operational headwinds we continue to manage amid a complex cost environment.

(13) It is important to note that while the group's reported net income of PHP 1.6 billion reflects a dramatic increase over 2023, this result includes non-recurring and accounting-related adjustments. As such, it should not be viewed as indicative of normalized operating performance. The underlying financial reality is one of careful advancement. We are indeed regaining ground, but not yet reclaiming the full strength of our pre-pandemic position. Among our portfolio, only Waterfront Insular Hotel Davao (WIHD) has fully surpassed its pre-pandemic benchmarks.

In 2024, Acesite (Waterfront Manila Hotel & Casino Inc.) remained in a pre-operational phase, with no active revenue generation. This period, though absent of topline activity, was nonetheless critical—a transitional year marked by structural investment, operational overheads, and continued progress toward one of the most ambitious redevelopments in the Waterfront portfolio.

(15) With no recorded revenue for the year, the company's financials reflect only the cost side of operations. Total costs and expenses excluding depreciation and financing charges reached PHP 97.03 million, a 53% increase from the PHP 63.42 million reported in 2023. This rise in expenditure was driven by personnel-related costs totaling PHP 22.56 million (down 10% YoY), energy expenses of PHP 2.40 million (down 39% YoY), valuation of land, and other adjustments. Other overheads tied to administrative, structural support, and ongoing preparatory activities also contributed to the bulk of the expenditure.

(16) Consequently, Gross Operating Profit (GOP) for the year stood at negative PHP 97.03 million, with a net loss after tax of PHP 77.24 million, slightly wider than the PHP 74.92 million recorded in 2023. Despite these headline figures, the financial outcome remains consistent with expectations for a property in pre-operational investment mode.

(17) It is important to reiterate that these figures are not a reflection of performance dilemmas, but of the strategic staging required to bring a premier hospitality asset back to life. As referenced in last year's report, the damage from the 2018 fire initiated a three-phase reconstruction plan which has since defined the property's trajectory.

As of the end of 2024, while the project completion has been extended due to some delays, construction activities have not been totally stopped and are still ongoing. The management expects to complete Phase I of the reconstruction project—including the public areas such as the lobby, select food and beverage outlets, and the casino area on the ground to third floors—by the first quarter of 2026, with a soft opening of the podium targeted within the same timeframe.

(19) Phase II, which will deliver the remaining guest amenities and hotel facilities, is expected to be completed by the third quarter of 2026. Phase III, covering the final batch of guest rooms and architectural enhancements, is scheduled for completion by the first quarter of 2027.

The project will be supported by a diversified funding structure, drawing from insurance recoveries, affiliate-backed bank financing, and internally generated cash flows, with allocations aligned to the requirements of each phase.

This disciplined approach ensures that when Waterfront Manila Hotel & Casino does reopen its doors, it will only mark the return of a repaired and renewed asset. The hotel will decisively reemerge as a premier destination at the heart of Manila. Positioned amid a recovering tourism economy, with average visitor spend and hotel yield metrics on the rise nationwide, the future financial contribution of Acesite is expected to be both strategic and substantial to the group's long-term value.

As we manage this current investment-heavy transition, we do so with confidence—grounded in financial prudence and engineering diligence. Moreover, we approach it with a long-view perspective that guides it beyond a cost center into a value-building foundation for the decades ahead.

Our investment in this property embodies a forward-looking commitment to quality, resilience, and the sustainable revival of the Filipino hospitality brand. As the group advances toward full redevelopment and future activation of Acesite's potential, we remain confident in the strategic decision to build patiently. The company is powerfully laying the groundwork for an asset that will define the next chapter of Waterfront in Manila.

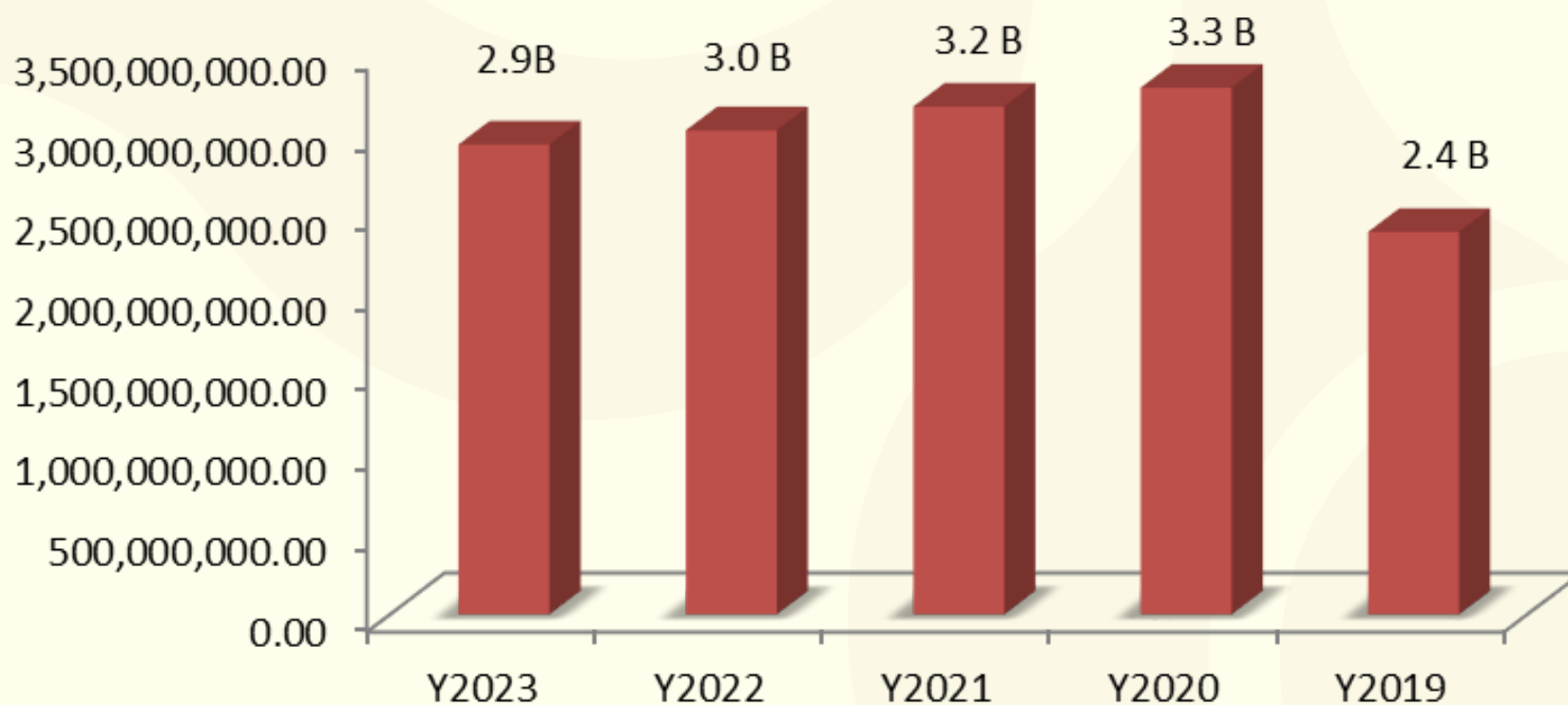


ARTHUR M. LOPEZ
APHC CHAIRMAN



APHC TOTAL ASSETS

Acesite (Phils.) Hotel Corporation Total Assets (In Billions)



The background of the slide is a collage of construction-related images, all tinted in a dark red color. On the left, a worker in a hard hat and safety vest is crouched on a corrugated metal roof. On the right, a close-up shows a worker's hands using a tool on a metal structure. In the center, a wide-angle shot shows a construction site with a concrete foundation, rebar, and a city skyline in the background.

CONSTRUCTION UPDATES

WATERFRONT MANILA HOTEL & CASINO CONSTRUCTION UPDATE 2023

Following the devastating fire on March 18, 2018, which significantly damaged the hotel's podium and main building, Waterfront Philippines, Inc. (WPI) suspended operations at the Waterfront Manila Hotel & Casino to commence reconstruction and restoration efforts.

A phased redevelopment plan was implemented to not only restore but also upgrade the facility, with Project completion timelines were extended due to a range of unforeseen challenges encountered throughout the reconstruction phases. These included technical difficulties, scope adjustments, and logistical constraints in sourcing specialized materials and equipment—largely due to the decision to retain the hotel's original structure, which is over 50 years old, to optimize costs.

In addition, on-site conditions further complicated the process. In particular, the structural reinforcements and adapting to the condition of the existing foundation became one of the more pending concern. During the construction, damaged tendons were discovered, requiring their replacement along with additional reinforcement to uphold structural integrity and ensure safety. These developments required comprehensive reassessments impacting overall project line.

Another significant factor contributing to the delay was the replacement of slabs with additional reinforcement and framing to accommodate duct penetrations. This complex process, involving controlled demolition, required precision to avoid compromising adjacent structures.

Despite these challenges, construction activities have been ongoing as of December 2024. Phase 1—which includes the main lobby, select food and beverage outlets, the casino, and a portion of hotel rooms—is targeted for completion by the first quarter of 2026. Phase 2, covering hotel amenities and guest facilities, is scheduled for completion by the third quarter of 2026, followed by Phase 3, which will finalize the remaining guest rooms by the first quarter of 2027.

Management has concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern. The construction project remains financially supported through insurance proceeds, the groups' operational cash flows, and affiliate-guaranteed bank borrowings.

The Group remains fully committed to the successful completion of the Waterfront Manila Hotel & Casino, reinforcing its long-term vision to restore the property as a premier hospitality and gaming destination in the capital.

PROJECT PHASING

CONSTRUCTION PHASES

PHASE 1 >	PHASE 2 >	PHASE 3 >
<ul style="list-style-type: none">Basement (Parking, Plant Room and Offices)	<ul style="list-style-type: none">Ground Floor (remaining areas)	<ul style="list-style-type: none">3rd Floor (remaining areas)
<ul style="list-style-type: none">Ground Floor (Dee's Café w/o Al Fresco, El Rey, Casino Gamibng Area-Partial, Casino Kiosks, Casino Kitchen, PAGCOR Offices, Sub-station, Luggage Room, Telephone Exchange & Temporary Reception Desk)	<ul style="list-style-type: none">2nd Floor (remaining areas)	<ul style="list-style-type: none">6th Floor (Pool Area, Gym and other remaining areas)
<ul style="list-style-type: none">2nd Floor (VIP Area, Gaming Table Area-Partial, ALEC & PAGCOR Offices, Stage Bar)	<ul style="list-style-type: none">5th Floor (remaining areas)	<ul style="list-style-type: none">7th Floor
<ul style="list-style-type: none">3rd Floor (Finance Food Storage Room, AHU-FAHU Area)	<ul style="list-style-type: none">6th Floor (Café Uno, Kitchen, Function Rooms)	<ul style="list-style-type: none">Guest Floors (16th and 23rd Floor)
<ul style="list-style-type: none">5th Floor (PAGCOR and ALEC Offices, Cafeteria, WMHC Employee's Locker Rooms, Uniform Room)	<ul style="list-style-type: none">Guest Floors (11th and 15th Floor)	<ul style="list-style-type: none">22nd Floor (Ambassador Lounge)
<ul style="list-style-type: none">8th Floor (WMHC Offices)		<ul style="list-style-type: none">23rd Floor (The Crown)
<ul style="list-style-type: none">Guest Floors (9th and 10th Floor)		
<ul style="list-style-type: none">Roof Deck		



PRIORITY WORKS

MASTER BASEMENT FLOOR PLAN

GUEST AREAS

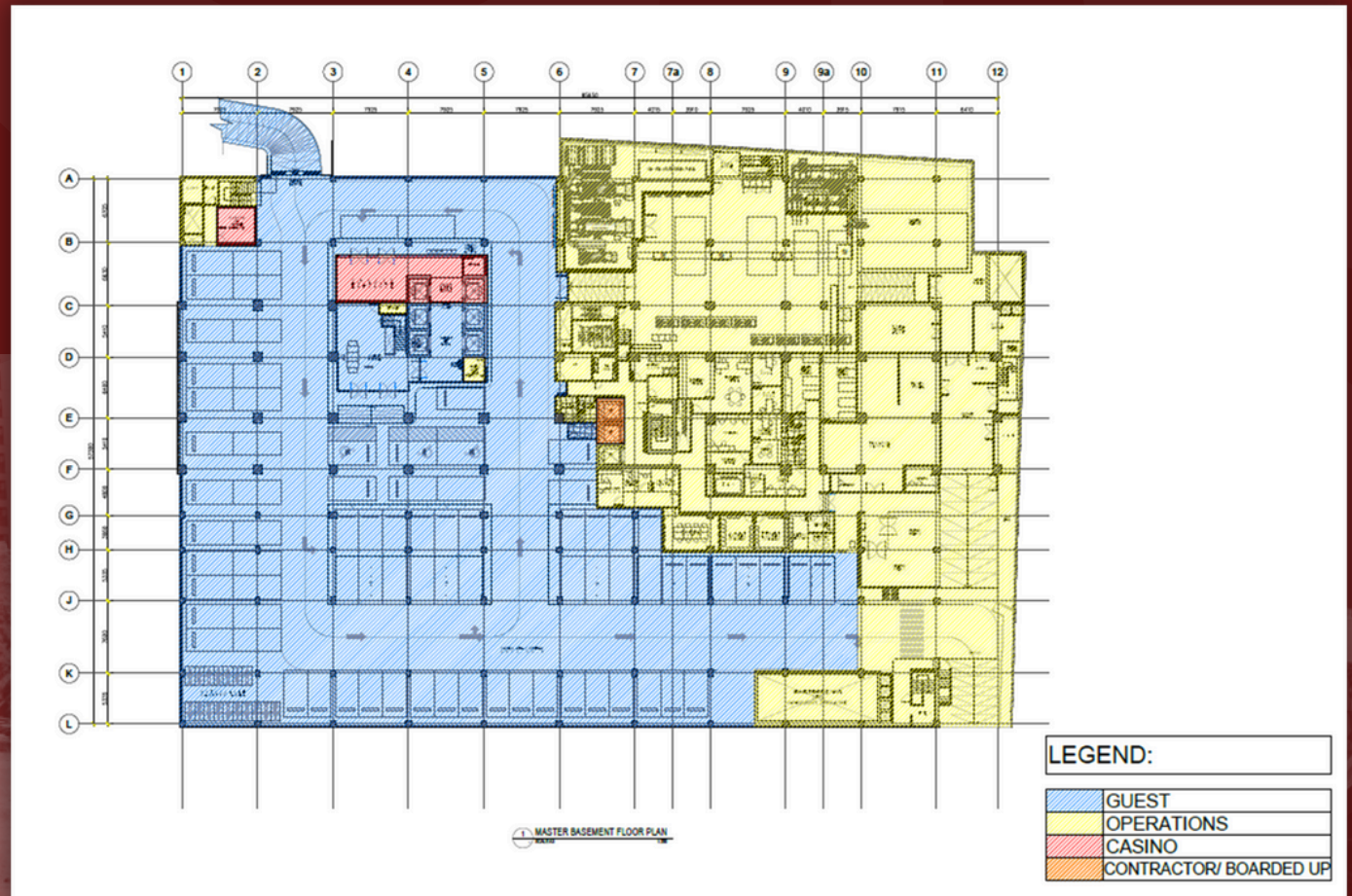
- Parking Area
- Hotel Entrance

CASINO AREAS

- Employee's Entrance

OPERATIONS

- Offices
- Utility Rooms



PRIORITY WORKS

MASTER GROUND FLOOR PLAN

GUEST AREAS

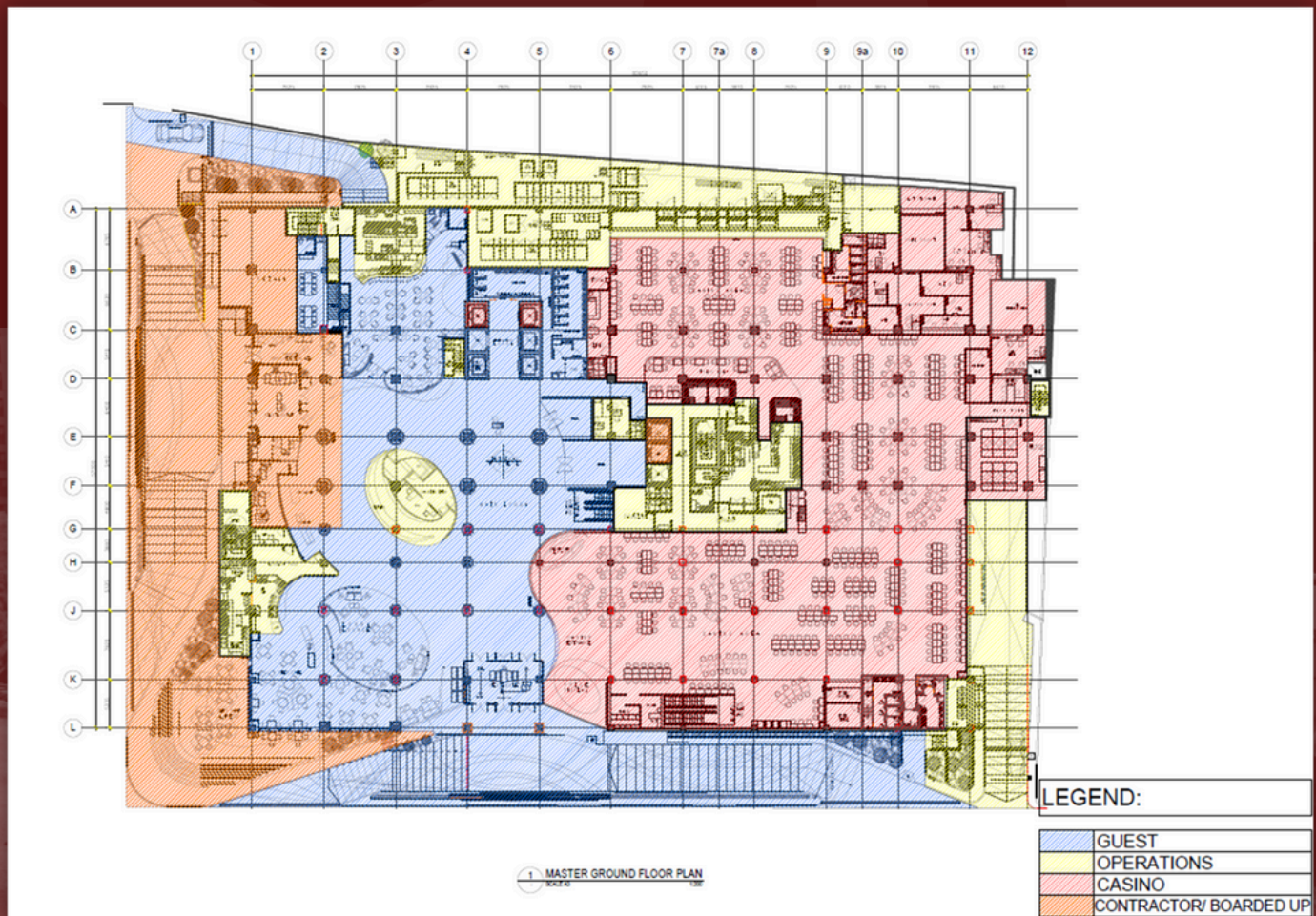
- F&B Outlets
- UN Vestibule
- Un Drop-Off

CASINO AREAS

- Gaming Area (Slot Machine)
- Offices

OPERATIONS

- Offices
- Utility Rooms



PRIORITY WORKS

MASTER SECOND FLOOR PLAN

CASINO AREAS

- Gaming Area
- Offices

OPERATION AREAS

- Utility Rooms

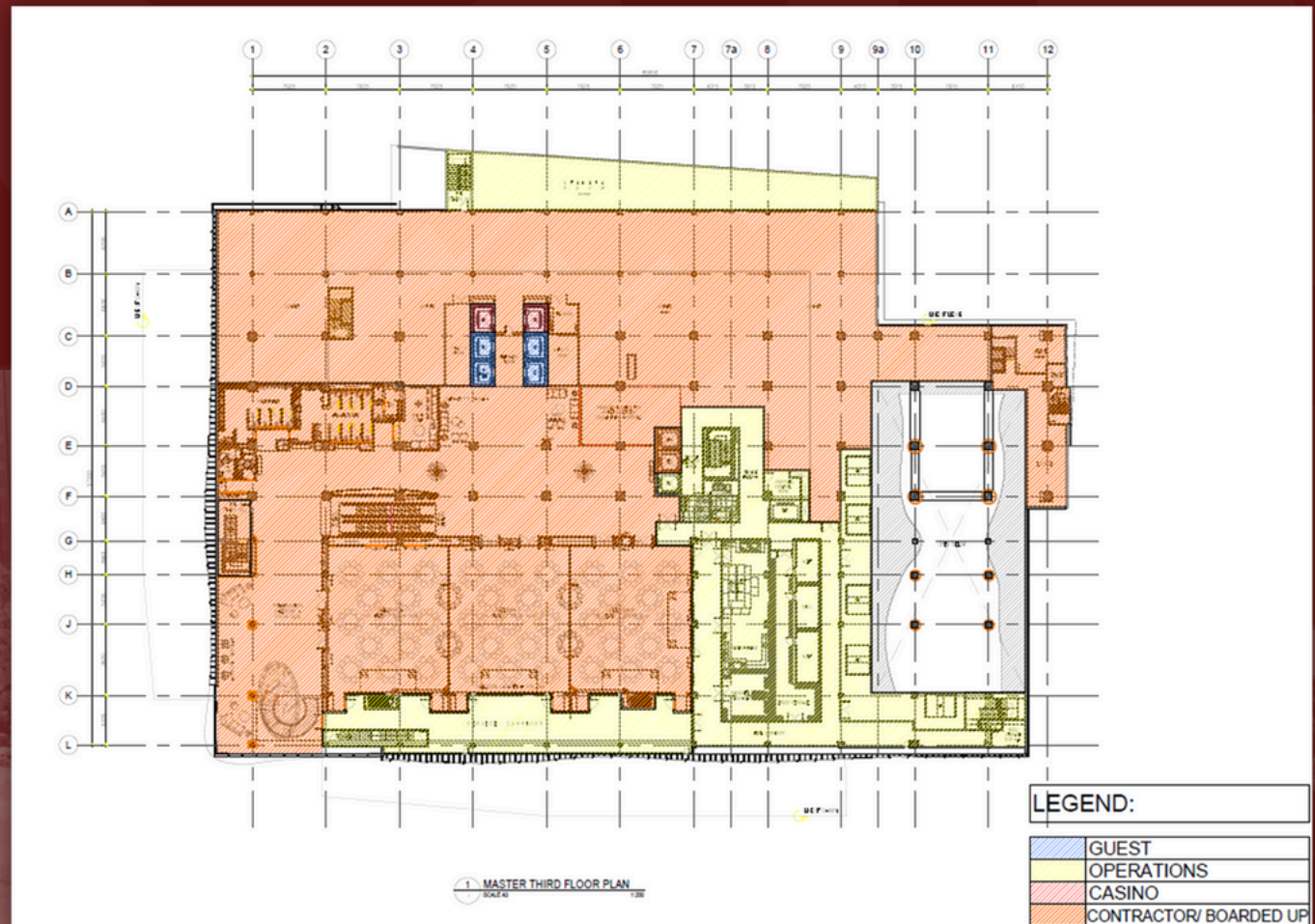


PRIORITY WORKS

MASTER THIRD FLOOR PLAN

OPERATIONS

- Utility Rooms
- Service Corridor



PRIORITY WORKS

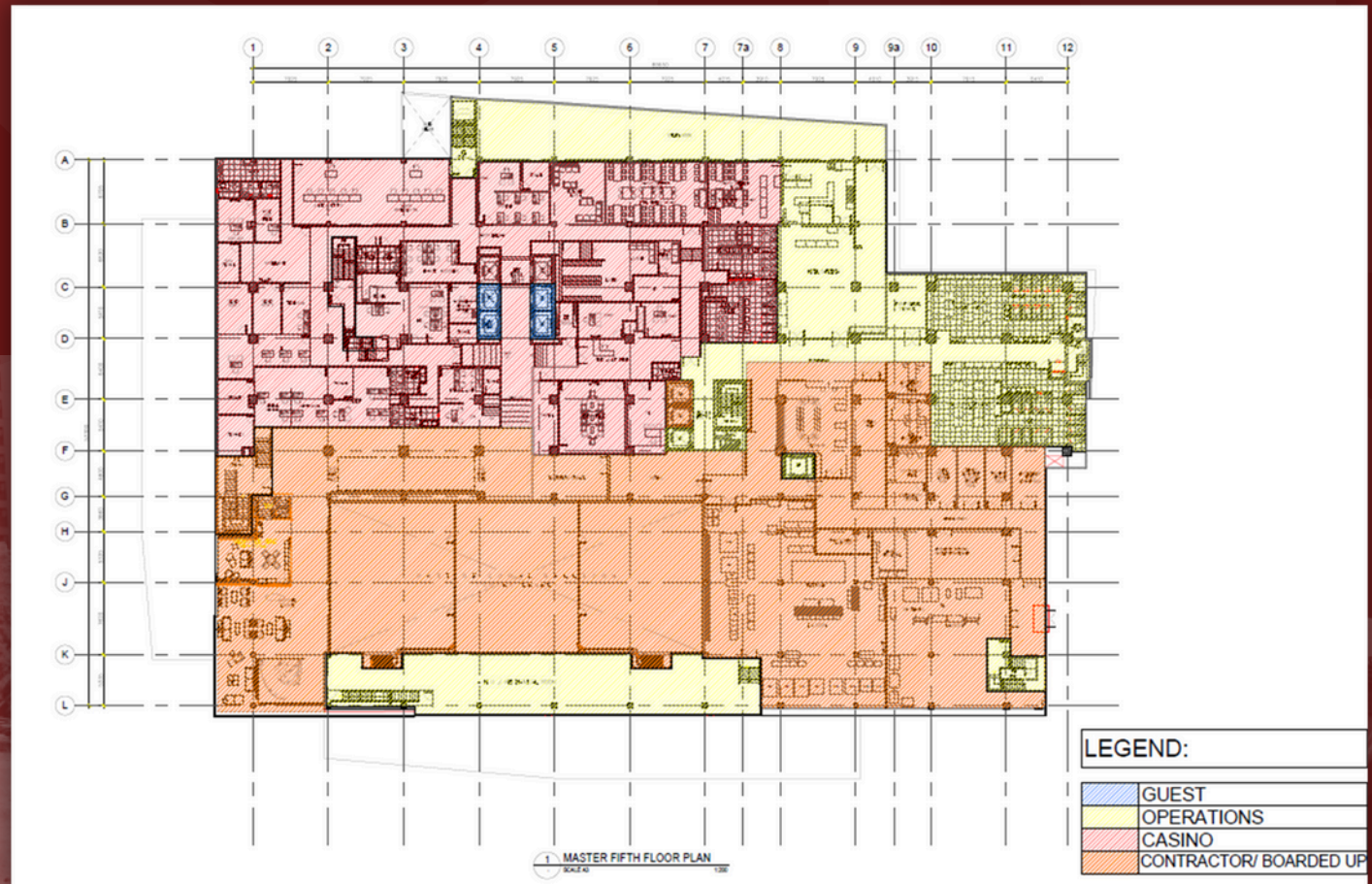
MASTER FIFTH FLOOR PLAN

CASINO AREAS

- Offices

OPERATIONS

- Utility Rooms
- Cafeteria
- Locker Rooms
- Offices



PROGRESS PHOTO



THIRD FLOOR (5F FRAMING)

INSTALLATION OF CARBON
PLATE AND SLAB EXTENSION
STRUCTURAL FRAMING

PROGRESS PHOTO



5F (6F FRAMING)

INSTALLATION OF MEPF LINE
AND SLAB REPLACEMENT

PROGRESS PHOTO



5F (6F FRAMING)

INSTALLATION OF MEPF LINE
AND SLAB REPLACEMENT

PROGRESS PHOTO



6F

SLAB REPLACEMENT



PROGRESS PHOTO



6F

SETTING OUT OF ADD
STRUCTURAL FRAMING

PROGRESS PHOTO



FAÇADE WORKS

ONGOING INSTALLATION OF
FLOOR MOUNTED BRACKET

PROGRESS PHOTO



GUEST FLOOR

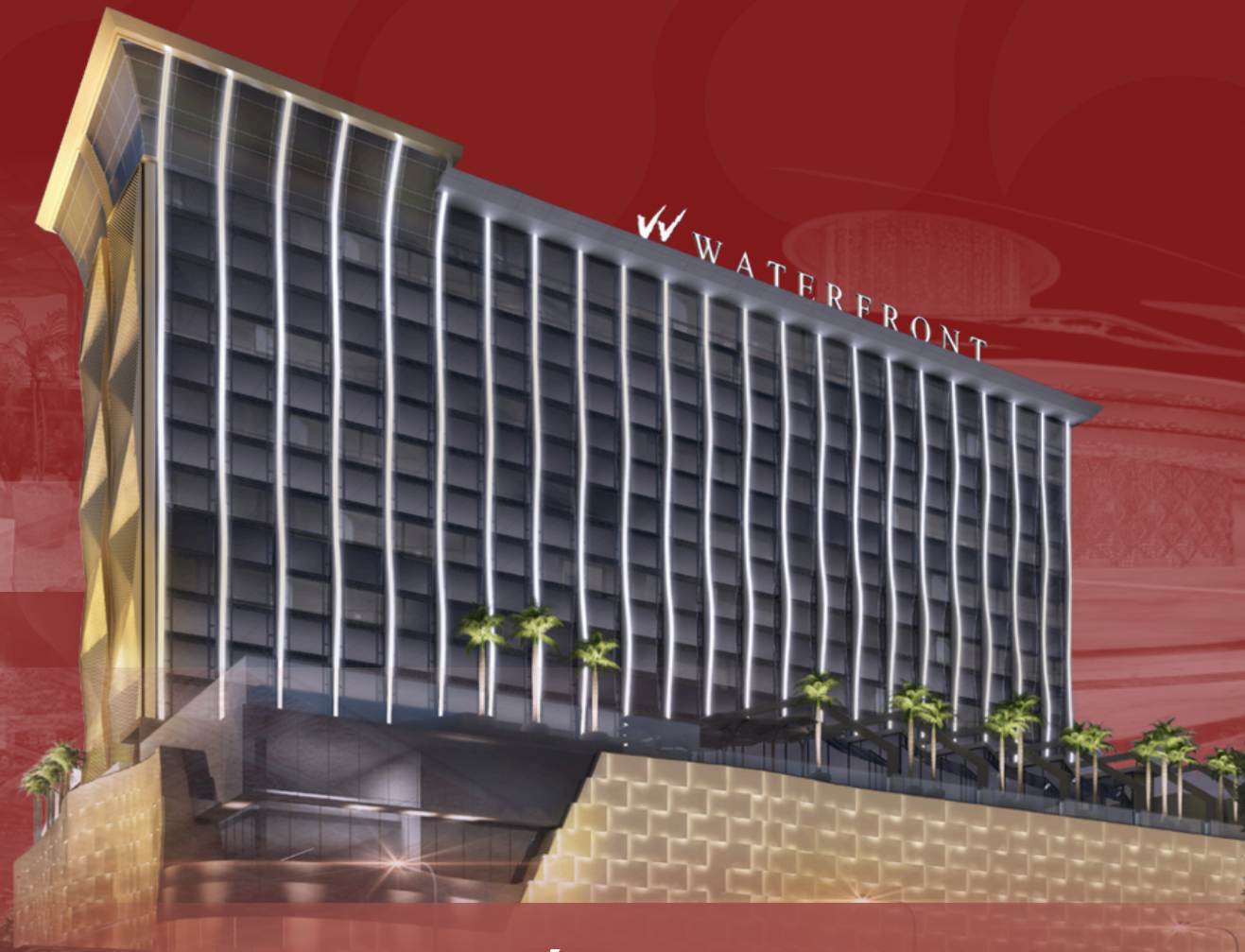
GUESTFLOOR – ON-GOING WALL
PREPARATION

PROGRESS PHOTO



DELIVERED ITEMS

DELIVERY OF MECHANICAL
EQUIPMENT

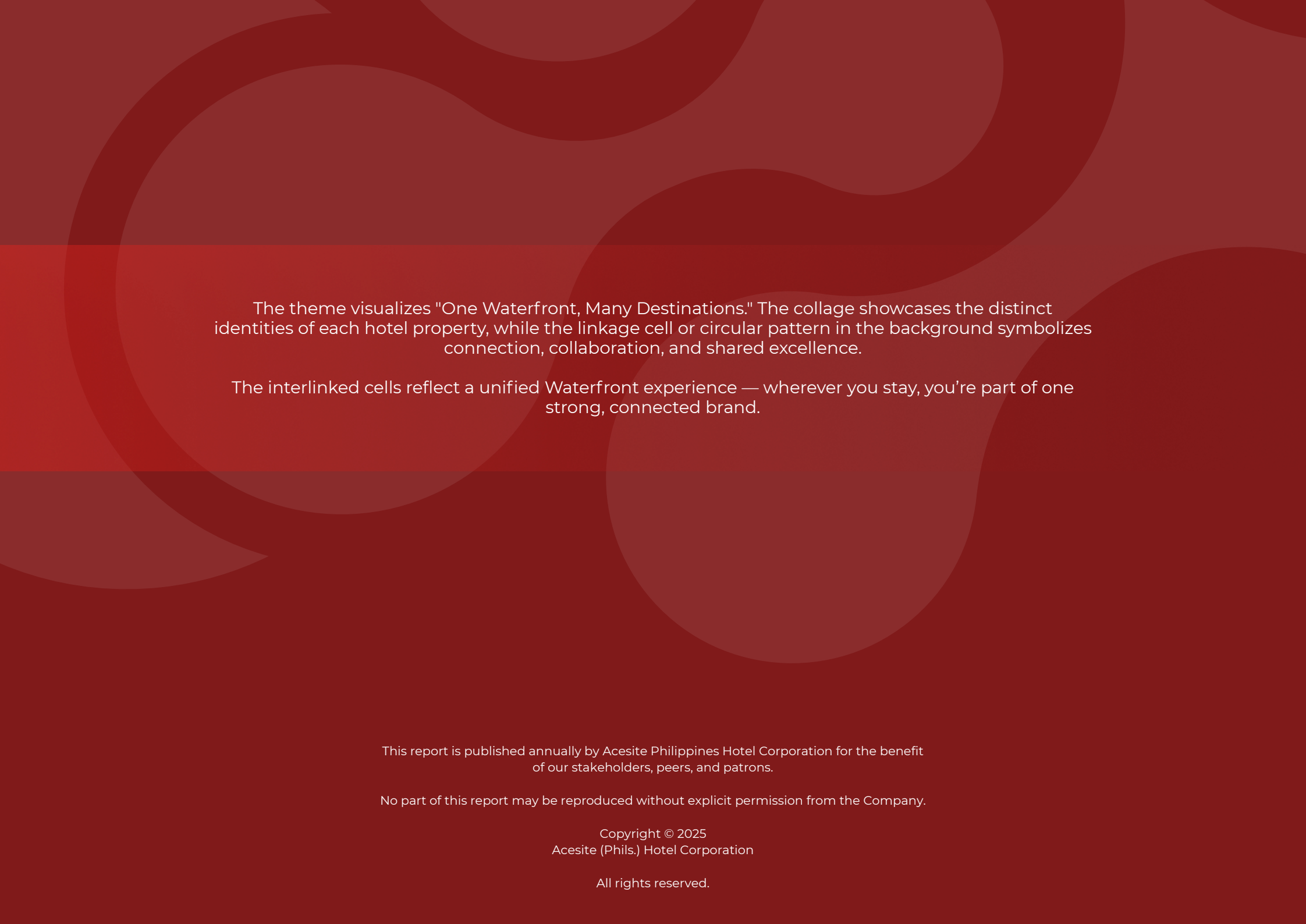


ARCHITECT'S PERSPECTIVE





WATERFRONT
PAVILION HOTEL & CASINO
M A N I L A

The background of the slide features a dark red color with a pattern of overlapping circles in various shades of red. A prominent wavy line, resembling a coastline or a stylized 'S' shape, runs horizontally across the middle of the slide, separating the upper and lower text sections.

The theme visualizes "One Waterfront, Many Destinations." The collage showcases the distinct identities of each hotel property, while the linkage cell or circular pattern in the background symbolizes connection, collaboration, and shared excellence.

The interlinked cells reflect a unified Waterfront experience — wherever you stay, you're part of one strong, connected brand.

This report is published annually by Acesite Philippines Hotel Corporation for the benefit of our stakeholders, peers, and patrons.

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