

Re: WATERFRONT PHILIPPINES, INC._ SEC FORM 201S DEFINITIVE INFORMATION STATEMENT_28 AUGUST 2024

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Wed 8/28/2024 3:46 PM

To:Pitchie Maambong <p.maambong@waterfronthotels.net>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secepress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

A S 0 9 4 - 8 6 7 8
SEC Registration Number

W A T E R F R O N T P H I L I P P I N E S , I N C .

(Company's Full Name)

N O . 1 W A T E R F R O N T D R I V E O F F L A H U G
C E B U C I T Y 6 0 0 0

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

ARTHUR PONSARAN
(Contact Person)

855-90129
(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

SEC 201S DEFINITIVE
(Form Type)

0 9 2 1
Month Day
(Annual Meeting)

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

429
Total No. of Stockholders

Total Amount of Borrowings
- -
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

Document ID

LCU

Cashier

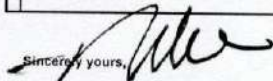
STAMPS

| WATERFRONT PHILIPPINES, INC. | | | | | | | | | | | | | |
|---|--|--|---|---------------------------|-------|---------------------------|--|--|--|--|--|---|--------------------|
| Preliminary Information Statement was filed on August 12, 2024. | | | | | | | | | | | | | |
| SEC Form 20-IS | | | | | | | | | | | | | |
| Checklist of Requirements | Page No. | Remarks | Amendments | | | | | | | | | | |
| Part I. | | | | | | | | | | | | | |
| B. Control and Compensation Information | | | | | | | | | | | | | |
| ITEM 5. DIRECTORS & EXECUTIVE OFFICERS | | | | | | | | | | | | | |
| Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of "Annex C" | | | | | | | | | | | | | |
| A (A)(1) Identify Directors, including Independent Directors and Executive | | | | | | | | | | | | | |
| | (a) List the names, ages and citizenship of all directors, including independent directors, executive officers and all persons nominated or chosen to become such where required under Section 38 of the Code and SRC Rule 38.1 adopted thereunder; also provide the names of the incorporators in the case of an investment company. | It was disclosed in the 17-C disclosures and the Information Statement that Mr. Reno I. Magadia resigned from his position as Director on 01 August 2024. However, he is still made part of the nominees as Director in the 2024 stockholders' meeting. Please make the necessary corrections if applicable. Otherwise, provide an explanation on this flow of events. | Amended. Replaced Mr. Reno I. Magadia with Atty. Lamberto B. Mercado Jr. as one of the nominees as Director for 2024 Stockholder's Meeting. | | | | | | | | | | |
| | (b) List of positions and offices such persons held or will hold; | | Already disclosed, Item 5 part b. | | | | | | | | | | |
| | (c) Term of office as a Director and the period which the person has served; | | Update disclosure, Item 5 part a. | | | | | | | | | | |
| | (d) Brief description of person's business experience (last five years); and | | Already disclosed, Item 5 part b. | | | | | | | | | | |
| | (e) Identification of other directorship held in reporting companies. | | Already disclosed, Item 5 part b. | | | | | | | | | | |
| B | (B) If a director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices, and if the director has furnished the registrant with a letter describing such disagreement and requesting that the matter disclosed, the registrant shall state the date of resignation or declination to stand for re-election and summarize the director's description of the disagreement. | Please disclose if applicable. Otherwise, please make a negative statement to such effect. | Updated, stated a negative statement to such effect. | | | | | | | | | | |
| | If the registrant believes that the description provided by the director is incorrect or incomplete, it may include a brief statement presenting its views on the disagreement. | | Not Applicable. | | | | | | | | | | |
| | In case of proxy solicitation and the same is made on behalf of persons other than the registrant, the aforementioned information need be furnished only the nominees of the persons making the solicitation. | | Not Applicable. | | | | | | | | | | |
| ITEM 6. COMPENSATION OF DIRECTORS & EXECUTIVE OFFICERS | | | | | | | | | | | | | |
| Part IV, paragraph (B) of "Annex C", as amended | | | | | | | | | | | | | |
| If action to be taken is with regard to election of directors, any bonus profit sharing | | | | | | | | | | | | | |
| (1) Summary Compensation Table | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Name and Principal Position</th> <th>Year</th> <th>Salary</th> <th>Bonus</th> <th>Other Annual Compensation</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Name and Principal Position | Year | Salary | Bonus | Other Annual Compensation | | | | | | The compensation for the other officers should also be included in the table for the years 2023 (estimated), 2022 and 2021, in aggregate. | Already Disclosed. |
| Name and Principal Position | Year | Salary | Bonus | Other Annual Compensation | | | | | | | | | |
| | | | | | | | | | | | | | |
| C. Issuance and Exchange of Securities | | | | | | | | | | | | | |
| ITEM 11. FINANCIAL & OTHER INFORMATION | | | | | | | | | | | | | |
| A Information Required | | | | | | | | | | | | | |
| If action to be taken is with respect to any matter specified in Items 9 or 10, | | | | | | | | | | | | | |
| | 2 Management Discussion & Analysis and Plan of Operation | Please see comments below. | Please see responses in the succeeding pages. | | | | | | | | | | |
| C Information for the registrant & for the other person | | | | | | | | | | | | | |
| I. Information required by Part I paragraphs (A), (B) and (C) of "Annex C", | | | | | | | | | | | | | |
| A Description of Business | | | | | | | | | | | | | |
| (1) BUSINESS DEVELOPMENT | | | | | | | | | | | | | |
| | (b) Any Bankruptcy, Receivership or Similar Proceedings | Please disclose if any. | Not Applicable. | | | | | | | | | | |
| (2) BUSINESS OF ISSUER | | | | | | | | | | | | | |
| (a) DESCRIPTION OF THE BUSINESS OF REGISTRANT AND ITS SIGNIFICANT SUBSIDIARIES | | | | | | | | | | | | | |
| | If Material: | | | | | | | | | | | | |
| | (2) Percentage of Sales or Revenues and Net Income Contributed by Foreign sales for each of the last 3 FY | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (5) Competitive Business Conditions and the Registrant's Competitive Position in the industry and methods of competition | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (6) Sources and Availability of Raw Materials and Names of Principal Supplier | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| 1 of 4 | | | | | | | | | | | | | |
| Checklist of Requirements | Page No. | Remarks | Amendments | | | | | | | | | | |
| | (7) Dependence on One or a Few Major Customers and Identification of Such | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (8) Transactions With and/or Dependence on Related Parties | Please disclose, if material. | Please refer to 17A Item 12 Certain Relationships and Related Transactions. | | | | | | | | | | |
| | (9) Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreement, or labor contracts including duration | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (10) Need for Any Governmental Approval of Principal Products or Services | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| 2 of 4 | | | | | | | | | | | | | |
| Checklist of Requirements | Page No. | Remarks | Amendments | | | | | | | | | | |
| | (11) Effect of Existing or Probable Governmental Regulations on the Business | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (12) Estimate of Amount Spent for Research and Development Activities and its percentage to revenues during each of the last 3 FY | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (13) Costs and Effects of Compliance w/ Environmental Laws | Please disclose, if material. | Not Applicable. | | | | | | | | | | |
| | (14) Total Number of registrant's employees and the number of employees it anticipate to have within the ensuing twelve (12) months. Indicate the number by type of employee, whether or not any of them are subject to collective bargaining agreements and the expiration date of any CBA. | Please disclose the number of employees the company anticipates to have within the ensuing 12 months. | Disclosed in 17A, Part I Business and General Information, under Employees, page 13. | | | | | | | | | | |
| B Description of Property | | | | | | | | | | | | | |
| | (4) Indicate what properties the registrant intends to acquire in the next twelve (12) months, the cost of such acquisitions, the mode of acquisition and the sources of financing it expects to use. | Please disclose if any. Otherwise, please make a negative statement to such effect. | Updated. With negative statement. | | | | | | | | | | |
| II. Information required by Part II(A) of "Annex C, as amended" | | | | | | | | | | | | | |
| A Market Price of and Dividends | | | | | | | | | | | | | |

| | | | |
|--|---|---|---|
| (1) Market Information | | | |
| <i>i. If principal market is a Stock Exchange in the Philippines or a foreign Exchange:</i> | | | |
| (b) If the information called for by paragraph (A) of this Part is being presented, the document shall also include the price information as of the latest practicable trading date, and in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction. | | Please disclose price information of the listed common shares as of the last practicable trading date but not earlier than 90 days from date of the Information Statement. | Already Disclosed, High - Low table at Operational And Financial Information part 1. |
| III. Information required by Part III, paragraphs (A) and (B) of "Annex C, | | | |
| A | Management's Discussion and Analysis. MD&A helps to explain financial results. A reader of the MD&A should be able to understand the financial results of the registrant's business as discussed in the "Business" section. It shall provide information with respect to liquidity, capital resources and other information necessary to understand the registrant's financial condition and results of operation. For both full fiscal years and interim periods, disclose the company's and its majority owned subsidiaries top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis | Disclose for the 2nd Quarter of 2024. | Attached 17Q ending June 30, 2024. Please refer to 2nd Quarter 2024 17Q report disclosures. |
| | No revenues form operation in each of the last two (2) fiscal years, or the last fiscal year and any interim period in the current fiscal year, shall in addition to applicable items under subparagraph (2) provide provide the following information: | | |
| | (1) Describe the plan of operation for the next twelve (12) months. This description includes: | | |
| | (a) how long the registrant can satisfy its cash requirements and whether it will have to raise | | |
| | (b) summary of any product research and development for the term of the plan; | | |
| | (c) any expected purchase or sale of plant and significant equipment; and | | |
| | (d) any expected significant changes in the number of employees. | | |
| | (2) All other registrants shall provide the following information: | | |
| | (a) Full fiscal years | | |
| | (1) Discussion of the Registrant's Financial Condition, Changes in Financial Condition and Results of Operations for each of the last 3 fiscal years. | | |
| | (2) If FS shows losses from operation, explain the causes underlying these losses and the steps the registrant has taken or is taking to address these cause. | | |
| | (3) Past and future financial condition and results of operation, with particular emphasis on the prospects for the future. | | |
| | (4) Key Variable and Other Qualitative and Quantitative Factors. | | |
| | If Material: | | |
| | (i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) | | |
| 3 of 4 | | | |
| Checklist of Requirements | | Page No. | Remarks |
| | (ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation | | Attached 17Q ending June 30, 2024. Please refer to 2nd Quarter 2024 17Q report disclosures. |
| | (iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period. | | |
| | (iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures | | |
| | (v) Any Known Trends, Events or Uncertainties (Material Impact on Sales) | | |
| | (vi) Any Significant Elements of Income or Loss (from continuing operations) | | |
| | (vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) | | |
| | (viii) Seasonal Aspects that has Material Effect on the FS | | |
| | (b) Interim Periods: Comparable discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). Disclose the required information required under subparagraph (2)(a)(i) to (viii) above. | | |
| ITEM 13. ACQUISITION/DISPOSITION OF PROPERTY | | | |
| | Brief description of the character/location of the property | Please disclose whether or not the acquisition under Item 13 will be submitted for approval of the stockholders. If yes, please make the proper revision in the Agenda for the ASM. | Updated. With negative statement. |
| | Nature & amount of consideration to be paid/received by the registrant/subsidiary | | |
| | Brief outline of the facts bearing upon the question of the fairness of the consideration | | |
| | Name & address of the transferor/transferee & the nature of any material relationship to the issuer/any affiliate of the issuer | | |
| | Brief outline of any material features of the contract/transaction | | |
| Part II. | | | |
| Information required in a Proxy Form | | Please submit sample proxy forms. | Attached copy of Proxy Form. |
| MANAGEMENT REPORT | | | |
| 6 | Discussion on Compliance with leading practice on Corporate Governance | | |
| A | Evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance | Disclose. | Already disclosed , please refer to 2024 IACGR disclosures under Principle 8, page 23. |
| B | Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance | | |
| C | Any deviation from the company's Manual of Corporate Governance. Including a disclosure of the name and position of the person/s involved and sanction/s imposed on said individual | | |

| | | | | |
|---------------------|----------|--|--|--|
| | D | d. Any plan to improve corporate governance of the company | | |
| AUDIT REPORT | | | | |
| 5 | | Interim Financial Statements and MD&A as of June 30, 2024 | | Submit. The 17-Q report has not been attached contrary to that provided in the Information Statement. Attached 17Q ending June 30, 2024. |
| 4 of 4 | | | | |

| Present to Stockholders the following (previous meeting): | Page No. | REMARKS | Amendments |
|---|----------|--|---|
| a The minutes of the most recent regular meeting which shall include, among others: | | Please submit draft minutes of the 2022 ASM complying with the following parts: | Attached |
| 1 Description of the voting and voting tabulation procedures used in the previous meeting | | | |
| 2 Description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given | | | |
| 3 The matters discussed and resolutions reached | | | |
| 4 A record of the voting results for each agenda item | | | |
| 5 List of directors, officers and stockholders who attended the meeting | | | |
| 6 Such other require in governance items that the Commission may the interest of good corporate and the protection of minority stockholders | | | |
| c Detailed, descriptive, balanced and comprehensive assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs | | Disclose for the 2nd Quarter of 2024, consistent with the interim financial statements and the requirements of the SRC | Attached 17Q ending June 30, 2024. Please refer to 2nd Quarter 2024 17Q report disclosures. |
| d Financial report for the proceeding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees | | Submit the Interim Financial Statements for the 2nd Quarter of 2024 | Attached 17Q ending June 30, 2024. Please refer to 2nd Quarter 2024 17Q report disclosures. |
| g A director attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholder meeting | | Please disclose. | Attached. |
| h Appraisal and performance reports for the board and the criteria and procedure for assessment | | Please disclose. | Disclosed. With Negative Statement. |
| i A director compensation report prepared in accordance with this Code and the rules the Commission may prescribed | | See comments based on the SRC. | Already disclosed. |
| j Director disclosures on self-dealings and related party transactions, and/or | | Please disclose if any. | Already disclosed, please refer to 2024 IACGR Principle 6.2, page 24. |

Sincerely yours,

 ATTY. ARTHUR R. PONSARAN
 Corporate Secretary



Dear Stockholder:

Please be advised that the annual meeting of the stockholders of **WATERFRONT PHILIPPINES, INC.** (the "Corporation"), will be held on **Saturday, September 21, 2024**, at 10:00 A.M. at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines to pass upon the following matters:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Previous Stockholders' Meeting dated September 23, 2023;
4. President's Report to the Stockholders and Approval of the Annual Report for the year ended December 31, 2023;
5. Ratification of the Acts of the Board and Management for the year 2023;
6. Election of the Board of Directors to serve for the Term 2024-2025;
7. Appointment of External Auditor;
8. Appointment of External Counsels;
9. Other business/corporate matters; and
10. Adjournment.

As fixed by the Board of Directors, the record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is **August 27, 2024**. The Stock and Transfer Book of the Corporation will be closed on **August 28, 2024** to **September 21, 2024** at 10.00 A.M.

If you are not attending, you may submit a PROXY instrument to the office of the Corporate Secretary of this Corporation at the address stated below. Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of their shareholdings from their respective stockbrokers. Corporate stockholders are requested to attach to the PROXY instrument, their respective Board Resolutions in support of their proxies. *Deadline for submission of proxies is on or before 10.00 A.M on September 21, 2024.* The proxy form is hereto attached as Annex "A".

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

Stockholders may submit written nominations for directors to the Corporate Secretary by mail or email at the addresses mentioned below not later than September 02, 2024. All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance of the nominee. The nomination form is attached herewith as Annex "B". A copy of a valid government-issued identification card with photo of the nominee shall likewise be enclosed. All nominees for Directors and Independent Directors shall possess the qualifications and none of the disqualifications prescribed by law and the Corporation's policies. If a nominee for Independent Director, the nominee shall likewise submit a duly accomplished Certificate of Qualification in the form prescribed by the Securities and Exchange Commission in its Memorandum Circular No. 5, Series of 2017 dated March 7, 2017.



WE ARE NOT SOLICITING YOUR PROXY.

Pasig City, Philippines, August 9, 2024



ARTHUR R. PONSARAN
Corporate Secretary

Office address:

Unit 3104, 31st Floor Antel Global Corporate Center

#3 Dona Julia Vargas Avenue

Ortigas Center, Barangay San Antonio, Pasig City

Philippines, 1600

Email address: https://www.waterfronthotels.com.ph/investor_relations/

Waterfront Philippines Incorporated
Principal Office Address
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[] Preliminary Information Statement
[X] Definitive Information Statement
2. Name of Registrant as specified in its charter **WATERFRONT PHILIPPINES, INCORPORATED**
3. **PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **AS094-8678**
5. BIR Tax Identification Code **D80-003-978-254-NV**
6. **NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY** **6000**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(02) 559-0130**
8. **September 21, 2024, at No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City 6000**
Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders
August 28, 2024
10. **In case of Proxy Solicitations:**
- Name of Person Filing the Statement/Solicitor:* _____ Not Applicable
- Address and Telephone No.:* _____ Not Applicable
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---|---|
| <u>COMMON SHARES – P1.00 par value</u> | <u>2,498,991,753</u> |
| _____ | _____ |
| _____ | _____ |
12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes No
- If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange – Common Shares

| |
|----------------|
| PART I. |
|----------------|

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

| | |
|--|---|
| Date, Time and Place of Meeting: | September 21, 2024 10:00 A.M. No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City 6000 |
| Complete Registrant's Mailing Address (Principal Office): | No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City 6000 |
| The approximate date on which the Information Statement are first be sent & given to the security holders shall be on: | August 28, 2024 |

Item 2. Dissenters' Right of Appraisal

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of the shares in the manner provided under Section 80 of the Revised Corporation Code of the Philippines:

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

Under Section 81 of the Revised Corporation Code, instances wherein the stockholder has voted against a proposed corporate action, the statutory procedures required to be followed by dissenting security holders to perfect such rights are, as follows:

- a) The dissenting stockholder shall make a written demand to the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Provided that failure to make the demand within such a period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

- b) If, within (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the (2) thus chosen. Then findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation;

There are no matters or proposed corporate actions to be taken up during the annual stockholders' meeting which may give rise to a possible exercise of security holders of their appraisal rights under Title X of the Corporation of the Philippines.

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

1. Other than election to office and other matters stated herein, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on September 21, 2024.
2. No director intends to oppose any action to be taken at the said meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The number of shares outstanding and entitled to vote in the stockholder's meeting is **2,498,991,753** shared as of August 28, 2024. The record date for purposes of determining stockholders entitled to vote is August 28, 2024. Stockholders are entitled to cumulative voting in the election of directors, as provided by the Revised Corporation Code.

Under Section 23 of Revised Corporation Code, stockholders entitled to vote shall have the right to vote the number of shares standing in their own names in the stock books of the corporation at the time fixed in the bylaws are silent, at the time of the election. The said stockholder may:

- a) vote such number of shares for as many persons there are directors to be elected.
- b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or
- c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, that no delinquent stock shall be voted. Unless otherwise provided in the articles of incorporation or in the bylaws, members of nonstock corporations may cast as many votes as there are trustees to be elected but may not cast more than one (1) vote for one (1) candidate. Nominees for directors or trustees receiving the highest number of votes shall be declared elected.

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

Security Ownership of Certain Record and Beneficial Owners:
(As of June 30, 2024)

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

| Title of Class | Name & Address of the Record Owner & Relationship with issuer | Name of Beneficial Owner & Relationship with Record Owner | Citizenship | No. of Shares held | % of Class |
|----------------|--|---|-------------|--------------------|------------|
| Common | PCD Nominee Corp. 37 th Floor Tower I, The Enterprise Center 6766 Ayala Ave., Paseo de Roxas, Makati City *PCD Nominee is not related to WPI | Various Client | Filipino | 1,133,114,235 | 45.34% |
| Common | The Wellex Group, Inc. 35 th Floor One Corporate Center, Dona Julia Vargas Ave. cor Merlaco Ave., Ortigas Center, Pasig City * TWGI is the holding company and major stockholder of WPI | The Wellex Group, Inc. 35 th Floor One Corporate Center, Dona Julia Vargas Ave. cor Merlaco Ave., Ortigas Center, Pasig City * Represented by Ms. Elvira A. Ting, who is a nominee of the said company. Director & Officers are William Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian and Richard L. Ricardo. | Filipino | 1,128,466,800 | 45.16% |

Security Ownership of Management
(As of June 30, 2024)

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Citizenship | % of Class |
|----------------|----------------------------|---|-------------|------------|
| Common | Kenneth Gatchalian | 30,000,100 direct | Filipino | 1.200 |
| Common | Arthur M. Lopez | 1 direct | Filipino | 0.000 |
| Common | Elvira A. Ting | 10,000,009 direct | Filipino | 0.400 |
| Common | Aristeo R. Cruz | 1,000 direct | Filipino | 0.000 |
| Common | Arthur R. Ponsaran | 100 direct | Filipino | 0.000 |
| Common | Dee Hua T. Gatchalian | 350,000 direct | Filipino | 0.014 |
| Common | Reno I. Magadia | 100 direct | Filipino | 0.000 |
| Common | Sergio R. Ortiz-Luis Jr. | 110 direct | Filipino | 0.000 |
| Common | Ruben D. Torres | 1,000 direct | Filipino | 0.000 |
| Common | Renato C. Francisco | 100 direct | Filipino | 0.000 |
| | Total Beneficial Ownership | 40,002,870 | | 1.614 |

- There is no voting trust holder of 5% or more.
- There are no persons holding a certain class of stocks under a voting trust or similar agreement.
- There are also no arrangements that may result in a change in control of the registrant.
- There are no significant changes to the control in the group for the year 2023.

Item 5. Directors and Executive Officers

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

| Name | Position | Age | Citizenship | Period Served |
|-------------------------------|-----------------------|-----|-------------|---------------------|
| Sergio R. Ortiz-Luis, Jr | Chairman of the Board | 81 | Filipino | 18 Years |
| Kenneth T. Gatchalian | President / Director | 48 | Filipino | Since Incorporation |
| Elvira A. Ting | Treasurer / Director | 64 | Filipino | Since Incorporation |
| Ruben D. Torres | Director | 83 | Filipino | 12 Years |
| Atty. Lamberto B. Mercado Jr. | Director | 58 | Filipino | Less than 1 year |
| Arthur M. Lopez | Director | 78 | Filipino | 10 Years |
| Dee Hua T. Gatchalian | Director | 76 | Filipino | Since Incorporation |
| Aristeo Cruz | Independent Director | 58 | Filipino | 3 Years |
| Renato C. Francisco | Independent Director | 76 | Filipino | 5 Years |

**Mr. Reno Magadia's resignation effective August 1, 2024, replaced by Mr. Lamberto B. Mercado Jr. effective August 2, 2024.*

They are in the final list of nominees as pre-screened by the Nominations Committee. The nominees nominated by Ms. Elvira A. Ting, are her nephew, Kenneth T. Gatchalian and Dee Hua T. Gatchalian is her sister.

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

The Members of the Nomination Committee are the following:

Chairman - Dee Hua T. Gatchalian
 Member - Sergio R. Ortiz-Luis, Jr
 Member - Elvira A. Ting

Directors and Executive Officers:

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

| <u>Office</u> | <u>Name</u> | <u>Age</u> | <u>Citizenship</u> | <u>Position in Other Listed Companies</u> |
|--|---------------------------|------------|--------------------|---|
| Chairman of the Board / Independent Director | Sergio R. Ortiz-Luis, Jr. | 81 | Filipino | Independent Director Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of Alliance Global, Inc.; Director - International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliations: Vice-Chairman - Export Development Council; Civic Organizations: Chairman - Rotary Club of Green Meadows, Director - PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General - Consulate of Romania in the Philippines. |

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| Director | Kenneth T. Gatchalian | 48 | Filipino | Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; Vice Chairman of Philippine Estates Corporation; Director-Forum Pacific Inc. Director-Waterfront Cebu City Casino Hotel Incorporated; Director-Davao Insular Hotel Company Inc.; Director Waterfront Mactan Casino Hotel, Incorporated; Director Waterfront Wellness Group Inc.; Director-Waterfront Food Conception.; Director Waterfront Horizons Corporation; Director-Grand Ilocandia Resort and Development, Inc.; Director Mayo Bonanza Inc.; Director Waterfront Cebu Ventures, Inc.; Director-Waterfront Hotel Management Corporation; Director- |
|----------|-----------------------|----|----------|---|

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| | | | | Waterfront Iloilo Hotel Inc. |
| Director | Arthur M. Lopez | 78 | Filipino | Owner and Principal Consultant of AML Hotel Consultancy, Management and Technical Services Consultant of Federal Land and owner of Grand Hyatt Projects and Marco Polo Cebu; Director-Philippine Estates Corp., Chairman-Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao, B Hotel Quezon City, Bellevue Baguio (opening in 2018) and Bloomberry Casino Hotels & Resorts; Regional Director of Asia Pacific Top Management International Resources Corp.; Hotel Management Consultant of Double Dragon properties Corporation. President of Legoli Holdings Inc and Arleff Holdings Inc. and President of Phil. Hotel Federation Inc. |
| Director | Dee Hua T. Gatchalian | 76 | Filipino | Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP- Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc. |
| Director | Lamberto B. Mercado Jr. | 58 | Filipino | Vice-President for Legal of the Wellex Group, Inc. He was elected as one of the Directors of the Company since 24 June 2004. He is a graduate of the Ateneo de Manila University School of Law. Atty. Mercado is a certified public accountant. Prior to his post in Wellex Group, he was connected with the Subic Bay Metropolitan Authority (SBMA). From November 1993 to July 1997, he was the chief of staff of SBMA. He also served as president of the Freeport Service Corporation in SBMA from August 1996 to January 1998. He was appointed deputy administrator for administration in February |

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| | | | | 1997, a post he held until August 1998. Currently a Director of the following publicly listed companies: Waterfront Phils. Inc., Wellex Industries, Inc., Forum Pacific, Inc., Metro Alliance Holdings & Equities Corp. and Acesite (Phils.) Hotel Corporation. |
| Independent Director | Aristeo R. Cruz | 57 | Filipino | Independent Director Waterfront Philippines, Inc., Independent Director-The Wellex Group, Inc., Director of Acesite Phils Hotel Corp. Meycauayan College, Inc - Vice Chairman of the board and Executive Vice President; Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law-Founding and Managing Partner, Liberty Bank (A Rural Bank), Inc.-Vice President Idealand Realty & Dev't Corp.- Vice-President and Chief Operating Officer (COO) Philstar Innovation Realty Corp.- Director & Corp Secretary Statosphere Realty & Dev't Corp. President and Chief Operating Officer (COO) Metro Alliance Holdings & Equities Corp.- Independent Director |
| Director | Ruben D. Torres | 82 | Filipino | Director Waterfront Philippines, Inc., President – BPO Workers Association of the Phils.; Senior Partner – Torres Caparas Torres Law Offices; Secretary General Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation. |

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| Director and Treasurer | Elvira A. Ting | 64 | Filipino | President & CEO – Philippine Estates Corporation; Director Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation. |
| Independent Director and Chief Risk Officer | Renato C. Francisco | 76 | Filipino | A veteran legal professional, Justice Renato C. Francisco has been serving as an Associate Justice for the Court of Appeals from May 31, 2012 – August 20, 2018. An Ateneo De Manila University graduate for his Bachelor of Laws, Justice Francisco has served in the judiciary as a Presiding/ Executive Judge for the Regional Trial Court – Branch 19 of Malolos, Bulacan. Prior to that, he has also been the Assistant City Prosecutor for Makati City from 1992 to 1996. His extensive knowledge about the judiciary and legislations was further improved by the training programs that he has been a part of including The Harvard Negotiation Intensive, The Seminar/Workshop on Substantive Law and Jurisprudence on Intellectual Property for Court of Appeals Justices. |
| Corporate Secretary | Arthur R. Ponsaran | 81 | Filipino | Director-Philippine Estates Corporation, Forum Pacific, Inc. Acesite (Phils.) Hotel, MCCI Corporation Managing Partner-Corporate Counsels, Phils., and Corp Secretary of Producers Savings Banking Corp., Wilcon Depot, Inc., Wilcon Corporation, Philsteel Holdings, Inc., Steel Corporation of the Philippines. |

The nominees are all incumbent directors. The independent directors, Atty. Renato C. Francisco and Atty. Aristeo R. Cruz have been independent directors since 2019, and 2021 respectively.

Mr. Reno Magadia resigned effective August 1, 2024, and has been replaced by Atty. Lamberto B. Mercado Jr. effective August 2, 2024.

No incumbent director has resigned or declined to stand for election for re-election to the board of directors since the date of the last annual meeting of security holders.

Aside from our existing Corporate Governance manual, there are no exiting appraisal and performance reports for the board and the criteria and procedure for the assessment, The company will undertake to comply with the Revised Corporation Code and its Implementing Rules and Regulations.

Key Officers

| Name | Office | Age | Citizenship |
|-----------------------------|--|-----|-------------|
| Kenneth T. Gatchalian | President | 48 | Filipino |
| Evangeline E. Soliveres | Corporate Finance Director | 51 | Filipino |
| Maria Socorro R. Coteló | Corporate Planning Director | 49 | Filipino |
| Lanelle Cristina M. Barba | Corporate Peers Resources and Development Director | 46 | Filipino |
| Arthur R. Ponsaran | Corporate Secretary | 81 | Filipino |
| Arsenio A. Alfiler, Jr. | Assistant Corporate Secretary | 78 | Filipino |
| Aiza L. Pasayloon - Famador | Chief Audit Executive | 32 | Filipino |

A brief description of the nominee directors' and executive officers' business experience and other directorship held in other reporting companies are provided as follows:

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| Sergio R. Ortiz-Luis, Jr. | Chairman of the Board |
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He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of the National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780, a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-2020. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

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| Kenneth T. Gatchalian | President |
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Mr. Kenneth T. Gatchalian is the President of the Company. He is a member of the Board of Forum Pacific, Inc. and Wellex Industries, Inc., and The Wellex Group, Inc. He holds a Degree in Bachelor of Science in

Architecture from University of Texas in San Antonio, Texas, USA. He has been the Director of Waterfront since February 2001.

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| Arthur M. Lopez | Director |
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Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third-party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. Hotel Management and Development Consultant – Double Dragon Properties Corporation (PSE listed) - Hotel of Asia Inc. – Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant – Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in 2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant – Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman – Philippine Estates Corporation (PSE listed) and Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Director – Waterfront Hotels and Casinos (PSE listed) – Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President – Philippine Hotel Owners Association, Inc. (PHOAI) – the largest group of hotel owners and developers in the Philippines. Holds a Bachelor of Science degree in Commerce, major in Management, and a master's degree in business administration (MBA), both from the University of Santo Tomas in the Philippines. He completed a Tourism Management course at the East-West Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA. Mr. Lopez became an Independent Director of Waterfront Philippines, Inc. since August 2011-2020.

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

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| Lamberto B. Mercado, Jr., | Director |
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Atty. Mercado is the Vice-President for Legal of the Wellex Group, Inc. He was elected as one of the Directors of the Company since 24 June 2004. He is a graduate of the Ateneo de Manila University School of Law. Atty. Mercado is a certified public accountant. Prior to his post in Wellex Group, he was connected with the Subic Bay Metropolitan Authority (SBMA). From November 1993 to July 1997, he was the chief of staff of SBMA. He also served as president of the Freeport Service Corporation in SBMA from August 1996 to January 1998. He was appointed deputy administrator for administration in February 1997, a post he held until August 1998. Currently a Director of the following publicly listed companies: Waterfront Phils. Inc., Wellex Industries, Inc., Forum Pacific, Inc., Metro Alliance Holdings & Equities Corp., Acesite (Phils.) Hotel Corporation and Pacific Wide Realty & Development Corp. In addition, he is currently member of the Board of Directors of Philippine National Construction Corporation.

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| Renato C. Francisco | Director |
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A veteran legal professional, Justice Renato C. Francisco has been serving as an Associate Justice for the Court of Appeals from May 31, 2012 – August 20, 2018. An Ateneo De Manila University graduate for his Bachelor of Laws, Justice Francisco has served in the judiciary as a Presiding/Executive Judge for the Regional Trial Court – Branch 19 of Malolos, Bulacan. Prior to that, he has also the Assistant City Prosecutor for Makati City from 1992 to 1996. His extensive knowledge about the judiciary and legislations was further improved by the training programs that he has been a part of including The Harvard Negotiation Intensive, The Seminar-Workshop on Substantive Law and Jurisprudence on Intellectual Property for Court of Appeals Justices. Mr. Francisco became an Independent Director of Waterfront Philippines, Inc. since August 2014-present.

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| Ruben D. Torres | Director |
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Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-2020.

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

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| Arthur R. Ponsaran | Corporate Secretary |
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Atty. Arthur R. Ponsaran graduated his bachelor's degree in business administration from University of the East and he finished the degree of Bachelor of Laws at University of the Philippines. He completed the MDP Program at the Asian Institute of Management. He is a member of the Philippine Bar and the New York Bar. He is the Director of Philippine Estate Corporation, Forum Pacific, Inc. Acesite (Phils.) Hotel, MCCI Corporation, Managing Partner- Corporate Counsels, Phils., and Corp Secretary of Producers Savings Banking Corp., Wilcon Depot, Inc. Wilcon Corporation, Philsteel Holdings, Inc., Steel Corporation of the Philippines, among others.

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| Arsenio Alfiler Jr. | Assistant Corporate Secretary |
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Atty. Alfiler, Jr. is now the Assistant Corporate Secretary. He holds a Bachelor of Arts degree in public administration and Bachelor of Laws from the University of the Philippines. He was an associate lawyer in Gonzalo Gonzalez Law Office (1972 to 1977) and an in-house legal counsel in Bancom Development Corporation (1977-1981), Union Bank of the Philippines (1982-1987), Asian Bank Corporation and AB Capital and Investment Corporation (1987-2003) and Asiatrust Bank (January – July 15, 2004). He is a partner in Corporate Counsels, Philippines Law Offices.

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| Aristeo R. Cruz | Director |
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Atty. Cruz graduated from De La Salle University with a bachelor's in commerce major in accounting on 1986. He was also a graduate of Bachelor of Laws from New Era University in 2005 as Cum Laude, Outstanding Student Awardee, and Class valedictorian. He is a certified Public Accountant and a member of the Philippine Bar. He is the Founding and Managing Partner of Cruz Altares & Associates Law Office. He is the President and Chief operating Officer of Idealand Realty and Development Corp. since 2009 and Statosphere Realty and Development Corp. since 2011. He is the President of Waterstreet Realty Corp. since 2012, Director of Metro Alliance Holdings and Equities Corp. since 2015, Director and Corporate Secretary of Philstar Innovation Realty Corp. since 2011 and Justino Emilia Realty and Management & Development Corp since 20018, and Vice President of Liberty bank since 2018. He is the President of Jose and Luz Loecin Foundation since 2012. He is the Vice Chairman and Director of Dean of Meycauayan College, Inc. since 2011 and 2007, respectively. Mr. Cruz became an Independent Director of Waterfront Philippines, Inc. since July 2021-present

Executives

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| Kenneth T. Gatchalian | President |
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(see above description)

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| Evangeline E. Soliveres | Corporate Finance Director |
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Ms. Soliveres joined Waterfront Group on February 16, 2022, as Corporate Finance Director. She is a CPA by profession; she graduated at the Polytechnic University of the Philippines (PUP), Manila with a degree of Bachelor of Accountancy, Cum Laude. She has earned an MBA from Ateneo Graduate School of Business. After graduation, she worked as an external auditor at Punongbayan & Araullo, CPAs at Makati City. Then, she moved to DMC-Urban Property Developers Inc. as Chief Accountant/Financial Analyst. After which, she worked for ECI Telecom Phils., in Makati City as Finance & administration Manager. In 2007, she worked for Emerson Asia Pacific ROHQ as Regional Finance Manager for Asia Pacific Supply Chain Organization. In April 2010, she joined ICAP Philippines Inc (Interdealer Broker in Securities) as a Treasurer/Finance &

Administration Head and Associated Person. After almost 7 years, she decided to leave and join GFI (Hong Kong Brokers) Ltd as Director & Head of Finance & Administration. She was also the Chief Finance & Operations Officer in GLLC Medical Ltd. Hong Kong from the year 2020-2021, prior to joining Waterfront Group. She is a member of the Philippine Institute of Public Accountants (PICPA) and Association of Certified Public Accountants in Commerce & Industry (ACPACI).

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| Maria Socorro R. Cotelo | Corporate Planning Director |
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Maria Socorro Delos Reyes Cotelo is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company, from there she continued to work in the Corporate Planning Division overseeing its different sections - Corporate Standardization, Revenue Management, Business Development, Central Reservations and Corporate Information Technology.

She earned her bachelor’s degree in economics at the University of San Carlos and took up masteral units of the same course before pursuing her Bachelor of Laws from Southwestern University, Cebu City. After completing her Bachelor of Laws, as Juris Doctor, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department and the Department of Hospitality & Management.

She has significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel Distribution and Technology, Project Management, Branding and Selling Skills workshops. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with a focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management.

Her speaking engagement includes two international forums under the Travel Distribution Summit Asia, Singapore in 2008 and 2009 with topics on Revenue Management in Tough Times and Integrating Sales and Marketing in Revenue Management. As part of SEC Compliance, she completed the seminar on Corporate Governance on November 19, 2021.

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| Lanelle Cristina M. Barba | Corporate Peers’ Resources and Development Director |
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Ms. Barba joined Waterfront on June 2006–April 2008 as Employee/Labor Relations Officer in Waterfront Pavilion Hotel and Casino, and was appointed as Peers Resources’ and Development Director of the same property on April 30, 2008. Currently, she is the Corporate Peers’ Resources and Development Director of Waterfront Hotels and Casinos. She earned her bachelor’s degree in Elementary Education at the University of Santo Tomas. Prior joining Waterfront, she is the HR Officer of Asia Select Inc. and Research Analyst under Employee Relations and Benefits Division of Metrobank. She was sent to various trainings and seminars and in 2009, she was sent to Nanyang University, Singapore to attend the PDP 2009 Building the Human Capital Base: Essential HR Practices for Managers in 2011 to Bangkok, Thailand for HR Audit training. She was previously one of the Board of Directors of the Association of Human Resources Managers (AHRM) in the Hospitality Industry from 2018-2020 and is currently an active member. On November 19, 2021, she completed the seminar on Corporate Governance.

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| Richard L. Ricardo | Compliance Officer / Investor Relations Officer / Vice President for Corporate Affairs |
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Mr. Ricardo is the Vice-President for Corporate Affairs of Acesite (Phils.) Hotel Corporation since 2004 and is concurrently the Vice-President for Strategic Initiatives of The Wellex Group, Inc. He is a graduate of the Ateneo de Manila University with degrees in both Management and Economics. He started in banking and corporate lending with the Far East Bank and Trust Company and later handled corporate planning for the Philippine Banking Corporation. He has previously worked in AEA Development Corporation, an investment house, and has also served in the government under both the Office of the Prime Minister and the Ministry of Finance. He is a licensed real estate broker and is concurrently a director of Philippine Estates Corporation, Wellex Industries, Inc., Forum Pacific, Inc. and is the treasurer of Metro Alliance Holdings and Equities Corporation.

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| Joson T. Lim | Data Privacy Officer |
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Mr. Lim joined Waterfront on November 2005 as Group Reservations & Distributions Manager and was appointed in the year 2017 to present as Data Privacy Officer where he monitors the Company's and its property's compliance with the DPA, its IRR, issuances by the National Privacy Commission and other applicable laws and policies. He also conducts Privacy Impact Assessments for the Company's and each property's new projects, programs, systems and processes to demonstrate proper privacy management activity, which includes ensuring data protection risks are measured, analyzed and mitigated. He passed the Data Protection Officer-NPC ACE Level 1 DPO-ACE C-2019-161. He was also a Data Protection Officer Nominee of the National Privacy Commission – 2021 Privacy Awareness Week. He even attended the Professional Development Program courses specifically for Interactive Marketing, Demand Management in Evolving Marketing Channels, and Marketing Management at Cornell School of Hotel Administration Executive Education, Ithaca, New York, USA. He earned his bachelor's degree in Hotel and Restaurant Management at the University of San Carlos. In 2001, he passed the certification of Spirit of Hospitality American Hotel & Lodging Institutes and Supervisory Skill Builders at American Hotel Lodging Institutes 6751 Forum Drive, Suite 220, Orlando, FL USA. He was awarded Data Protection Operational Excellence in Asian Institute of Management and Straits Interactive. He was also a Certified Energy Manager at Meralco Academy. As part of SEC Compliance, he completed the seminar on Corporate Governance on November 19, 2021.

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| Aiza L. Pasayloon - Famador | Chief Audit Executive |
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Ms. Aiza is the Corporate Internal Audit Manager of Waterfront Hotel & Casino. She performs audit procedures for the four properties of the Group. Currently, she is handling three audit staff. She is directly reporting to the owner of the Waterfront Group. She is a Certified Public Accountant by Profession and a member of the Philippine Institute of Public Accountants [PICPA]. She graduated from Saint Paul's School of Business and Law, Tacloban City with a degree of Bachelor of Science in Accountancy, Cum Laude. In July 2015, she started her first job with Sycip Gorres Velayo & Co, as a Junior Tax Audit Associate, and was promoted to Senior Tax Audit Associate after two years of service. In October 2018, she joined LH Paragon, Inc. as a Corporate Tax Specialist and Compliance Officer. After 3 years, she joined Excelsior Farms, Inc. as Senior Accounting, Audit, and Tax Supervisor.

Significant Employees

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

Family Relationship

Mr. Kenneth T. Gatchalian is the son of Ms. Dee Hua T. Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua T. Gatchalian and an aunt of Kenneth T. Gatchalian. Aside from them, no family relationship up to the fourth degree of consanguinity or affinity exists among the directors and executives.

Involvement in Certain Legal Proceedings

As of July 31, 2024, none of the directors and officers/nominees were involved in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities or commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

Certain Relationship and Related Transactions

| | Relationship to the Issuer | Nature of Advances | Amount of Advances |
|-----------------------------------|-----------------------------------|---|---|
| The Wellex Group, Inc. (TWGI) | Ultimate Parent | Secured; Interest-bearing; due in one year subject to renewal | 2023 – P 1,530,289,000 2022 - P1,047,279,000 |
| Pacific Rehouse Corporation (PRC) | Stockholder | Secured; Interest-bearing; not impaired; due in one year subject to renewal | 2023 – P 605,875,000 2022 - P 595,223,000 |
| Philippine Estate (PHES) | Stockholder | Unsecured; not interest-bearing; due on demand | 2023 – P 92,054,000 2022 - P 92,054,000 |
| Crisanta Relaty | Stockholder | Unsecured; not interest-bearing; due in 5 years | 2023 – P 326,648,000 2022 - P 638,822,000 |

Term of Office

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

Item 6. Compensation of Directors and Executive Officers

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

The aggregate paid to the highly compensated executive officers

| Aggregate Compensation paid to highly compensated executive officer | Principal Position | Year | Salary (Estimated in Php) | Bonus | Other Annual Compensation |
|---|---|------|---------------------------|-------|---------------------------|
| Top 5 Key Officers | | 2024 | 13,881,031.53 (estimated) | None | None |
| Kenneth T. Gatchalian | President | 2023 | 11,104,825.23 | None | None |
| N/A | Group General Manager | 2022 | 18,631,699.38 | None | None |
| Evangeline E. Soliveres | Corporate Finance Director | 2021 | 15,584,167.58 | None | None |
| Maria Socorro R. Coteló | Corporate Planning Director | | | | |
| Lanelle Cristina M. Barba | Corporate Peers' Resources and Development Director | | | | |
| Other Key Officers - Aggregate | | 2024 | 2,942,371.47 (estimated) | None | None |
| | | 2023 | 2,353,897.17 | None | None |
| | | 2022 | 1,395,572.41 | None | None |
| | | 2021 | 1,092,089.67 | None | None |

*None of the executive officers receive bonus and other annual compensation

Compensation Plan of Directors

The members of the Board of Director are elected for a term of one year. Director per diem is at a rate of Php 9,000.00 (net of 10% ewt) per board meeting. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit-sharing plans for the years ended 31 December 2023 and 31 December 2022.

Employment Contracts and Termination of Employment and Change—in-Control Arrangements

There is no employment contract and termination of employees and change-in-control arrangement with directors and executive officers.

Warrants and Options Outstanding

There are no warrants and options outstanding held by Waterfront Philippines, Inc.'s CEO, executive officers and all officers and directors as a group.

Item 7. Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2023 is KPMG R.G. Manabat and Co., previously KPMG Manabat Sanagustin and Co., under Mr. Darwin P. Virocel, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

The company is in compliance with SRC Rule 68, Paragraph 3(b)(iv).

There were no changes in and disagreements with the accountants or with the current accounting firm relating to accounting and financial disclosure.

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

Audit Committee

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

Duties and Responsibilities of the Audit Committee

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

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

The Board constituted the following committees:

Audit Committee

| | | | |
|----------|---|-----------------------|----------------------|
| Chairman | - | Aristeo R. Cruz | Independent Director |
| Member | - | Renato C. Francisco | Independent Director |
| Member | - | Dee Hua T. Gatchalian | |

Audit and Audit-Related Fees

| | FOR THE CALENDAR YEAR ENDED | |
|--|------------------------------------|--------------|
| | DECEMBER 31, 2023 | 2022 |
| Aggregate Fees Billed for the external audit of the Company's financial statements | 4,680,000.00 | 3,400,000.00 |

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

Item 8. Compensation Plans

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

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

As of July 31, 2024, Waterfront Philippines, Inc. has no plans yet to increase its authorized capital stock.

Item 10. Modification or Exchange of Securities

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

ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES AND ISSUER

As of December 31, 2023 the company has a net worth of P12.702 billion and is not planning to issue unsecured bonds for 2024.

Properties

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

WCCCHI Land Lease:

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

WMCHI Land Lease:

| | |
|-----------------|--|
| Location | In front of Mactan-Cebu International Airport, Lapu-Lapu City |
| Size | Approximately 3.5 hectares |
| Lessor | Mactan Cebu International Airport Authority |
| Terms of Lease | 50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines |
| Lease Agreement | Fixed rental per month of Php 18.75 per square meter or a total amount per annum of Php 7,875,000.00 + Percentage rental of 2% of the Annual Gross Revenues as defined under the Land Lease Agreement. |

DIHCI Wholly Owned:

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

Legal Proceedings

SSS vs. WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties. On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

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

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief, and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision. On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City. On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020. As at the date of the BOD's approval of the consolidated financial statements, the Parent Company was still awaiting Notice/Resolution from the SC on the Petition for Review.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- a. The Parent Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999, to June 30, 2013, and 6% legal interest from July 1, 2013, until full payment; and
- b. SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013, until full payment.

Subsequently, on January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. As at the date of authorization for issue of the consolidated financial statements, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC.

As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statement of profit or loss and other comprehensive income.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the book of Entries of Judgment.

The company is hereby ordered to:

- a. Submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. Provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. Submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying the foregoing directives of the SC was March 21, 2023. The company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule of Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision. As at the date of the issuance of the separate financial statements, the RTC of Quezon City and the SSS has yet to comment on the motion.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2023 and 2022. Interest expense related to the SSS loan recognized in the consolidated statement of profit or loss and other comprehensive income amounted to nil in 2023 and P20.63 million in 2022. Accrued interest and penalties, presented as part of "Accrued interest and penalties" under "Accounts payable and accrued expenses" account in the consolidated statement of financial position, amounted to P775.32 million and P731.88 million as at December 31, 2023 and 2022, respectively.

BIR Assessment

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

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014, affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015, covering the VAT assessment only. As at the date of authorization for issue of the consolidated financial statements, the Parent Company is still awaiting SC's decision.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals.

Management and its legal counsel believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

Subsequently, the Company received on February 14, 2023, a notice dated December 7, 2022, whereby the SC required the Company and the BIR to submit their respective memoranda. On March 15, 2023, the Company submitted its memorandum to the SC.

As of the date of the authorization for issue of the separate financial statements, the Company is still awaiting SC's decision.

Item 11. Financial and Other Information

Audited Financial Statements as of 31 December 2023, Management's Discussion and Analysis and Market Price of Shares and other data related to the Corporation's financial information are attached hereto. The schedules required under Part IV(c) of Rule 68 are included in the Annual Report.

Management Discussion and Analysis (See Annex I)

Financial Statements (See Annex II)

Changes In and Disagreements with Accounts on Accounting and Financial Disclosure

No Disagreements.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

As of July 31, 2023 Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

Item 13. Acquisition or Disposition of Property

There is no current Acquisition or Disposition of Property pending approval of the management.

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

1. The annual report for the year ending December 31, 2023 will be presented to the stockholders for approval.
2. Minutes of the 2023 Annual Stockholders' Meeting will also be presented to the security holder for approval.
3. Interim Report as of July 31, 2024, will be presented to the security holder for information regarding the actual situation of the business.

Item 16. Matters Not Required to be Submitted

Not Applicable.

Item 17. Amendment of Charter, Bylaws or Other Documents

- a. Except for the amendments that the Corporation has made to its by-laws, Article III, Board of Directors, Sections 3-7, as per Board of Directors meeting held on September 1, 2004, and Stockholders' meeting held on September 4, 2004, and it was filed and approved with SEC last September 6, 2005. Since then, there have been no other amendments made by the corporation.
- b. On May 25, 2012, the application for the increase in Acesite (Phils.) Hotel Corp.'s authorized capital stock, one of Waterfront Philippines Inc.'s subsidiaries, from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

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

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

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

- c. In a special meeting also held last July 14, 2014, the Board of Directors approved the proposal to increase the authorized capital stock of Waterfront Mactan Casino Hotel, Inc, one of Waterfront Philippines Inc.'s subsidiaries, from P13, 800,000.00 to P500, 000,000.00, which increase will be paid up via declaration of stock dividends in the amount of P262, 200,000.00.
- d. Waterfront Philippines Inc.'s principal office address is located at No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City as amended in the Articles of Incorporation on December 19, 2001.
- e. The board approves the increase of Authorized Capital Stock from P5B to P10B but no formal filing have not been done yet.

Item 18. Other Proposed Action

For the coming Stockholders meeting on September 21, 2024 at 10:00 a.m. these are the following proposed action to be taken:

- a. Approval of Minutes of the previous stockholders meeting.
- b. Presentation and approval of the Annual Report

- c. Ratification of the acts of the Board of Directors and Management including the ratification of the loan obtained by the Corporation from Philippine bank of Communication
- d. Election of the board of directors for the ensuing term:
 - Mr. Kenneth T. Gatchalian
 - Ms. Elvira A. Ting
 - Ms. Dee Hua T. Gatchalian
 - Mr. Aristeo R. Cruz
 - Mr. Arthur M. Lopez
 - Mr. Sergio R. Ortiz-Luis, Jr.
 - Mr. Ruben D. Torres
 - Mr. Renato C. Francisco
 - Mr. Lamberto B. Mercado Jr.

e. Appointment of External Auditors

The board will recommend KPMG R.G. Manabat & Co., previously KPMG R.G. Manabat and Co., as the Corporate External Auditor for the year 2024.

f. Appointment of External Counsel

For the year 2024, the Board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.

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

Item 19. Voting Procedures

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

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

Every stockholder entitled to vote at any meeting of the stockholders may vote in person or by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. The instrument authorizing a proxy to act must be in the hands of the Secretary not later than forty-eight (48) hours before the time for the meeting (Article II, Sec. 7 of the By-Laws). For the Annual Stockholders Meeting 2023, voting shall be by Proxy or by Voting in Absentia via the provided Online Voting System.

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

MANAGEMENT REPORT

In 2023, the Group has been continuously and resiliently getting back on track by opening its rooms and facilities and gaining functions for special events. More opportunities were identified by creating new products, adding more services and breaking into new markets. The Group still took advantage of technology to cater to the demands of the market online.

Taking consideration of the growing and competitive market, Waterfront Group has continued to take the lead by accommodating with utmost service both local and international guests in all walks of life, may they visit on individual basis or in groups from online bookings, walk-ins, government or corporate clients.

Strategies

The hotel properties are centrally located in the central business districts of three prime Philippine destinations, 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.

The 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 the market potential of the hotel industry.

The 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 the expertise in the hotel management, and the partnership with an investment group that is premised on the transfer of clean properties with minimal business risks, the company is confident enough the ability to improve operations and enhance value of acquired assets.

As to price, the Company offers competitive rates and packages catering to the different markets, and practices flexible schemes to respond to the dynamic market. As to product/services, consistent excellent service is the key. Moreover, well maintained facilities and equipment, impressive, exciting and value for money promotions in the F&B outlets would definitely make a difference.

The Central Reservations System has made it the integrated network of hotels in the country with a powerful presence through 24/7 booking service. As the company strives towards further convenience and accessibility, the company has introduced its outline booking facility. The newly redesigned website offers a highly efficient online reservation facility that allows customers from all over the world to book in real time and receive real-time confirmation. These high-speed reservations feature enables the company to fully cater to the online market, whether the purpose is for travel research or convenient booking. All in all, the company continues to expand in innovative ways, using technology and new media as a cost-effective way to expand its market share, explore new markets and ensure strength locally and internationally.

In addition to advancement concerning our operations is the upgrading of our Property Management Systems. These are multi-million Peso investments to upgrade our efficiency and ensure that our operations remain steady in the years to come. The Waterfront Recipe Guide System is a savvy new strategy to give our F&B operations a boost. This will enable us to standardize our best-selling dishes, aiming to be more consistent in preparation and waste.

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 greatest software is our People Management System (PMS). These are multi-million-peso investments to upgrade our efficiency and ensure that our operations remain steady in the years to come. The Waterfront Recipe Guide System is a savvy new strategy to give our F&B operations a

boost. This will enable us to standardize our bestselling dishes, aiming to be more consistent in preparation and waste.

Management's Discussion and Analysis or Plan of Operation

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2023, and 2022 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS (Amounts in Php)

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Revenues | 1,803,586,373 | 1,486,441,049 |
| Less: Costs and Expenses | 1,143,632,602 | 993,377,085 |
| Gross Income | 659,953,771 | 493,063,964 |
| Other Expenses | (513,769,081) | (376,255,667) |
| Net Income (Loss) Before Income Tax | 146,184,690 | 116,808,297 |
| Income Tax Expense (Benefit) | 107,627,968 | 65,925,125 |
| NET INCOME | 38,556,722 | 50,883,172 |
| Earnings (Loss) per Share | 0.028 | .033 |

FINANCIAL CONDITION (Amounts in Php)

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Current Assets | 4,858,219,040 | 4,222,560,541 |
| Noncurrent Assets | 15,822,168,468 | 16,185,968,157 |
| Total Assets | 20,680,387,508 | 20,408,528,698 |
| LIABILITIES | | |
| Current Liabilities | 2,658,409,343 | 2,375,069,374 |
| Non-current Liabilities | 5,319,665,686 | 5,641,210,653 |
| Total Liabilities | 7,978,075,029 | 8,016,280,027 |
| EQUITY | | |
| Minority Interest | 1,457,419,978 | 1,351,858,871 |
| Total Stockholders' Equity | 11,244,892,501 | 11,040,389,800 |
| Total Liabilities & S/H Equity | 20,680,387,508 | 20,408,528,698 |

Calendar Year -ended December 31, 2023, as compared with Calendar Year ended December 31, 2022

RESULTS OF OPERATIONS

| | |
|--|--|
| Revenues and Earnings per share | <p>- Total revenues for the year ended Dec. 31, 2023 were higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2023 is at P1.80B compared to 2022's P1.49B, increasing by 21.34%.</p> <p>Earnings per share for 2023, P0.028 and P0.033 for 2022. There are no potentially dilutive shares as of December 31, 2023.</p> |
| Cost and expenses | - Cost and expenses of 2023 is at P1.144B compared to last year's P993M |

FINANCIAL CONDITION

| | |
|---|--|
| Cash and cash equivalents | - This account decreased by P107.9M which is 18.49% lower from last year. |
| Receivables | - Increased by 3.41% from P873.87 in 2022 to P903.67M in 2023 |
| Notes Receivable | - Increased for the year by P20.17M or an increase of 8.15%. |
| Inventories | - Inventories decreased by 14.27% from last year. |
| Due from related parties-current portion | - The account increased to P696.44M, an amount 31.09% higher than last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty. |
| Prepaid expenses and other current assets | - An increase of P56K from last year's P248.40M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance. |
| Property plant & equipment | - There was a 0.21% decrease from last year's P11.001B to this year's P10.978B. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009. |
| Other noncurrent assets | - There is a decrease of P3.100M on this account compared to last year's P731.76M |
| Current Liabilities | - The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 11.93% from last year; P2.375B in 2022 to P2.658B in 2023. |
| Loans Payable Other noncurrent liabilities | - Noncurrent portion of the loan decreased by 12.25%. - Total noncurrent Liabilities resulted in a decrease of P321.5M from P5.641B in 2022. |

Calendar Year -ended December 31, 2022, as compared with Calendar Year ended December 31, 2021

RESULTS OF OPERATIONS

| | |
|--|---|
| Revenues and Earnings per share | - Total revenues for the year ended Dec. 31, 2022 were higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2022 is at P1.49B compared to 2021's P998M, increasing by 49%. Earnings per share for 2022, P0.033 and P0.222 for 2021. There are no potentially dilutive shares as of December 31, 2022. |
| Cost and expenses | - Cost and expenses of 2022 is at P993M compared to last year's P645M |

FINANCIAL CONDITION

| | |
|---|---|
| Cash and cash equivalents | - This account decreased by P259.02M which is 31% lower from last year. |
| Receivables | - Increased by 21.9% from P716.70M in 2021 to P873.87M in 2022 |
| Notes Receivable | - Increased for the year by 12.10M or an increase of 5.1%. |
| Inventories | - Inventories Increased by 21.9% from last year. |
| Due from related parties-current | - The account increased to P2.24B, an amount 35.6% higher |

| | |
|--|--|
| portion | <i>from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.</i> |
| Prepaid expenses and other current assets | <i>- An increase of P29.85M from last year's P218.54M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.</i> |
| Property plant & equipment | <i>- There was a 8.2% increase from last year's P10.168B to this year's P11.001B. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.</i> |
| Other noncurrent assets | <i>- There is a decrease of P53.18M on this account compared to last year's 784.9M</i> |
| Current Liabilities | <i>- The account consisted of trade payable, income tax payable, accruals and loans payable. The account decreased by 11.3% from last year; P2.678B in 2021 to P2.375B in 2022.</i> |
| Loans Payable Other current liabilities | <i>- Current portion of the loan decreased by 41.1%. - The account resulted in a decrease from 36.04M last year to 32.95M this year. This refers to concessionaire, other deposits and deferred income.</i> |

Calendar Year -ended December 31, 2021, as compared with Calendar Year ended December 31, 2020

RESULTS OF OPERATIONS

| | |
|--|---|
| Revenues and Earnings per share | <i>- Total revenues for year ended Dec. 31, 2021 was lower than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2021 is at P.998B compared to 2020's P1.054B, decreased by 5%. Earnings per share for 2021, P0.222 and P0.158 for 2020. There are no potentially dilutive shares as of December 31, 2021</i> |
| Cost and expenses | <i>- Cost and expenses of 2021 is at 645M compared to last year's 718M.</i> |

FINANCIAL CONDITION

| | |
|--|--|
| Cash and cash equivalents | <i>- This account decreased by P334M which is 28.4% lower from last year.</i> |
| Receivables | <i>- Increased by 35.1% from P530.64M in 2020 to P716.70M in 2021.</i> |
| Notes Receivable | <i>- Increased for the year by 11.91M or an increase of 5.3%</i> |
| Inventories | <i>- Inventories increased by 5.1% from last year.</i> |
| Due from related parties-current portion | <i>- The account decreased to P1.651M, an amount 26.9% lower from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.</i> |
| Prepaid expenses and other current assets | <i>- An increase of P8.01M from last year's P210.54M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also.</i> |
| Property plant & equipment | <i>- There was a 19.2% increase from last year's P8.533B to this year's P10.168B. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.</i> |
| Other noncurrent assets | <i>- here is an increase of P85.89M on this account compared to last year's 869.8M.</i> |
| Current Liabilities | <i>- The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by .1%</i> |

| | |
|----------------------------------|--|
| | <i>from last year; P2.67B in 2020 to P2.68B in 2021.</i> |
| Loans Payable | - Current portion of the loan increased by 60.9% |
| Other current liabilities | - The accounts resulted in a decrease from 39.06M last year to 36.04M this year. This refers to concessionaire, other deposits and deferred income. |

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties

The Group has assessed that although COVID-19 will not have a significant effect on its ability to continue as a going concern, it will still have a continuing impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Omnibus Security and Loan Agreement Covenants

As of December 31, 2023, the Group's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach (see Note 26). As at the date of the authorization of the financial statements, the Group is not in default and continues to pay the maturing interest and principal in a timely manner.

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d. The group is not subject to externally imposed capital requirements.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in the prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to

credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have a high probability of collection, as evidenced by counterparties having the ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2023 and 2022 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed if it has already fulfilled its obligations related to its use of proceeds from such loan.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters hedging transactions.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed on the PSE totaling to 86.71 million shares as at December 31, 2022 and 2021 (see Note 8f). The Group has also investment in shares of stock of WMPD amounting to P50.00 million representing 5% of the total capital stock of WMPD (see Note 8f).

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2023 and 2022.

Risk Management Structure

Board of Directors

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2023 and 2022.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans. As of December 31, 2023 and 2022, WCCCHI did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement

Interim Periods and Comparable Discussions to Assess Material Changes:

Discussion and analysis on the operating results for the 2nd quarter of 2024 is briefly discussed on the attached SEC Form 17Q.

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant’s Common Equity and Related Stockholder Matters

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

| Peso | High | Low |
|---------------------------|-------|-------|
| 2024 | | |
| January 2024 – March 2024 | 0.450 | 0.350 |
| April 2024 – June 2024 | 0.410 | 0.390 |

| Peso | High | Low |
|------------------------------|-------|-------|
| 2023 | | |
| January 2023 – March 2023 | 0.500 | 0.405 |
| April 2023 – June 2023 | 0.475 | 0.420 |
| July 2023 – September 2023 | 0.465 | 0.350 |
| October 2023 – December 2023 | 0.430 | 0.365 |

| Peso | High | Low |
|------------------------------|-------|-------|
| 2022 | | |
| January 2023 – March 2023 | 0.520 | 0.405 |
| April 2023 – June 2023 | 0.600 | 0.405 |
| July 2023 – September 2023 | 0.600 | 0.405 |
| October 2023 – December 2023 | 0.500 | 0.420 |

The number of stockholders of record as of December 31, 2023, on the Register of Shareholders was 429 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2023, were 2,498,991,753. There have been no sales for the last three years of unregistered securities.

| Title of Class | Name & Address of the Record Owner & Relationship with issuer | Citizenship | No. of Shares held | % of Class |
|----------------|---|--------------|--------------------|------------|
| Common | PCD Nominee Corp. (Filipino) | Filipino | 1,133,114,235 | 45.34% |
| Common | The Wellex Group, Inc. | Filipino | 1,128,466,800 | 45.16% |
| Common | PCD Nominee Corp. (Non Filipino) | Non Filipino | 47,591,239 | 01.90% |
| Common | Kenneth T. Gatchalian | Filipino | 30,000,100 | 01.20% |
| Common | Rexlon T. Gatchalian | Filipino | 30,000,000 | 01.20% |
| Common | Weslie T. Gatchalian | Filipino | 30,000,000 | 01.20% |
| Common | Forum Holdings Corporation | Filipino | 20,626,000 | 00.83% |
| Common | Primary Structures Corporation | Filipino | 16,212,500 | 00.65% |
| Common | Rexlon T. Gatchalian | Filipino | 14,740,000 | 00.59% |
| Common | Metro Alliance Holdings & Equities, Inc. | Filipino | 14,370,000 | 00.58% |
| Common | Elvira A. Ting | Filipino | 10,000,000 | 00.40% |
| Common | Catalina Roxas Melendres | Filipino | 6,246,000 | 00.25% |
| Common | Manuel H. Osmena &/OR Manuel L. Osmena II | Filipino | 1,400,000 | 00.06% |
| Common | Rolando M. Lim | Filipino | 1,142,500 | 00.05% |
| Common | Felipe A. Cruz, Jr. | Filipino | 1,100,000 | 00.04% |
| Common | Maria Concepcion Cruz | Filipino | 876,000 | 00.04% |
| Common | Freyssinet Philippines, Inc. | Filipino | 770,000 | 00.03% |
| Common | Benson Coyuco | Filipino | 605,000 | 00.02% |
| Common | Lucena B. Enriquez | Filipino | 552,000 | 00.02% |
| Common | Emily Lim | Filipino | 500,000 | 00.02% |

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

Company has not issue dividends since the year 2000.

There is no restriction made by the company with regards to the declaration of giving a dividend to stockholders except for standard clauses in commercial loan covenants.

| |
|-----------------|
| PART II. |
|-----------------|

INFORMATION REQUIRED IN A PROXY FORM
(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

Item 1. Identification

Not Applicable.

Item 2. Instruction

Not Applicable.

Item 3. Revocability of Proxy

Not Applicable.

Item 4. Persons Making the Solicitation

Not Applicable.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

Not Applicable.

THE COMPANY'S ANNUAL REPORT ON SEC FORM 17 A WILL BE PROVIDED WITHOUT CHARGE UPON WRITTEN REQUEST OF ANY SHAREHOLDERS OF RECORD ENTITLED TO NOTICE OF AND VOTE OF AT THE MEETING, AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS.

Such written request may be directed to our Corporate Secretary, Atty. Arthur R. Ponsaran, with Office Address at unit 3104 31st floor Antel Global Corporate Center # 03 Doña Julia Vargas, Ortigas Center Pasig City.


PART III.

SIGNATURE PAGE

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

By:

.....
(Signature)


ATTY. ARTHUR R. PONSARAN / CORPORATE SECRETARY

.....
(Printed Name/Title)

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S

SECRETARY’S CERTIFICATE

I, **ARTHUR R. PONSARAN**, Filipino, of legal age, with office address at Unit 3104, 31/F Antel Global Corporate Center, #3 Dona Julia Vargas Avenue, Ortigas Center, Pasig City, Metro Manila, after having been duly sworn to in accordance with law, do hereby certify as follows:

:

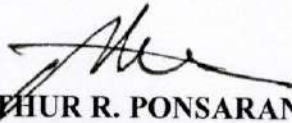
1. I am the incumbent Corporate Secretary of **WATERFRONT PHILIPPINES INCORPORATED**, a Corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 1 Salinas Drive , Lahug, Cebu City (hereinafter referred to as the “Corporation”);
2. As such, I have under my control and supervision the minute books and records of the Corporation;
3. I hereby certify that the following are the minutes of the meeting of the Corporation from October 2023 up to this date with the corresponding attendance of the board of directors.

| Date | Particulars | Meeting(s) |
|------------------|--|------------|
| October 20, 2023 | Authority to Update BIR Registration RMC No.122-2022 | Board |
| April 18, 2024 | Authority to Grant Megaworld Corporation a Right of First Refusal to Purchase the Corporation’s Shares in Grand Ilocandia Resort and Development, Inc. | Board |
| April 30, 2024 | Authority and Approval of the Release of the Audited Financial Statements for the Year Ended December 31, 2023 of the Corporation. | Board |

| | | | |
|-----------------|--|-------|------|
| August 9, 2024 | Setting of the Annual Meeting of Stockholders for the Year 2024. | Board | 100% |
| August 20, 2024 | Authority to Withdraw Consulta with the Land Registration Authority and Appointment of Counsel to file the Withdrawal. | Board | 100% |
| August 22, 2024 | Authority to Amend MC 28 of the Securities and Exchange Commission. | Board | 100% |

4. I am executing this certification to attest to the truth of the foregoing facts in accordance with the records of the Corporation and in compliance with the requirement of the Securities and Exchange Commission.


IN WITNESS WHEREOF, I hereunto affixed my signature at CITY OF MANILA this day of AUG 30 2024 2024.


ARTHUR R. PONSARAN
 Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME this AUG 30 2024, at CITY OF MANILA, affiant exhibiting to me his competent evidence of identity Tax Identification Number 126-640-176 issued by the Bureau of Internal Revenue.

Notary Public

Doc. No. 898 ;
 Page No. 180 ;
 Book No. 18 ;
 Series of 2024


ATTY. PETER ANTHONY T. MALLARI
 Notary Public until December 31, 2024
 Notarial Commission # 2023-210
 1155 Gen. Luna St., Ermita Manila
 IBP # 317318, Roll# 77587 TIN: 133-031-552
 PTR# 1527774 / 1-02-2024 Mla.
 MCLE VIII# 0002695

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO C. FRANCISCO**, Filipino, of legal age and a resident of # 8 Sparrow Street New Marikina, Subdivision, Marikina City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Waterfront Philippines Incorporated and have been its independent director since 2019.
2. I am affiliated with the following companies or organizations

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|--|---|--------------------------|
| Sta Lucia Land Inc | Independent Director | May 2, 2023 - present |
| Acesite (Phils) Hotel Corporation | Independent Director | 2019-present |
| Forum Pacific Inc | Independent Director | 2019 - present |
| Philippine Estates Corporation | Independent Director | 2019 - present |
| Court of Appeals | Associate Justice | May 2012 – August 2018 |
| Presiding/Executive Judge | RTC–Branch19, Malolos, Bulacan | November 1996 – May 2012 |
| Assistant City Prosecutor | Makati City | 1992 – 1996 |
| Assistant Provincial Prosecutor | Office of the Provincial Prosecutor - Rizal | 1987 -1992 |
| Private Practitioner / Businessman | | 1984 – 1987 |
| Officer in Charge (OIC)/ Legal Division | Metropolitan Bank and Trust Company | 1980 – 1984 |
| Associate Lawyer | Sta Ana Law Office | 1974 – 1980 |
| Administrative Officer and Legal Counsel | General Coated Fabrics manufacturing, Inc | 1974 – 1980 |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines Incorporated. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director /officer/substantial shareholder of Waterfront Philippines Incorporated and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

| NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|--|---------|------------------------|
| N/A | N/A | N/A |
| | | |
| | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

| OFFENSE CHARGED/INVESTIGATED | TRIBUNAL OR AGENCY INVOLVED | STATUS |
|------------------------------|-----------------------------|--------|
| N/A | N/A | N/A |
| | | |
| | | |

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in Waterfront Philippines Incorporated, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Waterfront Philippines Incorporated of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 09 2024 day of _____, at CITY OF MANILA.


 RENATO C. FRANCISCO
 Affiant

SUBSCRIBED AND SWORN to before me this _____ day of AUG 09 2024 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 138-641-391-000.

Doc. No. 867 :
 Page No. 174 :
 Book No. 18 :
 Series of 2024


 ATTY. PETER ANTHONY T. MALLARI
 Notary Public until December 31, 2024
 Notarial Commission # 2023-210
 1155 Gen. Luna St., Ermita Manila
 IBP # 317318, Roll# 77587 TIN: 133-031-552
 PTR# 1527774 / 1-02-2024 Mla.
 MCLE VIII# 0002695

CERTIFICATION OF INDEPENDENT DIRECTOR


I, **ARISTEO R. CRUZ**, Filipino, of legal age and a resident of No. 4 Malhacan Road, Meycauayan City, Bulacan, after having been duly sworn to in accordance with law do hereby declare that;

1. I am an independent director of **WATERFRONT PHILIPPINES INCORPORATED** and have been its independent director since July 2021.
2. I am affiliated with the following companies or organizations:

| COMPANY | POSITION | PERIOD OF SERVICE |
|--|--|--|
| Meycauayan College, Inc. | Vice Chairman/Director Dean, College Department | December 2011 – present November 2007 – present |
| Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office) | Founding and Managing Partner | July 2007 – present |
| Liberty Bank (A Rural Bank), Inc. | Vice President/Compiler | July 2018 - present |
| Idealand Realty & Development Corp | President and Chief Operating Officer (COO) | November 2009 – present |
| Philstar Innovation Realty Corp | Director and Corp Secretary | October 2011 – present |
| Statosphere Realty & Development Corp | President and Chief Operating Officer (COO) | October 2011 – present |
| Jose & Luz Locsin Foundation | President | November 2012 – present |
| Justino Emelia Realty and Management & Dev't Corp | Corporate Secretary | March 2008 – present |
| Waterstreet Realty Corp | President | June 2012 - present |
| Metro Alliance Holdings & Equities Corp | Lead Independent Director | September 2015 – present |
| Acesite Phils Hotel Corp | Director | July 2021 – present |
| Wellex Industries Inc | Director | October 26, 2021 |
| Forum Pacific Inc | Director | October 27, 2021 |

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **Waterfront Philippines Incorporated**, as provided for in Section 38 of the Securities Regulation Code, its Implement Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **Waterfront Philippines Incorporated** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Waterfront Philippines Incorporated. of any changes in the abovementioned information within five days from its occurrence.


Done, this AUG 09 2024 day _____, at CITY OF MANILA


ARISTEO R. CRUZ
 Affiant

AUG 09 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____ at **CITY OF MANILA**, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 108-672-299 issued at Bureau of Internal Revenue.

Doc. No. 846 ;
Page No. 174 ;
Book No. 18 ;
Series of 2024


ATTY. PETER ANTHONY T. MALLARI
Notary Public until December 31, 2024
Notarial Commission # 2023-210
1155 Gen. Luna St., Ermita Manila
IBP # 317318, Roll# 77587 TIN: 133-031-552
PTR# 1527774 / 1-02-2024 Mla.
MCLE VIII# 0002695



PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. RUBEN D. TORRES** is hereby allowed/authorized to occupy membership in the Board of Directors of other corporations provided such memberships do not conflict with his official function as member of the PNCC Board of Directors.

Done this 21st day of March 2024 in Bicutan, Paranaque City.

ATTY. MIGUEL E. UMALI
President and CEO/Vice-Chairman

vgm/



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. LAMBERTO B. MERCADO JR.** is hereby allowed/authorized to occupy membership in the Board of Directors of other corporations provided such memberships do not conflict with his official function as member of the PNCC Board of Directors.

Done this 21st day of March 2024 in Bicutan, Paranaque City.

ATTY. MIGUEL E. UMALI
President and CEO/Vice-Chairman

vgm/

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF WATERFRONT PHILIPPINES INCORPORATED
HELD ON SEPTEMBER 23, 2023 AT 10.00 A.M.
AT CASPIAN ROOM, NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE, LAHUG, CEBU CITY

ATTENDANCE

| | |
|--------------------------------------|---------------|
| Total Shares Present And Represented | 1,673,247,903 |
| Total Shares Issued And Outstanding | 2,498,991,753 |
| Percentage Shares and Represented | 66.96% |

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

Mr. Sergio R. Ortiz-Luis, Jr., Chairman, called the meeting to order of **WATERFRONT PHILIPPINES INCORPORATED** (the "Corporation") and thereafter presided.

The Chairman acknowledged the presence of the following directors and officer of the Corporation, as follows:

| | |
|-----------------------------|----------------------|
| Kenneth T. Gatchalian | President/Director |
| Elvira A. Ting | Treasurer/Director |
| Dee Hua T. Gatchalian | Director |
| Reno I. Magadia | Director |
| Arthur M. Lopez | Director |
| Secretary Ruben D. Torres | Director |
| Justice Renato C. Francisco | Independent Director |
| Atty. Aristeo R. Cruz | Independent Director |
| Atty. Arthur R. Ponsaran | Corporate Secretary |

II. ATTENDANCE AND QUORUM

Proceeding with the agenda, the Corporate Secretary, Atty. Ponsaran certified that in accordance with SEC Notice dated April 20, 2020 providing for an alternative mode of distributing ASM notices, notice of this meeting and the Definitive Information Statement were published via the Company's website and PSE Edge September 01, 2023. The notice was also published in two (2) newspapers of general circulation, in print and digital format – in Manila Bulletin and Business Mirror on September 01, and September 02, 2023. Based on the record of attendance as of 10:00 A.M., July 22, 2022, there are represented in this meeting, in person or by proxy, stockholders owning 1,693,247,902 shares, representing 66.96% of the total issued and outstanding capital stock of the Corporation. Atty. Ponsaran certified that there is a quorum at this meeting.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING

The Chairman informed the stockholders that the next item of the agenda is the approval of the minutes of the previous meeting of the stockholders held on July 27, 2022. On motion duly made and seconded, stockholders representing at least 2/3 of the outstanding capital of the Corporation approved the minutes of the meetings of the stockholders held on July 27, 2022.

IV. REPORT TO THE STOCKHOLDERS AND APPROVAL OF THE ANNUAL REPORT FOR THE YEAR 2022 AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

The President, Mr. Gatchalian presented the highlights of the Company's performance and result of operation for the year 2022, as reflected the Annual Report for the year 2022, the Audited Financial Statements and Information Statements for the period ended December 31, 2022.

He mentioned that global tourism receipts surge by 61% in 2022. However, this figure still lags well behind pre-pandemic levels. The domestic market became the backbone of the Company's resilience, compensating for the limitations in international travel. Nature, on the other hand, had other plans, when Typhoon Odette hit Cebu in 2021. It inflicted significant infrastructure damage and forced the Company to temporarily close major portions of its hotels. The consequences of this lingered well into the following year, influencing and upsetting the Company's progress in 2022.

Amidst these turmoils, the Company saw a beacon of hope as it picked up the pieces moving forward. In 2022, the consolidated revenue rebounded impressively, with double-digit growth in key areas. Rooms revenue, rent income, F&B revenue, and other income all posted remarkable increases. The gross revenue for the entire WPI group reached PHP 1.49 billion in 2022, up by 49% from the previous year's Php 997.79 million. Even with the challenges, consolidated revenue for the group has rebounded by double digits.

Each component of total revenue has shown exceptional results, with some growing by double and triple digits. Rooms revenue in 2022 went up to PHP 338.81 million, growing 78% from PHP 190.57 million in 2021, the rent and related income for 2022 summed to PHP 606.75 million from PHP 606.24 in 2021. On Company's F&B revenue for 2022 has increased by Page 4 of 9 169% to PHP 516.36 million from PHP 192.34 million in 2021. Other income rose from PHP 8.63 million in 2021 to PHP 24.52 million in 2022—growing 184%. The GOP in 2022 increased by almost 40% at PHP 493.06 million, coming from PHP 352.59 million the previous year.

The group's costs and expenses for the entire year—encompassing F&B, rooms, personnel, energy, repairs, maintenance, rent and others—is PHP 993.38 million, while Net income in 2022 is PHP 50.88 million. The flagship property, Waterfront Cebu City Casino Hotel, Inc. (WCCHC), generated impressive results, despite the impact of the pandemic and year-end challenges associated with Typhoon Odette in 2021. The hotel's consolidated gross revenue amounted to PHP 964.67 million in 2022—a 53% increase from PHP 630.58 million in 2021.

The hotel posted a 100% growth in rooms revenue, from PHP 100.90 million in 2021 to PHP 201.46 million in 2022, and a remarkable 195% increase in F&B revenue, from PHP 116.63 million in 2021 to PHP 344.61 million this year. Rent and related income likewise grew from PHP 412.08 million to PHP 414.31 million—a 1% increase. Other income for the hotel grew from PHP 0.98 million the previous year to PHP 4.29 million this year, achieving a 339% increase. The Audited net income for 2022 faired at 156.01 million.

Waterfront Mactan Casino Hotel, Inc. (WAHC) demonstrated many key improvements in hotel revenue. The hotel's consolidated gross revenue amounted to PHP 295.33 million in 2022—an increase of 8% from PHP 273.23 in 2021. Rooms revenue went up by 9%, from PHP 48.77 million the previous year to PHP 53.24 million in 2022. Rent and related income is PHP 192.45 million. F&B income rose by an impressive 56% from PHP 28.40 million in 2021 to PHP 44.29 million in 2022. Other income rose by triple digits, from PHP 1.89 million in 2021 to PHP 5.35 million this year—an increase of 183%.

The GOP in 2022 is PHP 139.14 million, an increase of 10% versus PHP 126.45 million the previous year. Net income for the hotel in 2022 rose by 50%, from PHP 43.07 million in 2021 to PHP 64.67 million in 2022. Also, Davao Insular Hotel Company, Inc. (WIHD) delivered positive numbers for all key areas of operations and hotel gross revenue for 2022. The hotel's gross revenue in 2022 is PHP 217.93 million, a growth of 141% versus PHP 90.47 million in 2021. Rooms revenue for WIHD in 2022 is PHP 84.10 million, an increase of 106% from PHP 40.90 in 2021. (SLIDE 44) Rent and related income rose by 38% from PHP 1.28 million the previous year to PHP 1.76 million currently.

The F&B income jumped by 171% from PHP 46.59 million in 2021 to PHP 126.09 million in 2022. Other income also showed remarkable growth by increasing 251% from PHP 1.70 million the previous year to PHP 5.97 million this year. WIHD's 2022 GOP is PHP 34.58 million and its net income is PHP 5.22 million. As for Waterfront Manila Hotel and Casino (WMHC), although construction faced delays due to administrative and pandemic-related challenges, it remains committed to delivering a new innovative guest experience and capturing the post-pandemic revival. Construction of this remarkable building is ongoing to deliver the most captivating, entertaining, and memorable experience for business and leisure travelers to Manila.

The Company's resilience doesn't stop at financial achievements. It maintained a healthy, well-vaccinated workforce and invested in robust distribution channels. The online revenue across different channels has seen remarkable growth, ensuring uninterrupted engagement with its network. Revenue from the Online Market Segment has increased from 2021 to 2022 across all Hotel Properties from a total revenue of PHP 21.43 in 2021 to PHP 144.07 million in 2022, a remarkable growth rate of 572%.

The marketing team's creativity has fueled initiatives like the "Hello 2022" and "Indulgence Plus" packages, enticing guests with attractive rates and innovative offerings. Customer satisfaction, as measured by the Guest Satisfaction Index or (GSI), has shown significant improvements across its properties.

The Guest Satisfaction Index (GSI) in 2022 mostly showed overall improvement compared to the previous year. GSI is measured by customer ratings scores, with 5 as the highest possible rating. For WCCHC, Overall hotel experience in 2022 was rated at 4.64, an increase of 8.15% from 4.29 in 2021.

Moreover, the Company embarked on infrastructure improvements, enhancing the guest experience and ensuring high satisfaction. Overall Hotel Experience GSI for WAHC in 2022 is 3.76, a 50.40% increase from 2021 at 2.50. While

WIHD Overall Hotel Experience GSI for WIHD in 2022 stands at 3.04. In 2023, the Company will celebrate its 25th anniversary. This milestone is a shared accomplishment with the Waterfront team, partners, loyal patrons, and, most importantly, the shareholders.

The longevity is a testament to the caliber of Management, its unwavering dedication to service.

V. RATIFICATION OF ACTS OF THE BOARD AND MANAGEMENT FOR THE YEAR 2022

The Chairman presented to the stockholders for approval and ratification the acts of the Board and Management for the year ended December 31, 2022 as well as the contracts and transactions entered into by the Corporation for the same period.

On motion duly made and seconded, the stockholders unanimously approved and ratified, all acts of the Board and Management for the year ended December 31, 2022, as well as contracts and transactions entered into by the Corporation for the same period, all as reflected in the Annual Report and the Financial Statements

VI. ELECTION OF THE BOARD OF DIRECTORS

Proceeding with the agenda, the Chairman opened the floor and entertained nominations for the election of the Board of Directors of the Corporation for the year 2023 -2024.

Upon nominations and on motion duly made and seconded, the stockholders unanimously elected the following as Directors of the Corporation to serve as such until the next annual meeting, and until their successors shall have been elected and qualified;

As Regular Directors:
Mr. Sergio R. Ortiz-Luis, Jr.
Mr. Arthur M. Lopez
Mr. Kenneth T. Gatchalian
Ms. Elvira A. Ting
Ms. Dee HuaT.Gatchalian
Atty. Ruben D. Torres
Mr. Reno I. Magadia

As Independent Directors:

Justice Renato C. Francisco
Atty. Aristeo R. Cruz

VII. APPOINTMENT OF THE EXTERNAL AUDITORS

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditor.

Upon nomination and on motion duly made and seconded, the stockholders appointed the accounting firm of R.G. Manabat & Co., CPA's as the Corporation's external auditor.

VIII. APPOINTMENT OF EXTERNAL COUNSEL

Upon nomination and on motion duly made and seconded, the stockholders appointed Corporate Counsels, Philippines Law Offices as the Corporation's external counsel.

IX. OTHER MATTER

The Corporate Secretary informed the Mr. Chairman for ratification of the stockholders of the minutes of the meeting of the Board of Directors dated August 31, 2023, embodying the resolution acceding to the additional Real Estate Mortgage in favor of PBCom over the parcel of real property located in Matina Pangli, Talomo, Davao City and covered by **TCT No. 146-2022005490**, registered under the name of **CRISANTA REALTY DEVELOPMENT CORPORATION** and the necessary correction of entries and issuance of shares reflected in the stock and transfer book.

After discussion, on motion duly made and seconded, the stockholders approved and ratified the following resolutions, to wit:

1. To accede to the additional real estate mortgage in favor of PBCom;

"RESOLVED, that the Corporation be authorized as it is hereby authorized to accede to the additional real estate mortgage executed by **CRISANTA REALTY DEVELOPMENT CORPORATION** to secure all loans, obligations, and other credit facilities of secured borrowers/debtors **CRISANTA REALTY DEVELOPMENT CORPORATION; WATERFRONT PHILIPPINES, INCORPORATED; WATERFRONT CEBU CITY CASINO HOTEL INCORPORATED; WATERFRONT MACTAN CASINO HOTEL, INCORPORATED; DAVAO INSULAR HOTEL COMPANY, INC.; and PACIFIC REHOUSE CORPORATION** with Philippine Bank of Communications (PBCOM), up to NO LIMIT, over the parcel of real property located in Matina Pangli, Talomo, Davao City and covered by **TCT No. 146-2022005490**, registered under the name of **CRISANTA REALTY DEVELOPMENT CORPORATION**, issued by the Register of Deeds for Davao City as security for the secured borrowers/debtors' obligation with PBCOM subject to the terms and conditions stated in such real estate mortgage.

“RESOLVED, FURTHER, that the Corporation hereby authorized its Treasurer, ELVIRA A. TING, as she is hereby authorized, directed and empowered, in the name and for the account of this Corporation, to execute, sign and deliver any and all promissory notes, mortgages, instruments, agreements, undertakings, sureties, contracts and documents, that may be necessary and/or required for the implementation of the foregoing transactions.

ELVIRA A. TING

“RESOLVED, further, that the foregoing additional mortgage shall constitute and form part of the Omnibus Loan and Security Agreement dated 21 December 2017, as amended and supplemented, collectively, the OMNIBUS AGREEMENT, entered into between CRISANTA REALTY DEVELOPMENT CORPORATION; WATERFRONT PHILIPPINES, INCORPORATED; WATERFRONT CEBU CITY CASINO HOTEL INCORPORATED; WATERFRONT MACTAN CASINO HOTEL, INCORPORATED; DAVAO INSULAR HOTEL COMPANY, INC.; PACIFIC REHOUSE CORPORATION; ACESITE LEISURE AND ENTERTAINMENT CORPORATION; and PHILIPPINE BANK OF COMMUNICATIONS (PBCOM), which shall secure all obligations of the secured borrowers/debtors granted by the MORTGAGEE bank before, during, and after the constitution of the Mortgage Supplement;

“RESOLVED, FINALLY, that Philippine Bank of Communications be furnished with a certified copy of these Resolutions and Philippine Bank of Communications may rely on the continuing validity of these Resolutions until receipt of written notice of their revocation.”

2. To make all the necessary correction of entries in the stock and transfer book

“RESOLVED, AS IT IS HEREBY RESOLVED, that **WATERFRONT PHI.IPPINES, INCORPORATED** (the “Corporation”), in compliance with the requirement of Philippine Bank of Communication (PBCom) in relation to the shares subject of the Pledge of the Omnibus Loan and Security Agreement (OLSA) of 2017 and Supplement No. 2 to the OLSA of 2017 of 2022, hereby authorized the Corporation to make all the necessary correction of entries and issuance of shares reflected in the stock and transfer book.”

X. ADJOURNMENT

There being no further business to transact, the meeting was, on motion duly made and seconded, adjourned.

ARTHUR R. PONSARAN
Corporate Secretary

ATTESTED BY:

SERGIO R. ORTIZ-LUIS, JR.
Chairman

PROXY FORM

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a stockholder of **WATERFRONT PHILIPPINES INCORPORATED**, do hereby name, constitute and appoint:

Mr. _____, or in his absence
Mr. _____, or in his absence

the Chairman of the shareholders' meeting, as his/her/its true and lawful attorney-in-fact for and in his/her/its name, place and stead, to do and perform the following acts and things, to wit:

To attend, be present and represent the undersigned at the stockholders' meeting to be held on **September 21, 2024 AT 10.00 A.M.** or any adjournment as well as any and all meetings of the stockholders of **WATERFRONT PHILIPPINES INCORPORATED** including any adjournment or postponement thereof; take part in the deliberations thereon; vote any and all shares that the undersigned now owns or may hereafter own in said Corporation in any matter, motion, resolution that may be taken up in said meeting/s in such manner as his/her/its aforesaid attorney-in-fact shall deem acceptable in the premises.

HEREBY GIVING AND GRANTING unto the said attorney-in- fact full power and authority to do and perform any and every act requisite or proper to be done in or about the premises, as fully to all intents as the undersigned might or could lawfully do if personally present and acting in person; and hereby ratifying and confirming all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

The power and authority herein granted shall remain in full force and effect until specifically revoked through notice in writing delivered to the Secretary of the Corporation at any time before the meeting.

_____, _____ 2024

PRINTED NAME OF STOCKHOLDER _____

SIGNATURE OF STOCKHOLDER _____

PSE Disclosure Form 17-12-A - List of Top 100 Stockholders (Common Shares)
Reference: Section 17.12 of the Revised Disclosure Rules

Type of Securities

| |
|----------|
| ??Common |
|----------|

| | |
|-----------------------------|----------------------|
| For the period ended | June 30, 2024 |
|-----------------------------|----------------------|

| |
|--|
| Description of the Disclosure |
| WPI PSE Disclosure List of Top 100 Stockholders |

| | |
|---|----------------------|
| Number of Issued and Outstanding Common Shares | 2,498,991,753 |
| Number of Treasury Common Shares, if any | 0 |
| Number of Outstanding Common Shares | 2,498,991,753 |
| Number of Listed Common Shares | 2,498,991,753 |
| Number of Lodged Common Shares | 1,180,705,474 |
| PCD Nominee – Filipino | 1,133,114,235 |
| PCD Nominee – Non-Filipino | 47,591,239 |
| Number of Certificated Common Shares | 1,318,286,279 |

| |
|--|
| Change from previous submission |
| |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,114,235 | 45.34% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,591,239 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 20 | EMILY LIM | 500,000 | 00.02% |
| 21 | DEE HUA T. GATCHALIAN | 350,000 | 00.01% |
| 22 | ARTHUR H. OSMENA &/OR JANE Y. OSMENA | 330,000 | 00.01% |
| 23 | JOSE YAP &/OR CONCHITA YAP | 330,000 | 00.01% |
| 24 | MARVIN J. GIROUARD | 330,000 | 00.01% |
| 25 | DAVID LAO OSMENA | 314,600 | 00.01% |
| 26 | ANA L. GO | 300,000 | 00.01% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

Page No. 2

| Rank | Name | Holdings | Percentage |
|------|---|----------|------------|
| 27 | SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO | 297,000 | 00.01% |
| 28 | CHARTERED COMMODITIES CORPORATION | 294,999 | 00.01% |
| 29 | DOMINGO C GO | 275,000 | 00.01% |
| 30 | DAVID LAO OSMENA | 275,000 | 00.01% |
| 31 | SILVER GREEN INVESTMENTS LTD. | 230,000 | 00.01% |
| 32 | GARY GO DYCHIAO | 200,000 | 00.01% |
| 33 | MERIDIAN SEC., INC. A/C# 844 | 200,000 | 00.01% |
| 34 | CRISTINO NAGUIAT, JR. | 181,500 | 00.01% |
| 35 | WILLIE TIO | 159,500 | 00.01% |
| 36 | BETO Y. LIM | 150,000 | 00.01% |
| 37 | PIERCE INTERLINK SECURITIES, INC. | 150,000 | 00.01% |
| 38 | AURORA V. SAN JOSE | 143,000 | 00.01% |
| 39 | YAN TO A. CHUA | 132,000 | 00.01% |
| 40 | CELY S. LIM | 112,200 | 00.00% |
| 41 | DEWEY CHOACHUY, JR | 111,300 | 00.00% |
| 42 | JOHN CRHISTOPHER D. WEIGEL | 110,000 | 00.00% |
| 43 | WANG YU HUEI | 110,000 | 00.00% |
| 44 | WILSON CHUA &/OR BECKY QUE CHUA | 110,000 | 00.00% |
| 45 | KENSTAR INDUSTRIAL CORPORATION | 110,000 | 00.00% |
| 46 | WATERFRONT NOMINEES SDN BHD A/C#6 | 107,800 | 00.00% |
| 47 | CATHAY SEC. CO., INC. A/C# 1030 | 100,000 | 00.00% |
| 48 | MANUEL H. OSMENA &/OR GRELINA L. OSMENA | 100,000 | 00.00% |
| 49 | CHONG PENG YNG | 100,000 | 00.00% |
| 50 | PACIFIC WIDE REALTY DEVELOPMENT CORP. | 100,000 | 00.00% |
| 51 | PACIFIC CONCORDE CORPORATION | 100,000 | 00.00% |
| 52 | MIZPAH HOLDINGS, INC. | 100,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

Page No. 3

| Rank | Name | Holdings | Percentage |
|------|--|----------|------------|
| 53 | CHESA HOLDINGS, INC. | 100,000 | 00.00% |
| 54 | PACIFIC REHOUSE CORPORATION | 100,000 | 00.00% |
| 55 | HANSON G. SO &/OR LARCY MARICHI Y. SO | 100,000 | 00.00% |
| 56 | PACIFIC IMAGES, INC. | 100,000 | 00.00% |
| 57 | CARRIE LIM | 100,000 | 00.00% |
| 58 | ALVIN TAN UNJO | 88,000 | 00.00% |
| 59 | TERESITA GO &/OR SATURNINA GO | 87,000 | 00.00% |
| 60 | GEORGE U. YOUNG, JR | 82,500 | 00.00% |
| 61 | ROLANDO D. DE LEON | 66,000 | 00.00% |
| 62 | LIPPO SECURITIES, INC. | 56,500 | 00.00% |
| 63 | L.M. GARCIA & ASS., INC. A/C# 160 | 55,000 | 00.00% |
| 64 | MA. TERESA P. CRUZ | 55,000 | 00.00% |
| 65 | PRIMITIVO C. CAL | 55,000 | 00.00% |
| 66 | VICKY L. CHAN | 55,000 | 00.00% |
| 67 | LEONG JEE VAN | 55,000 | 00.00% |
| 68 | KIRBY YU LIM | 55,000 | 00.00% |
| 69 | LIM TAY | 55,000 | 00.00% |
| 70 | FRUTO M. TEODORICO, JR | 55,000 | 00.00% |
| 71 | RENATO C. GENDRANO &/OR GENDRANO BERNADETTE | 55,000 | 00.00% |
| 72 | LYDIA J. SY | 55,000 | 00.00% |
| 73 | EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO | 55,000 | 00.00% |
| 74 | NEIL JOHN A. YU | 50,000 | 00.00% |
| 75 | ROBERTO L. UY | 50,000 | 00.00% |
| 76 | UY TIAK ENG | 50,000 | 00.00% |
| 77 | SANDRA E. PASCUAL | 50,000 | 00.00% |
| 78 | FRANCISCO C. SAN DIEGO | 50,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

| Rank | Name | Holdings | Percentage |
|------|--------------------------------------|----------|------------|
| 79 | EBC SECURITIES CORPORATION | 48,400 | 00.00% |
| 80 | TAN DAISY TIENG | 46,500 | 00.00% |
| 81 | EAST ASIA OIL & MINING COMPANY, INC. | 40,000 | 00.00% |
| 82 | OCBC SECURITIES PHILS., INC. | 40,000 | 00.00% |
| 83 | MANILYNN L. OSMENA | 39,600 | 00.00% |
| 84 | MEGHANN GAIL L. OSMENA | 39,600 | 00.00% |
| 85 | MANUEL L. OSMENA, II | 39,600 | 00.00% |
| 86 | GLADYS MAY L. OSMENA | 39,600 | 00.00% |
| 87 | STEVE WOODWARD | 39,600 | 00.00% |
| 88 | ROBERT KLING | 39,600 | 00.00% |
| 89 | JAY JACOBS | 39,600 | 00.00% |
| 90 | ADRIAN LONG | 39,600 | 00.00% |
| 91 | LUZ YAMANE | 38,500 | 00.00% |
| 92 | LILY S. HO | 36,300 | 00.00% |
| 93 | ABACUS SECURITIES CORPORATION | 35,200 | 00.00% |
| 94 | LILIAN HONG | 34,000 | 00.00% |
| 95 | INTERNATIONAL POLYMER CORPORATION | 33,000 | 00.00% |
| 96 | SEAFRONT RESOURCES CORP. | 33,000 | 00.00% |
| 97 | ARTURO GUANZON | 33,000 | 00.00% |
| 98 | LEONCIO TIU | 33,000 | 00.00% |
| 99 | RAMONCITO ARCEO | 30,000 | 00.00% |
| 100 | RODOLFO B. LEDESMA | 30,000 | 00.00% |

Total Top 100 Shareholders : 2,496,888,982 99.91%

Total Issued Shares 2,498,991,753

WPI000000000 June 28, 2024

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

June 28, 2024

WPI000000000

| BPNAME | QUANTITY |
|--|-----------------|
| UPCC SECURITIES CORP. | 65,000 |
| A & A SECURITIES, INC. | 845,200 |
| ABACUS SECURITIES CORPORATION | 54,073,169 |
| PHILSTOCKS FINANCIAL INC | 72,477,604 |
| A. T. DE CASTRO SECURITIES CORP. | 34,000 |
| ALL ASIA SECURITIES MANAGEMENT CORP. | 202,500 |
| ALPHA SECURITIES CORP. | 2,517,000 |
| BA SECURITIES, INC. | 1,667,700 |
| AP SECURITIES INCORPORATED | 17,659,500 |
| ANSALDO, GODINEZ & CO., INC. | 3,085,200 |
| AB CAPITAL SECURITIES, INC. | 7,642,384 |
| SB EQUITIES, INC. | 2,789,100 |
| ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP. | 832,800 |
| ASIASEC EQUITIES, INC. | 1,175,000 |
| ASTRA SECURITIES CORPORATION | 5,000 |
| BELSON SECURITIES, INC. | 3,470,100 |
| JAKA SECURITIES CORP. | 15,500 |
| BPI SECURITIES CORPORATION | 30,845,956 |
| CAMPOS, LANUZA & COMPANY, INC. | 2,442,202 |
| SINCERE SECURITIES CORPORATION | 1,045,000 |
| CTS GLOBAL EQUITY GROUP, INC. | 669,138 |
| TRITON SECURITIES CORP. | 36,009,450 |
| IGC SECURITIES INC. | 4,815,000 |
| CUALOPING SECURITIES CORPORATION | 105,000 |
| DAVID GO SECURITIES CORP. | 1,870,200 |
| DIVERSIFIED SECURITIES, INC. | 4,443,800 |
| E. CHUA CHIACO SECURITIES, INC. | 8,900,500 |
| EQUITABLE SECURITIES (PHILS.) INC. | 27,200 |
| EAST WEST CAPITAL CORPORATION | 400,000 |
| EASTERN SECURITIES DEVELOPMENT CORPORATION | 3,321,200 |
| EQUITIWORLD SECURITIES, INC. | 347,600 |
| EVERGREEN STOCK BROKERAGE & SEC., INC. | 8,961,100 |
| FIRST ORIENT SECURITIES, INC. | 1,367,100 |
| FIRST INTEGRATED CAPITAL SECURITIES, INC. | 100 |
| F. YAP SECURITIES, INC. | 398,000 |
| AURORA SECURITIES, INC. | 876,700 |
| GLOBALINKS SECURITIES & STOCKS, INC. | 464,000 |
| JSG SECURITIES, INC. | 173,150 |

| | |
|--|-------------|
| GOLDSTAR SECURITIES, INC. | 4,365,300 |
| GUILD SECURITIES, INC. | 151,000 |
| HDI SECURITIES, INC. | 25,322,500 |
| H. E. BENNETT SECURITIES, INC. | 2,180,000 |
| HK SECURITIES, INC. | 9,100 |
| I. ACKERMAN & CO., INC. | 30,000 |
| I. B. GIMENEZ SECURITIES, INC. | 228,608 |
| INVESTORS SECURITIES, INC, | 1,187,000 |
| IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. | 393,800 |
| INTRA-INVEST SECURITIES, INC. | 34,400 |
| ASIAN CAPITAL EQUITIES, INC. | 56,100 |
| STRATEGIC EQUITIES CORP. | 1,006,400 |
| LARRGO SECURITIES CO., INC. | 122,000 |
| LUCKY SECURITIES, INC. | 263,500 |
| LUYS SECURITIES COMPANY, INC. | 1,154,500 |
| MANDARIN SECURITIES CORPORATION | 1,593,200 |
| COL Financial Group, Inc. | 113,816,738 |
| DA MARKET SECURITIES, INC. | 222,200 |
| MERCANTILE SECURITIES CORP. | 149,800 |
| MERIDIAN SECURITIES, INC. | 2,132,700 |
| MDR SECURITIES, INC. | 136,000 |
| REGIS PARTNERS, INC. | 66,300 |
| MOUNT PEAK SECURITIES, INC. | 30,000 |
| NEW WORLD SECURITIES CO., INC. | 2,329,000 |
| OPTIMUM SECURITIES CORPORATION | 3,799,650 |
| RCBC SECURITIES, INC. | 3,878,300 |
| PAN ASIA SECURITIES CORP. | 30,000 |
| PAPA SECURITIES CORPORATION | 1,150,200 |
| MAYBANK SECURITIES, INC. | 4,427,100 |
| PLATINUM SECURITIES, INC. | 23,000 |
| PNB SECURITIES, INC. | 1,883,260 |
| PREMIUM SECURITIES, INC. | 1,973,600 |
| PRYCE SECURITIES, INC. | 12,124 |
| SALISBURY SECURITIES CORPORATION | 15,300 |
| QUALITY INVESTMENTS & SECURITIES CORPORATION | 15,063,800 |
| R & L INVESTMENTS, INC. | 42,000 |
| R. COYIUTO SECURITIES, INC. | 6,343,100 |
| REGINA CAPITAL DEVELOPMENT CORPORATION | 7,582,876 |
| R. NUBLA SECURITIES, INC. | 4,012,500 |
| AAA SOUTHEAST EQUITIES, INCORPORATED | 2,216,200 |
| R. S. LIM & CO., INC. | 1,048,400 |
| RTG & COMPANY, INC. | 149,600 |
| S.J. ROXAS & CO., INC. | 1,003,500 |
| SECURITIES SPECIALISTS, INC. | 2,200 |

| | |
|---|----------------------|
| FIDELITY SECURITIES, INC. | 75,500 |
| SUMMIT SECURITIES, INC. | 707,300 |
| STANDARD SECURITIES CORPORATION | 1,376,200 |
| SUPREME STOCKBROKERS, INC | 31,350 |
| TANSENGCO & CO., INC. | 670,400 |
| THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. | 37,200 |
| TOWER SECURITIES, INC. | 8,782,600 |
| APEX PHILIPPINES EQUITIES CORPORATION | 5,000 |
| TRENDLINE SECURITIES CORPORATION | 11,200 |
| DRAGONFI SECURITIES, INC. | 7,700 |
| LANDBANK SECURITIES, INC. | 2,331,200 |
| UOB KAY HIAN SECURITIES (PHILS.), INC. | 3,330,000 |
| E.SECURITIES, INC. | 3,300 |
| VENTURE SECURITIES, INC. | 216,900 |
| FIRST METRO SECURITIES BROKERAGE CORP. | 31,156,590 |
| WEALTH SECURITIES, INC. | 7,039,590 |
| WESTLINK GLOBAL EQUITIES, INC. | 584,923,440 |
| BERNAD SECURITIES, INC. | 142,100 |
| WONG SECURITIES CORPORATION | 27,500 |
| YAO & ZIALCITA, INC. | 407,000 |
| YU & COMPANY, INC. | 1,096,000 |
| BDO SECURITIES CORPORATION | 20,840,369 |
| EAGLE EQUITIES, INC. | 612,800 |
| GOLDEN TOWER SECURITIES & HOLDINGS, INC. | 2,161,576 |
| SOLAR SECURITIES, INC. | 6,330,600 |
| G.D. TAN & COMPANY, INC. | 6,764,300 |
| PHILIPPINE EQUITY PARTNERS, INC. | 3,191,950 |
| UNICAPITAL SECURITIES INC. | 1,072,900 |
| SunSecurities, Inc. | 400,000 |
| ARMSTRONG SECURITIES, INC. | 5,300 |
| TIMSON SECURITIES, INC. | 8,196,000 |
| VC SECURITIES CORPORATION | 300,600 |
| CITIBANK N.A. | 100,000 |
| STANDARD CHARTERED BANK | 675,000 |
| Total | 1,180,705,474 |

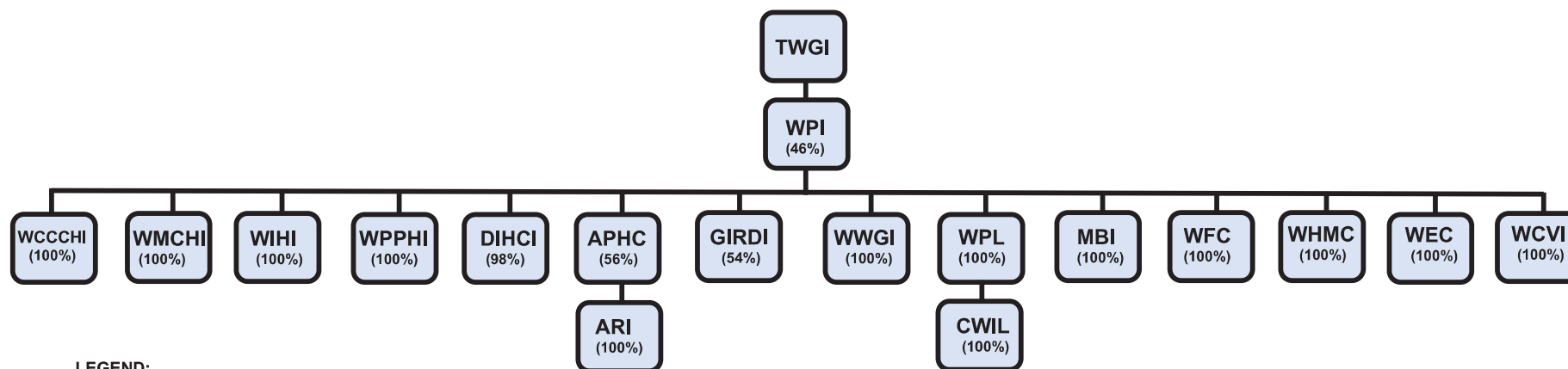
Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 20 Stockholders
As of 06/30/2024

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,114,235 | 45.34% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,591,239 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 20 | EMILY LIM | 500,000 | 00.02% |

Total Top 20 shareholders : 2,488,312,383 99.57%

Total Issued Shares 2,498,991,753

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate
December 31, 2020**



LEGEND:

- | | |
|--------|--|
| TWGI | - The Wellex Group, Inc. |
| WPI | - Waterfront Philippines, Incorporated |
| WCCCHI | - Waterfront Cebu City Casino Hotel, Incorporated |
| WMCHI | - Waterfront Mactan Casino Hotel, Incorporated |
| WIHI | - Waterfront Iloilo Hotel Inc. |
| WPPHI | - Waterfront Puerto Princesa Hotel, Inc. |
| DIHCI | - Davao Insular Hotel Company, Inc. |
| APHC | - Acesite (Phils.) Hotel Corporation |
| ARI | - Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) |
| GIRDI | - Grand Ilocandia Resort and Development, Inc. |
| WWGI | - Waterfront Wellness Group, Inc. (formerly W Citigyms & Wellness, Inc.) |
| WPL | - Waterfront Promotion Limited |
| CWIL | - Club Waterfront International Limited |
| MBI | - Mayo Bonanza, Inc. |
| WFC | - Waterfront Food Concepts, Inc. |
| WHMC | - Waterfront Hotel Management Corp. (formerly Waterfront Management Corporation) |
| WEC | - Waterfront Entertainment Corporation |
| WCVI | - Waterfront Cebu Ventures, Inc. |

Re: WATERFRONT PHILIPPINES INC._SEC FORM 17-Q_14 AUG 2024 □

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Wed 8/14/2024 9:22 PM

To:Pitchie Maambong <p.maambong@waterfronthotels.net>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secepress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic

Filing and Submission Tool (eFAST) at

<https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link –

<https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

COVER SHEET

A S 0 9 4 - 8 6 7 8

SEC Registration Number

W A T E R F R O N T P H I L I P P I N E S , I N C .

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(Company's Full Name)

N O . 1 W A T E R F R O N T D R I V E

O F F S A L I N A S D R I V E L A H U G

C E B U C I T Y

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

RICHARD L. RICARDO

Contact Person

(02) 8706-7888

Company Telephone Number

1 2

3 1

Month Day

SEC Form 17 - Q

FORM TYPE

0 9

2 1

Month Day
Annual Meeting

[Empty box for secondary license type]

Secondary License Type, If Applicable

[Empty box for dept. requiring doc.]

Dept. Requiring this Doc.

[Empty box for amended articles number/section]

Amended Articles Number/Section

429

Total No. of Stockholders

Total Amount of Borrowings

[Empty box for domestic borrowings]

Domestic

[Empty box for foreign borrowings]

Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2024**
2. Commission identification number **AS0948678** 3. BIR Tax Identification No. **D80003978254N**
4. Exact name of issuer as specified in its charter
WATERFRONT PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY 6000
8. Issuer's telephone number, including area code
032 - 2326888
9. Former name, former address and former fiscal year, if changed since last report
NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class amount outstanding | Number of shares of common stock outstanding and of debt |
|--|--|
| COMMON SHARES – P 1.00 PAR VALUE | 2,498,991,753 |

11. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

THE PHILIPPINES STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes No

Waterfront Philippines, Incorporated

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17
and

Sections 17.2 and 17.8 of the Revised Disclosure Rules

| | |
|--|---------------|
| For the period ended | June 30, 2024 |
| Currency (indicate units, if applicable) | PESO |

| Balance Sheet | | |
|--------------------------------------|----------------------|--------------------------------------|
| | Period Ended | Calendar Year Ended (Audited) |
| | June 30, 2024 | December 31, 2023 |
| Current Assets | 5,202,254,552 | 4,858,219,040 |
| Total Assets | 23,172,134,430 | 20,680,387,508 |
| Current Liabilities | 8,041,203,745 | 2,658,409,343 |
| Total Liabilities | 13,254,147,067 | 7,978,075,029 |
| Retained Earnings/(Deficit) | 4,073,360,153 | 2,517,958,256 |
| Stockholders' Equity | 9,917,987,363 | 12,702,312,479 |
| Stockholders' Equity - Parent | 8,111,327,979 | 11,244,892,507 |
| Book Value per Share | 3.97 | 4.50 |

| <u>Income Statement</u> | Current Year (April - June) | Previous Year (April - June) | Current Year-to- Date | Previous Year-to- Date |
|--|---|--|----------------------------------|-----------------------------------|
| Operating Revenue | 448,168,290 | 504,800,156 | 871,546,336 | 837,344,120 |
| Other Income | 49,442,527 | (13,364,818) | 59,248,530 | 25,145,626 |
| Gross Revenue | 497,610,817 | 491,435,337 | 930,794,866 | 862,489,747 |
| Operating Expense | 320,665,723 | 320,724,921 | 599,957,551 | 546,066,448 |
| Other Expense | 112,612,476 | 190,641,512 | 215,505,599 | 246,420,313 |
| Gross Expense | 433,278,198 | 511,366,433 | 815,463,149 | 792,486,761 |
| Net Income/(Loss) Before Tax | 64,332,618 | (19,31,096) | 115,331,716 | 70,002,985 |
| Income Tax Expense | 17,320,948 | 5,019,083 | 17,349,797 | 5,019,083 |
| Net Income/(Loss) After Tax | 47,011,670 | (24,950,179) | 97,981,919 | 64,983,903 |
| Net Income Attributable to Parent Equity Holder | 28,462,816 | (15,105,874) | 59,322,321 | 84,501,477 |
| Earnings/(Loss) Per Share (Basic) | 0.019 | (0.006) | 0.039 | 0.034 |
| Earnings/(Loss) Per Share (Diluted) | - | - | - | - |

| | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|--|--|---|
| Earnings/(Loss) Per Share (Basic) | 0.24 | 0.26 |
| Earnings/(Loss) Per Share (Diluted) | 0.24 | 0.26 |

| Financial Ratios | Formula | Current Year June 30, 2024 | Previous Year December 31, 2023 |
|--|---|---------------------------------------|--|
| Liquidity Analysis Ratios | | | |
| Current Ratio or Working Capital Ratio | Current Assets/Current Liabilities | 0.647 | 1.827 |
| Quick Ratio | (Current Assets - Inventory - Prepayments)/ Current Liabilities | 0.597 | 0.620 |
| Solvency Ratio | Total Assets / Total Liabilities | 1.748 | 0.083 |
| Financial Leverage Ratios | | | |
| Debt Ratio | Total Debt / Total Assets | 0.572 | 0.386 |
| Debt-to-Equity Ratio | Total Debt / Total Stockholders' Equity | 1.336 | 0.709 |
| Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.000 | 0.000 |
| Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 2.336 | 1.839 |
| Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of service/ Sales | 35.54% | 36.59% |
| Net Profit Margin | Net Profit / Sales | 10.53% | 2.14% |
| Return on Assets | Net Income / Total Assets | 0.42% | 1.90% |
| Return on Equity | Net Income / Total Stockholders' Equity | 0.99% | 3.40% |
| Price / Earnings Ratio | Price Per Share / Earnings Per Common Share | 0.000 | 0.000 |
| Book Value | Total Common Stockholder's Equity-Parent/No. of Common Shares | 3.969 | 4.500 |

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to Annex A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to Annex B.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Status of the Business

Corporate Information

Waterfront Philippines, Incorporated (the Parent Company) was incorporated in the Philippines, registered with the Philippine Securities and Exchange Commission (SEC) in September 1994, and is listed on the Philippine Stock Exchange (PSE stock symbol: WPI). The Parent Company is 45%-owned by The Wellex Group, Inc. (TWGI), an entity similarly registered and domiciled in the Philippines. The Parent Company holds equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The following subsidiaries (together with the Parent Company collectively referred to as the Group) were incorporated in the Philippines, except for Waterfront Promotion Ltd. (WPL) and Club Waterfront International Limited (CWIL), which were registered in the Cayman Islands:

| | Percentage of Ownership | |
|---|-------------------------|----------|
| | Direct | Indirect |
| Hotels and Resorts | | |
| Waterfront Cebu City Casino Hotel, Incorporate (WCCCHI) | 100 | - |
| Waterfront Mactan Casino Hotel, Incorporated (WMCHI) | 100 | - |
| Waterfront Iloilo Hotel Inc. (WIHI) | 100 | |
| Waterfront Puerto Princesa Hotel, Inc. (WPPHI) | 100 | |
| Davao Insular Hotel Company, Inc. (DIHCI) | 98 | - |
| Acesite (Phils.) Hotel Corporation (APHC) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| Acesite Realty, Inc. | - | 56 |
| Fitness Gym | | |
| Waterfront Wellness Group, Inc. (WWGI) | 100 | - |
| International Marketing and Promotion of Casinos | | |
| Waterfront Promotion Limited (WPL) | 100 | - |
| Mayo Bonanza, Inc. (MBI) | 100 | - |
| Club Waterfront International Limited (CWIL) - through direct ownership in WPL | - | 100 |
| Waterfront Horizon Corporation (WHC) – previously known as Waterfront Entertainment Corporation (WEC) | 100 | - |
| Pastries Manufacturing | | |
| Waterfront Food Concepts Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Hotel Management Corp. (WHMC) | 100 | - |
| Pavillion Enterprises Corp. (through direct ownership in APHC) | 100 | 56 |
| Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC) | | 56 |
| Investment Holding Company | | |
| Waterfront Cebu Ventures, Inc. (WCVI) | 100 | - |

Hotel

Waterfront Cebu City Casino Hotel, Inc

WCCCHI was incorporated in September 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI opened the doors of WCCHC in January 1998, with 158 guestrooms, a convention center known as the Waterfront Convention Center, and an Entertainment Block. Located in this Entertainment Block are several restaurants, and a casino operated by the Philippine Amusement and Gaming Corporation. By the last quarter of 1999, the hotel had grown with a total of 561 rooms.

- **Waterfront Convention Center- (WCC)**

Waterfront Convention Center was previously known as Cebu International Convention Center and is a six-storey building, especially designed to adapt to any event size and purpose. The WCC has a total gross area of 40,587 square meters and has been in operation since January 1998. Major amenities of the center include eleven (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- **Entertainment Block**

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of nine (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino," and 62 hotel rooms and suites.

- **Hotel Tower Block**

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high-rise block of 499 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach of key business, commercial and shopping districts. On a regular day, the hotel is just 45 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusively for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is equipped with 3 computers stations, where guests can avail themselves of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games.

The hotel houses a 10,000-square meter convention center, which is the largest convention center in the

Visayas and Mindanao and is designed to adapt to multiple types of events. The convention center is equipped with 11 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, capable of seating 4,000 people each. The center has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The lobby renovation was inspired to fulfill two main objectives: first, to transform the former single dimension grand lobby into a multi-dimensional lifestyle-concept space that would enhance guests experience when dining and lounging in the lobby; and second, to improve foot traffic patterns. This second objection was achieved with the construction of larger check-in areas and through the usage maximization the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction and is touted as the largest hotel lobby in Visayas Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and

crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself offers an all-day dining, with glass panels semi-closing each side of the lounge. Fully equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable, sweet treats, introducing Lobby Lounge's other service concepts.

To complement the Hotel's main lobby, a group check-in counter was dedicated solely to corporate and travel groups. This will not only declutter the lobby layout and allow the addition of other exciting tenant areas, but also increase operational efficiency.

Waterfront Mactan Casino Hotel, Inc

Waterfront Mactan was incorporated in September 1994 to operate the Waterfront Mactan Island Hotel and Casino (WMIHC). This hotel is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 166 rooms and suites, 3 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights.

The hotel is conveniently just a ten-minute drive to the Mactan Industrial Zone, a thirty-minute drive to the beaches of Mactan Island and just 45 minutes away from Cebu City's shopping and financial district.

In 2016, the property extended the Annex parking to provide more slots for the guests.

Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc

Davao Insular Hotel Company Inc. was incorporated in the Philippines in July 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trade name Waterfront Insular Hotel Davao. The hotel is approximately 25 minutes from the downtown area. Nestled along the picturesque Davao Gulf, its open-air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater land area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibition groups. The hotel consists of four low-rise buildings with 159 guest rooms and suites, 5 function rooms, 5 F&B outlets and a gym. Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the hotel are the 5 gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City.

Acesite (Phils.) Hotel Corporation

The principal property of Acesite (Phils.) Hotel Corporation (PSE stock symbol: ACE) is a 22-storey building previously known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. This hotel, now renamed Waterfront Manila Hotel and Casino, had approximately 500 rooms, several restaurants and large banquet facilities. In addition, the Casino Filipino – Pavilion, owned and operated by PAGCOR, occupied part of the lower floors of the building.

ACE has a 100% owned subsidiary known as Acesite Realty Inc. (ARI), which owns the 6,500 sq.m. land on which the Manila Pavilion Hotel stands.

In March 2018, a major fire broke out at the Manila Pavilion Hotel prompting management to suspend operations. Reconstruction is currently underway.

Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation in 2006. In October 2014, the BOD of WHMC approved the cessation of the Company's business operations in Roxas Boulevard. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters. In February 2022, WHMC entered into an agreement to purchase 35,216 sq. m. of property in the Puerto Azul resort complex in Ternate, Cavite for future development of a proposed resort.

Mayo Bonanza, Inc.

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated in November 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI was positioned to extend the gaming business of the Company and as such, the company had entered into a slot machine arcade agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) in Sta. Cruz, Manila. However, in May 2016, the BOD of MBI approved the cessation of the Company's business operations effective July 2016.

Waterfront Horizon Corporation (previously Waterfront Entertainment Corporation)

WHC established the country's first integrated hotel reservations and booking system featuring a full-service Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialized hotel consultancy services to hotel owners, operator's brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective. Recently, WHC entered into agreements for the option to purchase approximately 9 hectares of property at the Manila Waterfront City, a reclamation project of the City of Manila in the Manila Bay, once the reclamation project is completed.

Waterfront Food Concepts, Inc.

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu City Casino Hotel, Inc. The property is located in the lobby level of the hotel. It started its operation in May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered to most of the renowned coffee shops in the city of Cebu.

Waterfront Wellness Group, Inc.

This subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Previously Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipment. The gym offers a variety of services from aerobic instructions to belly dancing, boxing, yoga classes, spinning and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public by opening The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose of such investment in the near future. In November 2000, GIRDI sold all its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

Waterfront Promotions Limited/Club Waterfront International Limited

Waterfront Promotion Ltd. was incorporated in March 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of

the Parent Company. In September 2001, the company participated in a joint venture with Jin Lin Management Corporation to market to foreign high rollers under the marketing programs of PAGCOR. This joint venture was terminated in April 2002.

The operations for Waterfront Promotions Limited and likewise for Club Waterfront International Limited had ceased in March 2003 due to the bleak market.

Waterfront Iloilo Hotel Inc.

Waterfront Iloilo Hotel Inc. (WIHI) was incorporated and registered with the Philippine Securities and Exchange Commission in March 2019 primarily to operate and manage a resort hotel and a restaurant in Iloilo. WIHI had entered into an agreement for the purchase of 35,061 sqm. of property in Jaro, Iloilo, for the purpose of developing a hotel complex. The Company is a wholly owned subsidiary of the Parent Company.

As of June 30, 2024, the Company has not yet started its commercial operations. The Company's registered office address is on the 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

Waterfront Puerto Princesa Hotel, Inc.

Waterfront Puerto Princesa Hotel, Inc. (WPPHI) was incorporated and registered with the Philippine Securities and Exchange Commission in May 2017 primarily to operate hotels in Palawan. WPPHI owns a 9,687 sqm. property in Puerto Princesa, Palawan, for future development into a hotel complex. The Company is a wholly owned subsidiary of the Parent Company.

As of March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office is on the 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

Waterfront Cebu Ventures, Inc.

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission in August 2018 primarily to carry on the business of an investment holding company. The Company is a wholly owned subsidiary of the Parent Company.

As of March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the hotel operations, marketing operations and corporate and other operations segments. The Group's only reportable geographical segment is the Philippines.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

- **Rooms**
Room revenue is recognized based on actual occupancy.
- **Food and Beverage**
Food and beverage revenue is recognized when orders are served and billed.
- **Rent and Related Income**
Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.
- **Other Revenues**
Other revenues are recognized upon execution of service or when earned.

➤ **Other Income**

Interest income is recognized as it accrues using the effective interest method.

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at an annual average rate of 0.05% to 5.50% in 2024 with average maturities ranging from 30 to 90 days.

2. Receivables

This account consists of:

| | June 2024 | December 2023 |
|---------------------------------------|----------------------|----------------------|
| Trade | 1,622,107,148 | 448,121,134 |
| Others | 517,074,580 | 517,074,580 |
| Total Receivables | 2,139,181,728 | 965,195,714 |
| Less: Allowance for Doubtful accounts | (61,521,598) | (61,521,598) |
| Total, Net | 2,077,660,130 | 903,674,116 |

3. Inventories

This account consists of:

| | June 2024 | December 2023 |
|--------------------|-------------------|----------------------|
| Food and Beverages | 14,588,248 | 12,835,838 |
| Operating Supplies | 9,725,499 | 11,291,994 |
| Others | 822,551 | 822,551 |
| Total | 25,136,297 | 24,950,383 |

4. Related Party Transactions

This represents interest bearing advances from TWGI and Pacific Rehouse Corporation (PRC) these advances are due in one year, subject to renewal. The advances to TWGI charge interest at 4% per annum in 2024 and 2023, respectively, while the advances to PRC charge interest at 2% per annum in 2024 and 2023. Advances to Philippine Estate Corporation (PHES), Forum Holdings Corporation (FHC), Plastic City Industrial Corporation (PCIC), East Asia Oil & Mining Company, Inc. (East Asia) and Pacific Wide Realty Development Corp. (PWRDC) are noninterest-bearing, collateral-free and with no fixed term of repayment.

5. Accounts Payable and other non-payable

This account consists of:

| | June 2024 | December 2023 |
|------------------|----------------------|----------------------|
| Trade | 1,314,346,673 | 718,318,614 |
| Accrued Expenses | 876,231,115 | 863,532,325 |
| Others | 218,770,846 | 218,770,846 |
| Total | 2,409,348,634 | 1,800,621,785 |

6. Loans

This account consists of:

SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations. Thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief, and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a Resolution issued by CA, resolved to submit the appeal for decision.

On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Parent Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999 to June 30, 2013, and 6% legal interest from July 1, 2013 until full payment; and
- SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013 until full payment.

As at the date of authorization for issue of the consolidated financial statements ending December 31, 2021, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC. As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statement of profit or loss and other comprehensive income.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. On May 4, 2022, the Company filed a Comment to Respondent's Motion for Reconsideration with Motion to Admit.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021, and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company was ordered to:

- a. Submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. Provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. Submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule of Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision.

On August 17, 2023, Branch 76 of the RTC of Quezon City issued an Order approving the legal compensation between SSS and the Company, ordering WPI to pay P258,117,749.89 to SSS, which is the balance of the amount due to SSS after set-off of the amounts due to WPI, and further ordering the return of real estate properties and shares of stock by SSS to defendants WPI and WIN.

On September 29, 2023, plaintiff SSS filed a Motion for Reconsideration with the RTC of Quezon City asking that the August 17, 2023 Order be set aside.

On September 20, 2023, SSS filed a Motion for Reconsideration with the RTC of Quezon City asking that August 17, 2023 Order to be set aside. The Motion for Reconsideration was denied by the RTC in its Order on January 12, 2024. A Motion for the Issuance of Certificate of Finality before the RTC has not been executed as the case is yet to attain finality should SSS file an appeal or petition for certiorari.

7. The earnings (loss) per share are computed as follows:

| | June 2024 | December 2023 |
|---|------------------|----------------------|
| Net Income | 47,011,670 | 68,843,761 |
| Weighted Average Number of Shares Outstanding | 2,498,991,753 | 2,498,991,753 |
| Total | 0.019 | 0.073 |

There are no dilutive potential shares as June 30, 2024 and December 31, 2023.

8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR”)

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sqm.), Slot Machine Expansion Area (883.38 sqm.), Mezzanine (2,335 sqm.) and 5th Floor Junket Area (2,336 sqm.) for a total area of 13,677.98 sqm. which commenced in March 2011. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sqm.) and Chip Washing Area (1,076 sqm.) for a total area of 5,152.24 sqm. These aforesaid leases are valid until the year 2032.

9. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

WCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

10. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

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

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014, affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013. The CTA En Banc decision was appealed to the SC on February 5, 2015, covering the VAT assessment only.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals. Management and its legal counsel believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

- b. On June 8, 2021, the Parent Company received a Letter of Authority SN: eLA201500023533 LOA-080- 2021-0000113 dated May 31, 2021, from the BIR for the taxable year 2019.

On January 26, 2023, the Parent received Notice of Discrepancy dated January 25, 2023. On February 24, 2023, the Parent Company sent a letter to BIR contesting the said assessment.

On May 23, 2023, an Amended Notice of Discrepancy dated May 15, 2023, was received by the parents with changes on the assessment. On June 20, 2023, the Parent submitted a reply with justification and explanation on itemized assessment.

On July 26, 2023, the parents received a Preliminary Assessment Notice dated July 24, 2023. On August 9, 2023, a reply dated August 9, 2023 was sent to BIR still contesting the said assessment.

On August 31, 2023, a Formal Letter of Demand dated August 16, 2023 ("FLD") was received by the Parent. On October 2, 2023, the Parent Company sent a protest letter to BIR contesting portion of the said assessment. Settlement on Documentary Stamp Tax, Registration Fee, Expanded Withholding Taxes and Withholding Tax on Compensation amounting to P3.3 million was made on October 12, 2023. Items still for reinvestigation and verification included in the Protest Letter are Income Tax and VAT.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending June 30, 2024 and June 2023 together with its financial conditions as of the same period.

Results of Operation

| | June 2024 | June 2023 |
|--|--------------|--------------|
| Revenues | 497,610,817 | 491,435,338 |
| Less: Costs and Expenses | 320,665,723 | 320,724,921 |
| Net Income (Loss) Before Fixed Financial and Other Charges | 176,945,094 | 170,710,417 |
| Less: Fixed Financial and Other Charges (Dep'n and Amort'n and Interest) | 112,612,476 | 190,641,512 |
| Income (Loss) before Income Taxes | 64,332,618 | (19,931,095) |
| Income Tax Expense (Benefit) | 17,320,948 | 5,019,083 |
| Income (Loss) before Share in minority interest | 47,011,670 | -24,950,178 |
| Share in Minority Interest | (19,517,575) | (19,517,575) |
| Net Income (Loss) | 27,494,095 | 64,983,903 |
| Earnings (Loss) per share | 0.019 | 0.010 |

Period ended June 30, 2024, compared to Period Ended June 30, 2023.

Income Statement

Hotels and other subsidiaries' gross revenue for the 2nd quarter of 2024 was 6.17 higher than the previous year. Consolidated costs and expenses for all properties decreased by 9.45% as compared to last year due to increased bookings and functions.

Seasonality or Cyclicity of Interim Operations

1st QUARTER

The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients that include airline, telecommunication and utility companies. For Food and Beverage, the Group has reimagined the outlet menus boosting promotions for clients to get to taste our sumptuous dishes right at the outlets. Presentation of top five performance indicators for the third quarter is shown as follows.

2nd QUARTER

The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients that include airline, telecommunication and utility companies. For Food and Beverage, the Group has reimagined the outlet menus boosting promotions for clients to get to taste our sumptuous dishes right at the outlets. Presentation of top five performance indicators for the third quarter is shown as follows.

TOP FIVE PERFORMANCE INDICATORS

| | June 30, 2024 | June 30, 2023 |
|----------------------|---------------|---------------|
| Occupancy Percentage | 67.64% | 74.39% |
| Average Room Rates | 3,422.06 | 2,947.70 |
| Food Covers | 158,353.67 | 173,075.67 |
| Average Food Checks | 504.52 | 465.85 |
| Average Food Costs | 36% | 39% |

Occupancy Percentage

- The occupancy percentage is 67.64%. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate

- The average room rate is Php 3,422.06. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers

- Food covers are 158,353.67. Food covers pertain to the number of guests that availed of the restaurant's services.

Average Food Check

- The average food check or average consumption per guest is Php 504.52. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

Average Food Cost

- The average food cost is 36%. Average Food Cost is computed by dividing the cost of sales food by revenue plus allowance.

Financial Condition

Cash and cash equivalents

- This account decreased by P951K which is 0.22% lower than last year.

Receivables

- has increased by 173.27% from P760.29K in June 2023 to P2.08M in 2024.

Notes Receivable

- Decreased by 52.22%

Inventories

- Inventories decreased by 12% from June last year.

Due from related parties-current portion

- Has increased from P1.79M June of last year to P2.17M in 2024.

Prepaid expenses and other current assets

- An increase of P145.14M from June last year have been noted. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment

- There was a 8.22% increase from last year. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.

Other noncurrent assets

- There is a decrease of 15.71% from June last year.

Current Liabilities

- The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 190.65% from last year.

Loans Payable

- Current portion of the loan has decreased by 23.53%.

Noncurrent liabilities

- The account resulted in an increase of 3.13% from June of previous year.

Key Variable and Other Qualitative and Quantitative Factors:

- a. Any known Trends, Events or Uncertainties

The Group has assessed that it will still have continued operation after the previous year's challenges. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

- b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Omnibus Security and Loan Agreement Covenants

As of December 31, 2023, the Group's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach (see Note 26). As at the date of the authorization of the financial statements, the Group is not in default and continues to pay the maturing interest and principal in a timely manner

- c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- d. The group is not subject to externally imposed capital requirements.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it

manages and measures the risks in prior financial years. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arise principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have a high probability of collection, as evidenced by counterparties having the ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay off the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2023 and 2022 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. In 2006, the Parent Company charged WCCCHI with the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed if it has already fulfilled its obligations related to its use of proceeds from such loan.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group monitors the changes in the price of the shares of stock of WPI. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date; thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2023, and 2022.

Risk Management Structure

| Board of Directors | Risk Management Committee | Capital Management |
|--|--|--|
| <p>- The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues to make relevant decisions.</p> | <p>- Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.</p> | <p>- The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2024 and 2023.</p> <p>- The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.</p> <p>- The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans.</p> |


PART II--OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: ... **Waterfront Philippines, Incorporated**

Issuer.....  ATTY. ARTHUR R. PONSARAN

Signature and Title..... **Corporate Secretary**

Date..... **08-014-2024**

Issuer.....  RICHARD L. RICARDO

Signature and Title..... **Compliance Officer**

Date..... **08-14-2024**

WATERFRONT PHILIPPINES INC.
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING JUNE 30, 2024
(with comparative figures for June 30, 2023)

| | QUARTER ENDED JUNE 30, 2024 | QUARTER ENDED JUNE 30, 2023 | YEAR ENDED DECEMBER 31, 2023 | Movement vs Q2 | % |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------|----------------|
| REVENUES | | | | | |
| Hotel | 296,621,770 | 228,068,116 | 1,764,270,270 | 68,553,654 | 3.89% |
| Nonhotel | 151,546,520 | 276,732,040 | 39,316,103 | - 125,185,520 | -318.41% |
| Interest and other income | 49,442,527 | - 13,364,818 | 141,173,479 | 62,807,345 | 44.49% |
| Subtotal | 497,610,817 | 491,435,338 | 1,944,759,852 | 6,175,479 | 0.32% |
| OPERATING EXPENSES | | | | | |
| Hotel | 270,716,344 | 132,215,415 | 729,935,355 | 138,500,929 | 18.97% |
| Nonhotel | 49,949,379 | 188,509,506 | 413,697,247 | - 138,560,127 | -33.49% |
| Subtotal | 320,665,723 | 320,724,921 | 1,143,632,602 | - 59,198 | -0.01% |
| INCOME (LOSS) BEFORE FIXED FINANCIAL AND OTHER CHARGES | 176,945,094 | 170,710,417 | 801,127,250 | 6,234,677 | 0.78% |
| FIXED, FINANCIAL AND OTHER CHARGES | | | | | |
| Depreciation and amortization | 42,322,151 | 51,753,482 | 333,404,063 | - 9,431,331 | -2.83% |
| Interest expense | 70,132,430 | 148,383,634 | 299,821,604 | - 78,251,204 | -26.10% |
| Provision for doubtful accounts | - | - | 9,572,112 | - | 0.00% |
| Penalties and other charges | - | - | - | - | 0.00% |
| Foreign exchange losses (gains) | - | - | 12,144,791 | - | 0.00% |
| Others | 157,895 | 9,495,604 | - | - | 0.00% |
| Subtotal | 112,612,476 | 190,641,512 | 654,942,570 | - 87,682,535 | -13.39% |
| INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY AND INCOME TAX | 64,332,618 | - 19,931,095 | 146,184,680 | | 0.00% |
| INCOME (LOSS) BEFORE INCOME TAX | 17,320,948 | 5,019,083 | 107,627,968 | 12,301,865 | 11.43% |
| NET INCOME (LOSS) | 47,011,670 | - 24,950,178 | 38,556,712 | - 12,301,865 | -31.91% |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Appraisal on increase on property and equipment | | | 183,673,363 | | 0.00% |
| Foreign currency translation differences for foreign operations | | | 935,085 | | 0.00% |
| Actuarial gains on defined benefit plan | | | 4,089,691 | | 0.00% |
| Net change in fair value of AFS investment | | | - | | 0.00% |
| Reduction of deferred tax liability relating to revaluation surplus | | | - | | 0.00% |
| Deferred tax effect | | | 45,918,340 | | 0.00% |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 47,011,670 | - 24,950,178 | 181,336,511 | - 12,301,865 | -6.78% |

WATERFRONT PHILIPPINES INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | June 30, 2024 | December 31, 2023 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 438,883,157 | 475,947,998 |
| Short-term Investment | - | 1,277,615 |
| Trade and Other current receivables - net | 2,077,660,130 | 903,674,116 |
| Note Receivable | 108,372,411 | 267,553,447 |
| Due from related party - current | 2,171,710,317 | 2,936,358,422 |
| Inventories | 25,136,297 | 24,950,383 |
| Prepaid expenses and other current assets | 380,492,241 | 248,457,059 |
| Total Current Assets | 5,202,254,552 | 4,858,219,040 |
| Noncurrent Assets | | |
| Property Plant and equipment - net | 10,896,575,978 | 10,977,835,715 |
| Right-of-use assets - net | 133,800,348 | 133,800,348 |
| Retirement Liability (Asset) | 337,391 | 69,146,215 |
| Due from related party - noncurrent | 2,995,565,044 | 3,591,306,466 |
| Investment in subsidiary | 2,342,074,503 | - |
| Equity securities - at fair value through other comprehensive income | 20,115,300 | 70,255,800 |
| Investment | 455,000,000 | - |
| Deferred Tax Assets - net | 326,285,840 | 251,168,202 |
| Other noncurrent assets - net | 800,125,474 | 728,655,722 |
| Total Noncurrent Assets | 17,969,879,877 | 15,822,168,468 |
| TOTAL ASSETS | 23,172,134,430 | 20,680,387,508 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other current payables | 2,409,348,634 | 1,800,621,785 |
| Loans Payable - current | 715,000,000 | 715,000,000 |
| Due to related parties | 4,914,427,563 | 30,000 |
| Contract Payable | - | - |
| Lease Liability - current portion | 2,466,149 | 2,795,134 |
| Other Current Liabilities | - | 63,488,720 |
| Income Tax Payable | 38,602 | 76,473,704 |
| Total Current Liabilities | 8,041,203,745 | 2,658,409,343 |
| Noncurrent Liabilities | | |
| Loans Payable - noncurrent | 2,582,305,926 | 2,435,000,000 |
| Deposit for future stock subscription | - | - |
| Retirement benefits liability | - | 341,300 |
| Other Noncurrent Liabilities | 1,479,046,696 | 474,314,210 |
| Lease Liability - noncurrent portion | 27,438,009 | 146,114,456 |
| Retention payables | 88,453,190 | - |
| Deferred Tax Liabilities - net | 1,035,699,500 | 2,263,895,720 |
| Total Noncurrent Liabilities | 5,212,943,322 | 5,319,665,686 |
| TOTAL LIABILITIES | 13,254,147,067 | 7,978,075,029 |
| EQUITY | | |
| Capital Stock | 2,498,991,788 | 2,498,991,753 |
| Additional paid-in capital | 706,364,357 | 706,364,357 |
| Revaluation surplus on property and equipment - net | 2,569,317,511 | 5,294,395,019 |
| Foreign currency translation adjustment | - | 56,063,862 |
| Retirement benefits reserve | 62,260,724 | 166,834,348 |
| Fair Value reserve | 7,692,830 | 4,284,906 |
| Retained Earnings | 4,073,360,153 | 3,975,378,234 |
| Treasury Stock | - | - |
| TOTAL EQUITY | 9,917,987,363 | 12,702,312,479 |
| TOTAL LIABILITIES AND EQUITY | 23,172,134,430 | 20,680,387,508 |

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2024**
2. Commission identification number **AS0948678** 3. BIR Tax Identification No. **D80003978254N**
4. Exact name of issuer as specified in its charter
WATERFRONT PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY 6000
8. Issuer's telephone number, including area code
032 - 2326888
9. Former name, former address and former fiscal year, if changed since last report
NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class amount outstanding | Number of shares of common stock outstanding and of debt |
|--|--|
| COMMON SHARES – P 1.00 PAR VALUE | 2,498,991,753 |

11. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

THE PHILIPPINES STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes No

Waterfront Philippines, Incorporated

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17
and

Sections 17.2 and 17.8 of the Revised Disclosure Rules

| | |
|--|---------------|
| For the period ended | June 30, 2024 |
| Currency (indicate units, if applicable) | PESO |

| Balance Sheet | | |
|--------------------------------------|----------------------|--------------------------------------|
| | Period Ended | Calendar Year Ended (Audited) |
| | June 30, 2024 | December 31, 2023 |
| Current Assets | 5,202,254,552 | 4,858,219,040 |
| Total Assets | 23,172,134,430 | 20,680,387,508 |
| Current Liabilities | 8,041,203,745 | 2,658,409,343 |
| Total Liabilities | 13,254,147,067 | 7,978,075,029 |
| Retained Earnings/(Deficit) | 4,073,360,153 | 2,517,958,256 |
| Stockholders' Equity | 9,917,987,363 | 12,702,312,479 |
| Stockholders' Equity - Parent | 8,111,327,979 | 11,244,892,507 |
| Book Value per Share | 3.97 | 4.50 |

| <u>Income Statement</u> | Current Year (April - June) | Previous Year (April - June) | Current Year-to- Date | Previous Year-to- Date |
|--|---|--|----------------------------------|-----------------------------------|
| Operating Revenue | 448,168,290 | 504,800,156 | 871,546,336 | 837,344,120 |
| Other Income | 49,442,527 | (13,364,818) | 59,248,530 | 25,145,626 |
| Gross Revenue | 497,610,817 | 491,435,337 | 930,794,866 | 862,489,747 |
| Operating Expense | 320,665,723 | 320,724,921 | 599,957,551 | 546,066,448 |
| Other Expense | 112,612,476 | 190,641,512 | 215,505,599 | 246,420,313 |
| Gross Expense | 433,278,198 | 511,366,433 | 815,463,149 | 792,486,761 |
| Net Income/(Loss) Before Tax | 64,332,618 | (19,31,096) | 115,331,716 | 70,002,985 |
| Income Tax Expense | 17,320,948 | 5,019,083 | 17,349,797 | 5,019,083 |
| Net Income/(Loss) After Tax | 47,011,670 | (24,950,179) | 97,981,919 | 64,983,903 |
| Net Income Attributable to Parent Equity Holder | 28,462,816 | (15,105,874) | 59,322,321 | 84,501,477 |
| Earnings/(Loss) Per Share (Basic) | 0.019 | (0.006) | 0.039 | 0.034 |
| Earnings/(Loss) Per Share (Diluted) | - | - | - | - |

| | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|--|--|---|
| Earnings/(Loss) Per Share (Basic) | 0.24 | 0.26 |
| Earnings/(Loss) Per Share (Diluted) | 0.24 | 0.26 |

| Financial Ratios | Formula | Current Year June 30, 2024 | Previous Year December 31, 2023 |
|--|---|---------------------------------------|--|
| Liquidity Analysis Ratios | | | |
| Current Ratio or Working Capital Ratio | Current Assets/Current Liabilities | 0.647 | 1.827 |
| Quick Ratio | (Current Assets - Inventory - Prepayments)/ Current Liabilities | 0.597 | 0.620 |
| Solvency Ratio | Total Assets / Total Liabilities | 1.748 | 0.083 |
| Financial Leverage Ratios | | | |
| Debt Ratio | Total Debt / Total Assets | 0.572 | 0.386 |
| Debt-to-Equity Ratio | Total Debt / Total Stockholders' Equity | 1.336 | 0.709 |
| Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.000 | 0.000 |
| Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 2.336 | 1.839 |
| Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of service/ Sales | 35.54% | 36.59% |
| Net Profit Margin | Net Profit / Sales | 10.53% | 2.14% |
| Return on Assets | Net Income / Total Assets | 0.42% | 1.90% |
| Return on Equity | Net Income / Total Stockholders' Equity | 0.99% | 3.40% |
| Price / Earnings Ratio | Price Per Share / Earnings Per Common Share | 0.000 | 0.000 |
| Book Value | Total Common Stockholder's Equity-Parent/No. of Common Shares | 3.969 | 4.500 |

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to Annex A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to Annex B.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Status of the Business

Corporate Information

Waterfront Philippines, Incorporated (the Parent Company) was incorporated in the Philippines, registered with the Philippine Securities and Exchange Commission (SEC) in September 1994, and is listed on the Philippine Stock Exchange (PSE stock symbol: WPI). The Parent Company is 45%-owned by The Wellex Group, Inc. (TWGI), an entity similarly registered and domiciled in the Philippines. The Parent Company holds equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The following subsidiaries (together with the Parent Company collectively referred to as the Group) were incorporated in the Philippines, except for Waterfront Promotion Ltd. (WPL) and Club Waterfront International Limited (CWIL), which were registered in the Cayman Islands:

| | Percentage of Ownership | |
|---|-------------------------|----------|
| | Direct | Indirect |
| Hotels and Resorts | | |
| Waterfront Cebu City Casino Hotel, Incorporate (WCCCHI) | 100 | - |
| Waterfront Mactan Casino Hotel, Incorporated (WMCHI) | 100 | - |
| Waterfront Iloilo Hotel Inc. (WIHI) | 100 | |
| Waterfront Puerto Princesa Hotel, Inc. (WPPHI) | 100 | |
| Davao Insular Hotel Company, Inc. (DIHCI) | 98 | - |
| Acesite (Phils.) Hotel Corporation (APHC) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| Acesite Realty, Inc. | - | 56 |
| Fitness Gym | | |
| Waterfront Wellness Group, Inc. (WWGI) | 100 | - |
| International Marketing and Promotion of Casinos | | |
| Waterfront Promotion Limited (WPL) | 100 | - |
| Mayo Bonanza, Inc. (MBI) | 100 | - |
| Club Waterfront International Limited (CWIL) - through direct ownership in WPL | - | 100 |
| Waterfront Horizon Corporation (WHC) – previously known as Waterfront Entertainment Corporation (WEC) | 100 | - |
| Pastries Manufacturing | | |
| Waterfront Food Concepts Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Hotel Management Corp. (WHMC) | 100 | - |
| Pavillion Enterprises Corp. (through direct ownership in APHC) | 100 | 56 |
| Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC) | | 56 |
| Investment Holding Company | | |
| Waterfront Cebu Ventures, Inc. (WCVI) | 100 | - |

Hotel

Waterfront Cebu City Casino Hotel, Inc

WCCCHI was incorporated in September 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI opened the doors of WCCHC in January 1998, with 158 guestrooms, a convention center known as the Waterfront Convention Center, and an Entertainment Block. Located in this Entertainment Block are several restaurants, and a casino operated by the Philippine Amusement and Gaming Corporation. By the last quarter of 1999, the hotel had grown with a total of 561 rooms.

- **Waterfront Convention Center- (WCC)**

Waterfront Convention Center was previously known as Cebu International Convention Center and is a six-storey building, especially designed to adapt to any event size and purpose. The WCC has a total gross area of 40,587 square meters and has been in operation since January 1998. Major amenities of the center include eleven (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- **Entertainment Block**

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of nine (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino," and 62 hotel rooms and suites.

- **Hotel Tower Block**

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high-rise block of 499 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach of key business, commercial and shopping districts. On a regular day, the hotel is just 45 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusively for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is equipped with 3 computers stations, where guests can avail themselves of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games.

The hotel houses a 10,000-square meter convention center, which is the largest convention center in the

Visayas and Mindanao and is designed to adapt to multiple types of events. The convention center is equipped with 11 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, capable of seating 4,000 people each. The center has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The lobby renovation was inspired to fulfill two main objectives: first, to transform the former single dimension grand lobby into a multi-dimensional lifestyle-concept space that would enhance guests experience when dining and lounging in the lobby; and second, to improve foot traffic patterns. This second objection was achieved with the construction of larger check-in areas and through the usage maximization the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction and is touted as the largest hotel lobby in Visayas Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and

crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself offers an all-day dining, with glass panels semi-closing each side of the lounge. Fully equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable, sweet treats, introducing Lobby Lounge's other service concepts.

To complement the Hotel's main lobby, a group check-in counter was dedicated solely to corporate and travel groups. This will not only declutter the lobby layout and allow the addition of other exciting tenant areas, but also increase operational efficiency.

Waterfront Mactan Casino Hotel, Inc

Waterfront Mactan was incorporated in September 1994 to operate the Waterfront Mactan Island Hotel and Casino (WMIHC). This hotel is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 166 rooms and suites, 3 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights.

The hotel is conveniently just a ten-minute drive to the Mactan Industrial Zone, a thirty-minute drive to the beaches of Mactan Island and just 45 minutes away from Cebu City's shopping and financial district.

In 2016, the property extended the Annex parking to provide more slots for the guests.

Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc

Davao Insular Hotel Company Inc. was incorporated in the Philippines in July 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trade name Waterfront Insular Hotel Davao. The hotel is approximately 25 minutes from the downtown area. Nestled along the picturesque Davao Gulf, its open-air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater land area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibition groups. The hotel consists of four low-rise buildings with 159 guest rooms and suites, 5 function rooms, 5 F&B outlets and a gym. Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the hotel are the 5 gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City.

Acesite (Phils.) Hotel Corporation

The principal property of Acesite (Phils.) Hotel Corporation (PSE stock symbol: ACE) is a 22-storey building previously known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. This hotel, now renamed Waterfront Manila Hotel and Casino, had approximately 500 rooms, several restaurants and large banquet facilities. In addition, the Casino Filipino – Pavilion, owned and operated by PAGCOR, occupied part of the lower floors of the building.

ACE has a 100% owned subsidiary known as Acesite Realty Inc. (ARI), which owns the 6,500 sq.m. land on which the Manila Pavilion Hotel stands.

In March 2018, a major fire broke out at the Manila Pavilion Hotel prompting management to suspend operations. Reconstruction is currently underway.

Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation in 2006. In October 2014, the BOD of WHMC approved the cessation of the Company's business operations in Roxas Boulevard. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters. In February 2022, WHMC entered into an agreement to purchase 35,216 sq. m. of property in the Puerto Azul resort complex in Ternate, Cavite for future development of a proposed resort.

Mayo Bonanza, Inc.

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated in November 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI was positioned to extend the gaming business of the Company and as such, the company had entered into a slot machine arcade agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) in Sta. Cruz, Manila. However, in May 2016, the BOD of MBI approved the cessation of the Company's business operations effective July 2016.

Waterfront Horizon Corporation (previously Waterfront Entertainment Corporation)

WHC established the country's first integrated hotel reservations and booking system featuring a full-service Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialized hotel consultancy services to hotel owners, operator's brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective. Recently, WHC entered into agreements for the option to purchase approximately 9 hectares of property at the Manila Waterfront City, a reclamation project of the City of Manila in the Manila Bay, once the reclamation project is completed.

Waterfront Food Concepts, Inc.

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu City Casino Hotel, Inc. The property is located in the lobby level of the hotel. It started its operation in May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered to most of the renowned coffee shops in the city of Cebu.

Waterfront Wellness Group, Inc.

This subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Previously Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipment. The gym offers a variety of services from aerobic instructions to belly dancing, boxing, yoga classes, spinning and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public by opening The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose of such investment in the near future. In November 2000, GIRDI sold all its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

Waterfront Promotions Limited/Club Waterfront International Limited

Waterfront Promotion Ltd. was incorporated in March 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of

the Parent Company. In September 2001, the company participated in a joint venture with Jin Lin Management Corporation to market to foreign high rollers under the marketing programs of PAGCOR. This joint venture was terminated in April 2002.

The operations for Waterfront Promotions Limited and likewise for Club Waterfront International Limited had ceased in March 2003 due to the bleak market.

Waterfront Iloilo Hotel Inc.

Waterfront Iloilo Hotel Inc. (WIHI) was incorporated and registered with the Philippine Securities and Exchange Commission in March 2019 primarily to operate and manage a resort hotel and a restaurant in Iloilo. WIHI had entered into an agreement for the purchase of 35,061 sqm. of property in Jaro, Iloilo, for the purpose of developing a hotel complex. The Company is a wholly owned subsidiary of the Parent Company.

As of June 30, 2024, the Company has not yet started its commercial operations. The Company's registered office address is on the 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

Waterfront Puerto Princesa Hotel, Inc.

Waterfront Puerto Princesa Hotel, Inc. (WPPHI) was incorporated and registered with the Philippine Securities and Exchange Commission in May 2017 primarily to operate hotels in Palawan. WPPHI owns a 9,687 sqm. property in Puerto Princesa, Palawan, for future development into a hotel complex. The Company is a wholly owned subsidiary of the Parent Company.

As of March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office is on the 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

Waterfront Cebu Ventures, Inc.

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission in August 2018 primarily to carry on the business of an investment holding company. The Company is a wholly owned subsidiary of the Parent Company.

As of March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the hotel operations, marketing operations and corporate and other operations segments. The Group's only reportable geographical segment is the Philippines.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

- **Rooms**
Room revenue is recognized based on actual occupancy.
- **Food and Beverage**
Food and beverage revenue is recognized when orders are served and billed.
- **Rent and Related Income**
Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.
- **Other Revenues**
Other revenues are recognized upon execution of service or when earned.

➤ **Other Income**

Interest income is recognized as it accrues using the effective interest method.

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at an annual average rate of 0.05% to 5.50% in 2024 with average maturities ranging from 30 to 90 days.

2. Receivables

This account consists of:

| | June 2024 | December 2023 |
|---------------------------------------|----------------------|----------------------|
| Trade | 1,622,107,148 | 448,121,134 |
| Others | 517,074,580 | 517,074,580 |
| Total Receivables | 2,139,181,728 | 965,195,714 |
| Less: Allowance for Doubtful accounts | (61,521,598) | (61,521,598) |
| Total, Net | 2,077,660,130 | 903,674,116 |

3. Inventories

This account consists of:

| | June 2024 | December 2023 |
|--------------------|-------------------|----------------------|
| Food and Beverages | 14,588,248 | 12,835,838 |
| Operating Supplies | 9,725,499 | 11,291,994 |
| Others | 822,551 | 822,551 |
| Total | 25,136,297 | 24,950,383 |

4. Related Party Transactions

This represents interest bearing advances from TWGI and Pacific Rehouse Corporation (PRC) these advances are due in one year, subject to renewal. The advances to TWGI charge interest at 4% per annum in 2024 and 2023, respectively, while the advances to PRC charge interest at 2% per annum in 2024 and 2023. Advances to Philippine Estate Corporation (PHES), Forum Holdings Corporation (FHC), Plastic City Industrial Corporation (PCIC), East Asia Oil & Mining Company, Inc. (East Asia) and Pacific Wide Realty Development Corp. (PWRDC) are noninterest-bearing, collateral-free and with no fixed term of repayment.

5. Accounts Payable and other non-payable

This account consists of:

| | June 2024 | December 2023 |
|------------------|----------------------|----------------------|
| Trade | 1,314,346,673 | 718,318,614 |
| Accrued Expenses | 876,231,115 | 863,532,325 |
| Others | 218,770,846 | 218,770,846 |
| Total | 2,409,348,634 | 1,800,621,785 |

6. Loans

This account consists of:

SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations. Thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief, and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a Resolution issued by CA, resolved to submit the appeal for decision.

On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Parent Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999 to June 30, 2013, and 6% legal interest from July 1, 2013 until full payment; and
- SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013 until full payment.

As at the date of authorization for issue of the consolidated financial statements ending December 31, 2021, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC. As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statement of profit or loss and other comprehensive income.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. On May 4, 2022, the Company filed a Comment to Respondent's Motion for Reconsideration with Motion to Admit.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021, and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company was ordered to:

- a. Submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. Provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. Submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule of Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision.

On August 17, 2023, Branch 76 of the RTC of Quezon City issued an Order approving the legal compensation between SSS and the Company, ordering WPI to pay P258,117,749.89 to SSS, which is the balance of the amount due to SSS after set-off of the amounts due to WPI, and further ordering the return of real estate properties and shares of stock by SSS to defendants WPI and WIN.

On September 29, 2023, plaintiff SSS filed a Motion for Reconsideration with the RTC of Quezon City asking that the August 17, 2023 Order be set aside.

On September 20, 2023, SSS filed a Motion for Reconsideration with the RTC of Quezon City asking that August 17, 2023 Order to be set aside. The Motion for Reconsideration was denied by the RTC in its Order on January 12, 2024. A Motion for the Issuance of Certificate of Finality before the RTC has not been executed as the case is yet to attain finality should SSS file an appeal or petition for certiorari.

7. The earnings (loss) per share are computed as follows:

| | June 2024 | December 2023 |
|---|------------------|----------------------|
| Net Income | 47,011,670 | 68,843,761 |
| Weighted Average Number of Shares Outstanding | 2,498,991,753 | 2,498,991,753 |
| Total | 0.019 | 0.073 |

There are no dilutive potential shares as June 30, 2024 and December 31, 2023.

8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR”)

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sqm.), Slot Machine Expansion Area (883.38 sqm.), Mezzanine (2,335 sqm.) and 5th Floor Junket Area (2,336 sqm.) for a total area of 13,677.98 sqm. which commenced in March 2011. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sqm.) and Chip Washing Area (1,076 sqm.) for a total area of 5,152.24 sqm. These aforesaid leases are valid until the year 2032.

9. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

WCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

10. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

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

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014, affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013. The CTA En Banc decision was appealed to the SC on February 5, 2015, covering the VAT assessment only.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals. Management and its legal counsel believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

- b. On June 8, 2021, the Parent Company received a Letter of Authority SN: eLA201500023533 LOA-080- 2021-0000113 dated May 31, 2021, from the BIR for the taxable year 2019.

On January 26, 2023, the Parent received Notice of Discrepancy dated January 25, 2023. On February 24, 2023, the Parent Company sent a letter to BIR contesting the said assessment.

On May 23, 2023, an Amended Notice of Discrepancy dated May 15, 2023, was received by the parents with changes on the assessment. On June 20, 2023, the Parent submitted a reply with justification and explanation on itemized assessment.

On July 26, 2023, the parents received a Preliminary Assessment Notice dated July 24, 2023. On August 9, 2023, a reply dated August 9, 2023 was sent to BIR still contesting the said assessment.

On August 31, 2023, a Formal Letter of Demand dated August 16, 2023 ("FLD") was received by the Parent. On October 2, 2023, the Parent Company sent a protest letter to BIR contesting portion of the said assessment. Settlement on Documentary Stamp Tax, Registration Fee, Expanded Withholding Taxes and Withholding Tax on Compensation amounting to P3.3 million was made on October 12, 2023. Items still for reinvestigation and verification included in the Protest Letter are Income Tax and VAT.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending June 30, 2024 and June 2023 together with its financial conditions as of the same period.

Results of Operation

| | June 2024 | June 2023 |
|--|--------------|--------------|
| Revenues | 497,610,817 | 491,435,338 |
| Less: Costs and Expenses | 320,665,723 | 320,724,921 |
| Net Income (Loss) Before Fixed Financial and Other Charges | 176,945,094 | 170,710,417 |
| Less: Fixed Financial and Other Charges (Dep'n and Amort'n and Interest) | 112,612,476 | 190,641,512 |
| Income (Loss) before Income Taxes | 64,332,618 | (19,931,095) |
| Income Tax Expense (Benefit) | 17,320,948 | 5,019,083 |
| Income (Loss) before Share in minority interest | 47,011,670 | -24,950,178 |
| Share in Minority Interest | (19,517,575) | (19,517,575) |
| Net Income (Loss) | 27,494,095 | 64,983,903 |
| Earnings (Loss) per share | 0.019 | 0.010 |

Period ended June 30, 2024, compared to Period Ended June 30, 2023.

Income Statement

Hotels and other subsidiaries' gross revenue for the 2nd quarter of 2024 was 6.17 higher than the previous year. Consolidated costs and expenses for all properties decreased by 9.45% as compared to last year due to increased bookings and functions.

Seasonality or Cyclicity of Interim Operations

1st QUARTER

The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients that include airline, telecommunication and utility companies. For Food and Beverage, the Group has reimagined the outlet menus boosting promotions for clients to get to taste our sumptuous dishes right at the outlets. Presentation of top five performance indicators for the third quarter is shown as follows.

2nd QUARTER

The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients that include airline, telecommunication and utility companies. For Food and Beverage, the Group has reimagined the outlet menus boosting promotions for clients to get to taste our sumptuous dishes right at the outlets. Presentation of top five performance indicators for the third quarter is shown as follows.

TOP FIVE PERFORMANCE INDICATORS

| | June 30, 2024 | June 30, 2023 |
|----------------------|---------------|---------------|
| Occupancy Percentage | 67.64% | 74.39% |
| Average Room Rates | 3,422.06 | 2,947.70 |
| Food Covers | 158,353.67 | 173,075.67 |
| Average Food Checks | 504.52 | 465.85 |
| Average Food Costs | 36% | 39% |

Occupancy Percentage

- The occupancy percentage is 67.64%. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate

- The average room rate is Php 3,422.06. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers

- Food covers are 158,353.67. Food covers pertain to the number of guests that availed of the restaurant's services.

Average Food Check

- The average food check or average consumption per guest is Php 504.52. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

Average Food Cost

- The average food cost is 36%. Average Food Cost is computed by dividing the cost of sales food by revenue plus allowance.

Financial Condition

Cash and cash equivalents

- This account decreased by P951K which is 0.22% lower than last year.

Receivables

- has increased by 173.27% from P760.29K in June 2023 to P2.08M in 2024.

Notes Receivable

- Decreased by 52.22%

Inventories

- Inventories decreased by 12% from June last year.

Due from related parties-current portion

- Has increased from P1.79M June of last year to P2.17M in 2024.

Prepaid expenses and other current assets

- An increase of P145.14M from June last year have been noted. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment

- There was a 8.22% increase from last year. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.

Other noncurrent assets

- There is a decrease of 15.71% from June last year.

Current Liabilities

- The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 190.65% from last year.

Loans Payable

- Current portion of the loan has decreased by 23.53%.

Noncurrent liabilities

- The account resulted in an increase of 3.13% from June of previous year.

Key Variable and Other Qualitative and Quantitative Factors:**a. Any known Trends, Events or Uncertainties**

The Group has assessed that it will still have continued operation after the previous year's challenges. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.**Omnibus Security and Loan Agreement Covenants**

As of December 31, 2023, the Group's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach (see Note 26). As at the date of the authorization of the financial statements, the Group is not in default and continues to pay the maturing interest and principal in a timely manner

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.**d. The group is not subject to externally imposed capital requirements.****Financial Risk and Capital Management Objectives and Policies**

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it

manages and measures the risks in prior financial years. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arise principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have a high probability of collection, as evidenced by counterparties having the ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay off the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2023 and 2022 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. In 2006, the Parent Company charged WCCCHI with the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed if it has already fulfilled its obligations related to its use of proceeds from such loan.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group monitors the changes in the price of the shares of stock of WPI. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date; thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2023, and 2022.

Risk Management Structure

| Board of Directors | Risk Management Committee | Capital Management |
|--|--|--|
| <p>- The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues to make relevant decisions.</p> | <p>- Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.</p> | <p>- The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2024 and 2023.</p> <p>- The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.</p> <p>- The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans.</p> |


PART II--OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: ... **Waterfront Philippines, Incorporated**

Issuer.....  ATTY. ARTHUR R. PONSARAN

Signature and Title..... **Corporate Secretary**

Date..... **08-014-2024**

Issuer.....  RICHARD L. RICARDO

Signature and Title..... **Compliance Officer**

Date..... **08-14-2024**

WATERFRONT PHILIPPINES INC.
 COMPARATIVE STATEMENTS OF INCOME
 FOR THE QUARTER ENDING JUNE 30, 2024
 (with comparative figures for June 30, 2023)

| | QUARTER ENDED JUNE 30, 2024 | QUARTER ENDED JUNE 30, 2023 | YEAR ENDED DECEMBER 31, 2023 | Movement vs Q2 | % |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------|----------------|
| REVENUES | | | | | |
| Hotel | 296,621,770 | 228,068,116 | 1,764,270,270 | 68,553,654 | 3.89% |
| Nonhotel | 151,546,520 | 276,732,040 | 39,316,103 | - 125,185,520 | -318.41% |
| Interest and other income | 49,442,527 | - 13,364,818 | 141,173,479 | 62,807,345 | 44.49% |
| Subtotal | 497,610,817 | 491,435,338 | 1,944,759,852 | 6,175,479 | 0.32% |
| OPERATING EXPENSES | | | | | |
| Hotel | 270,716,344 | 132,215,415 | 729,935,355 | 138,500,929 | 18.97% |
| Nonhotel | 49,949,379 | 188,509,506 | 413,697,247 | - 138,560,127 | -33.49% |
| Subtotal | 320,665,723 | 320,724,921 | 1,143,632,602 | - 59,198 | -0.01% |
| INCOME (LOSS) BEFORE FIXED FINANCIAL AND OTHER CHARGES | 176,945,094 | 170,710,417 | 801,127,250 | 6,234,677 | 0.78% |
| FIXED, FINANCIAL AND OTHER CHARGES | | | | | |
| Depreciation and amortization | 42,322,151 | 51,753,482 | 333,404,063 | - 9,431,331 | -2.83% |
| Interest expense | 70,132,430 | 148,383,634 | 299,821,604 | - 78,251,204 | -26.10% |
| Provision for doubtful accounts | - | - | 9,572,112 | - | 0.00% |
| Penalties and other charges | - | - | - | - | 0.00% |
| Foreign exchange losses (gains) | - | - | 12,144,791 | - | 0.00% |
| Others | 157,895 | 9,495,604 | - | - | 0.00% |
| Subtotal | 112,612,476 | 190,641,512 | 654,942,570 | - 87,682,535 | -13.39% |
| INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY AND INCOME TAX EXPENSE | 64,332,618 | 19,931,095 | 146,184,680 | | 0.00% |
| INCOME TAX EXPENSE | 17,320,948 | 5,019,083 | 107,627,968 | 12,301,865 | 11.43% |
| NET INCOME (LOSS) | 47,011,670 | 24,950,178 | 38,556,712 | - 12,301,865 | -31.91% |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Appraisal on increase on property and equipment | | | 183,673,363 | | 0.00% |
| Foreign currency translation differences for foreign operations | | | 935,085 | | 0.00% |
| Actuarial gains on defined benefit plan | | | 4,089,691 | | 0.00% |
| Net change in fair value of AFS investment | | | - | | 0.00% |
| Reduction of deferred tax liability relating to revaluation surplus | | | - | | 0.00% |
| Deferred tax effect | | | 45,918,340 | | 0.00% |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 47,011,670 | 24,950,178 | 181,336,511 | - 12,301,865 | -6.78% |

WATERFRONT PHILIPPINES INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | June 30, 2024 | December 31, 2023 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 438,883,157 | 475,947,998 |
| Short-term Investment | - | 1,277,615 |
| Trade and Other current receivables - net | 2,077,660,130 | 903,674,116 |
| Note Receivable | 108,372,411 | 267,553,447 |
| Due from related party - current | 2,171,710,317 | 2,936,358,422 |
| Inventories | 25,136,297 | 24,950,383 |
| Prepaid expenses and other current assets | 380,492,241 | 248,457,059 |
| Total Current Assets | 5,202,254,552 | 4,858,219,040 |
| Noncurrent Assets | | |
| Property Plant and equipment - net | 10,896,575,978 | 10,977,835,715 |
| Right-of-use assets - net | 133,800,348 | 133,800,348 |
| Retirement Liability (Asset) | 337,391 | 69,146,215 |
| Due from related party - noncurrent | 2,995,565,044 | 3,591,306,466 |
| Investment in subsidiary | 2,342,074,503 | - |
| Equity securities - at fair value through other comprehensive income | 20,115,300 | 70,255,800 |
| Investment | 455,000,000 | - |
| Deferred Tax Assets - net | 326,285,840 | 251,168,202 |
| Other noncurrent assets - net | 800,125,474 | 728,655,722 |
| Total Noncurrent Assets | 17,969,879,877 | 15,822,168,468 |
| TOTAL ASSETS | 23,172,134,430 | 20,680,387,508 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other current payables | 2,409,348,634 | 1,800,621,785 |
| Loans Payable - current | 715,000,000 | 715,000,000 |
| Due to related parties | 4,914,427,563 | 30,000 |
| Contract Payable | - | - |
| Lease Liability - current portion | 2,466,149 | 2,795,134 |
| Other Current Liabilities | - | 63,488,720 |
| Income Tax Payable | 38,602 | 76,473,704 |
| Total Current Liabilities | 8,041,203,745 | 2,658,409,343 |
| Noncurrent Liabilities | | |
| Loans Payable - noncurrent | 2,582,305,926 | 2,435,000,000 |
| Deposit for future stock subscription | - | - |
| Retirement benefits liability | - | 341,300 |
| Other Noncurrent Liabilities | 1,479,046,696 | 474,314,210 |
| Lease Liability - noncurrent portion | 27,438,009 | 146,114,456 |
| Retention payables | 88,453,190 | - |
| Deferred Tax Liabilities - net | 1,035,699,500 | 2,263,895,720 |
| Total Noncurrent Liabilities | 5,212,943,322 | 5,319,665,686 |
| TOTAL LIABILITIES | 13,254,147,067 | 7,978,075,029 |
| EQUITY | | |
| Capital Stock | 2,498,991,788 | 2,498,991,753 |
| Additional paid-in capital | 706,364,357 | 706,364,357 |
| Revaluation surplus on property and equipment - net | 2,569,317,511 | 5,294,395,019 |
| Foreign currency translation adjustment | - | 56,063,862 |
| Retirement benefits reserve | 62,260,724 | 166,834,348 |
| Fair Value reserve | 7,692,830 | 4,284,906 |
| Retained Earnings | 4,073,360,153 | 3,975,378,234 |
| Treasury Stock | - | - |
| TOTAL EQUITY | 9,917,987,363 | 12,702,312,479 |
| TOTAL LIABILITIES AND EQUITY | 23,172,134,430 | 20,680,387,508 |

WATERFRONT PHILIPPINES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDING JUNE 30, 2024

| | Unaudited June 30, 2024 | Unaudited June 30, 2023 | Audited December 31, 2023 |
|---|----------------------------|----------------------------|------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Income(Loss) before income tax | 115,331,716 | 70,002,985 | 146,184,690 |
| Adjustments for: | | | |
| Depreciation | 84,446,951 | 84,168,435 | 327,077,010 |
| Interest Expense | 130,900,753 | 162,251,878 | 285,745,321 |
| Unrealized foreign exchange loss | - | - | 2,349,483 |
| Amortization of operating equipment | - | - | - |
| Retirement Benefit Cost | - | - | 198,032 |
| Income due to rent concession | - | - | 1,814,550 |
| Impairment Losses | - | - | 18,585,407 |
| Interest Income | 59,248,530 | - | 141,173,479 |
| Loss on sale of equipment | - | 25,145,626 | - |
| Operating income before working capital changes | 271,430,890 | 291,277,672 | 632,056,884 |
| Decrease (increase) in: | | | |
| Receivables | - 1,317,369,710 | 134,118,660 | 29,808,625 |
| Inventories | 3,440,450 | 525,689 | 4,939,298 |
| Short term Investment | - 145,138,003 | - | 1,277,615 |
| Prepaid expenses | - | 10,877,610 | 208,347 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | 619,202,279 | 97,475,066 | 107,950,497 |
| Net Cash flow from Insurance claims | 42,000,000 | 99,692,943 | - |
| Other noncurrent liabilities | - | - | 11,225,826 |
| Other current liabilities | - | - | 30,537,348 |
| Rental paid in advance | - | - | - |
| Net cash generated from operations | - 526,434,094 | 612,212,420 | 808,125,844 |
| Interest received | 59,248,530 | 25,145,626 | 6,785,285 |
| Interest Paid | - 130,900,753 | - 162,251,878 | - 85,484,722 |
| Income taxes paid | - 618,571 | - 53,750,489 | - 14,076,283 |
| Net cash from operating activities | - 598,704,887 | 421,355,679 | 715,350,124 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Decrease (increase) in receivable from affiliates | 382,765,487 | - 1,424,455,686 | 712,157,886 |
| Note receivable | 382,765,487 | 20,543,589 | 20,171,262 |
| Proceeds from insurance claims on property damages | - | - | - |
| Other noncurrent assets | - | - | - |
| Acquisition of property and equipment | 828,104,452 | 848,470,354 | 120,129,047 |
| Decrease (increase) in other assets | - 1,057,265,686 | - 414,952,846 | 3,100,151 |
| Net cash from (used) in investing activities | 536,369,739 | - 970,394,589 | 574,957,728 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of loan | - | - | - |
| Loan Payable | - 82,670,555 | 450,023,519 | - |
| Change in due to a related party | - | - | 30,000 |
| Increase (decrease) in noncurrent liabilities | - | 45,038,465 | 220,000,000 |
| Increase (decrease) in lease rental payable (Cimar) | - | - | 28,363,258 |
| Cash used in financing activities | - 82,670,555 | 404,985,054 | 248,333,258 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | - 145,005,703 | - 144,053,856 | 107,940,862 |
| CASH AND CASH EQUIVALENTS, BEGINNING | 583,888,860 | 583,888,860 | 583,888,860 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 438,883,157 | 439,835,004 | 475,947,998 |

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of June 30, 2024

| Trade Receivables | 0-30 days | 31-60 days | 61-90 days | 91-120 days | 121 days over | Total |
|--|---------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|
| Waterfront Cebu City Casino Hotel Inc. | 4,899,150.64 | 11,608,481.85 | 5,913,510.41 | 3,371,260.99 | 154,141,440.89 | 179,933,844.78 |
| Waterfront Airport Hotel and Casino | 406,233.43 | 565,162.16 | 812,048.03 | 8,641,890.10 | 69,329,105.97 | 79,754,439.69 |
| Waterfront Insular Hotel Davao | 3,112,342.40 | 64,933.18 | (275,604.69) | 169,769.96 | 9,736,956.87 | 12,808,397.72 |
| Acesite Phils. Hotel Corporation | | | | | 24,454,419.70 | 24,454,419.70 |
| Total | 8,417,726.47 | 12,238,577.19 | 6,449,953.75 | 12,182,921.05 | 257,661,923.43 | 296,951,101.89 |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,114,235 | 45.34% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,591,239 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 20 | EMILY LIM | 500,000 | 00.02% |
| 21 | DEE HUA T. GATCHALIAN | 350,000 | 00.01% |
| 22 | ARTHUR H. OSMENA &/OR JANE Y. OSMENA | 330,000 | 00.01% |
| 23 | JOSE YAP &/OR CONCHITA YAP | 330,000 | 00.01% |
| 24 | MARVIN J. GIROUARD | 330,000 | 00.01% |
| 25 | DAVID LAO OSMENA | 314,600 | 00.01% |
| 26 | ANA L. GO | 300,000 | 00.01% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

Page No. 2

| Rank | Name | Holdings | Percentage |
|------|---|----------|------------|
| 27 | SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO | 297,000 | 00.01% |
| 28 | CHARTERED COMMODITIES CORPORATION | 294,999 | 00.01% |
| 29 | DOMINGO C GO | 275,000 | 00.01% |
| 30 | DAVID LAO OSMENA | 275,000 | 00.01% |
| 31 | SILVER GREEN INVESTMENTS LTD. | 230,000 | 00.01% |
| 32 | GARY GO DYCHIAO | 200,000 | 00.01% |
| 33 | MERIDIAN SEC., INC. A/C# 844 | 200,000 | 00.01% |
| 34 | CRISTINO NAGUIAT, JR. | 181,500 | 00.01% |
| 35 | WILLIE TIO | 159,500 | 00.01% |
| 36 | BETO Y. LIM | 150,000 | 00.01% |
| 37 | PIERCE INTERLINK SECURITIES, INC. | 150,000 | 00.01% |
| 38 | AURORA V. SAN JOSE | 143,000 | 00.01% |
| 39 | YAN TO A. CHUA | 132,000 | 00.01% |
| 40 | CELY S. LIM | 112,200 | 00.00% |
| 41 | DEWEY CHOACHUY, JR | 111,300 | 00.00% |
| 42 | JOHN CRHISTOPHER D. WEIGEL | 110,000 | 00.00% |
| 43 | WANG YU HUEI | 110,000 | 00.00% |
| 44 | WILSON CHUA &/OR BECKY QUE CHUA | 110,000 | 00.00% |
| 45 | KENSTAR INDUSTRIAL CORPORATION | 110,000 | 00.00% |
| 46 | WATERFRONT NOMINEES SDN BHD A/C#6 | 107,800 | 00.00% |
| 47 | CATHAY SEC. CO., INC. A/C# 1030 | 100,000 | 00.00% |
| 48 | MANUEL H. OSMENA &/OR GRELINA L. OSMENA | 100,000 | 00.00% |
| 49 | CHONG PENG YNG | 100,000 | 00.00% |
| 50 | PACIFIC WIDE REALTY DEVELOPMENT CORP. | 100,000 | 00.00% |
| 51 | PACIFIC CONCORDE CORPORATION | 100,000 | 00.00% |
| 52 | MIZPAH HOLDINGS, INC. | 100,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

Page No. 3

| Rank | Name | Holdings | Percentage |
|------|--|----------|------------|
| 53 | CHESA HOLDINGS, INC. | 100,000 | 00.00% |
| 54 | PACIFIC REHOUSE CORPORATION | 100,000 | 00.00% |
| 55 | HANSON G. SO &/OR LARCY MARICHI Y. SO | 100,000 | 00.00% |
| 56 | PACIFIC IMAGES, INC. | 100,000 | 00.00% |
| 57 | CARRIE LIM | 100,000 | 00.00% |
| 58 | ALVIN TAN UNJO | 88,000 | 00.00% |
| 59 | TERESITA GO &/OR SATURNINA GO | 87,000 | 00.00% |
| 60 | GEORGE U. YOUNG, JR | 82,500 | 00.00% |
| 61 | ROLANDO D. DE LEON | 66,000 | 00.00% |
| 62 | LIPPO SECURITIES, INC. | 56,500 | 00.00% |
| 63 | L.M. GARCIA & ASS., INC. A/C# 160 | 55,000 | 00.00% |
| 64 | MA. TERESA P. CRUZ | 55,000 | 00.00% |
| 65 | PRIMITIVO C. CAL | 55,000 | 00.00% |
| 66 | VICKY L. CHAN | 55,000 | 00.00% |
| 67 | LEONG JEE VAN | 55,000 | 00.00% |
| 68 | KIRBY YU LIM | 55,000 | 00.00% |
| 69 | LIM TAY | 55,000 | 00.00% |
| 70 | FRUTO M. TEODORICO, JR | 55,000 | 00.00% |
| 71 | RENATO C. GENDRANO &/OR GENDRANO BERNADETTE | 55,000 | 00.00% |
| 72 | LYDIA J. SY | 55,000 | 00.00% |
| 73 | EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO | 55,000 | 00.00% |
| 74 | NEIL JOHN A. YU | 50,000 | 00.00% |
| 75 | ROBERTO L. UY | 50,000 | 00.00% |
| 76 | UY TIAK ENG | 50,000 | 00.00% |
| 77 | SANDRA E. PASCUAL | 50,000 | 00.00% |
| 78 | FRANCISCO C. SAN DIEGO | 50,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 06/30/2024

| Rank | Name | Holdings | Percentage |
|------|--------------------------------------|----------|------------|
| 79 | EBC SECURITIES CORPORATION | 48,400 | 00.00% |
| 80 | TAN DAISY TIENG | 46,500 | 00.00% |
| 81 | EAST ASIA OIL & MINING COMPANY, INC. | 40,000 | 00.00% |
| 82 | OCBC SECURITIES PHILS., INC. | 40,000 | 00.00% |
| 83 | MANILYNN L. OSMENA | 39,600 | 00.00% |
| 84 | MEGHANN GAIL L. OSMENA | 39,600 | 00.00% |
| 85 | MANUEL L. OSMENA, II | 39,600 | 00.00% |
| 86 | GLADYS MAY L. OSMENA | 39,600 | 00.00% |
| 87 | STEVE WOODWARD | 39,600 | 00.00% |
| 88 | ROBERT KLING | 39,600 | 00.00% |
| 89 | JAY JACOBS | 39,600 | 00.00% |
| 90 | ADRIAN LONG | 39,600 | 00.00% |
| 91 | LUZ YAMANE | 38,500 | 00.00% |
| 92 | LILY S. HO | 36,300 | 00.00% |
| 93 | ABACUS SECURITIES CORPORATION | 35,200 | 00.00% |
| 94 | LILIAN HONG | 34,000 | 00.00% |
| 95 | INTERNATIONAL POLYMER CORPORATION | 33,000 | 00.00% |
| 96 | SEAFRONT RESOURCES CORP. | 33,000 | 00.00% |
| 97 | ARTURO GUANZON | 33,000 | 00.00% |
| 98 | LEONCIO TIU | 33,000 | 00.00% |
| 99 | RAMONCITO ARCEO | 30,000 | 00.00% |
| 100 | RODOLFO B. LEDESMA | 30,000 | 00.00% |

Total Top 100 Shareholders : 2,496,888,982 99.91%

Total Issued Shares 2,498,991,753

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 20 Stockholders
As of 06/30/2024

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,114,235 | 45.34% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,591,239 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 20 | EMILY LIM | 500,000 | 00.02% |

Total Top 20 shareholders : 2,488,312,383 99.57%

Total Issued Shares 2,498,991,753

Re: WATERFRONT PHILIPPINES INC_SEC FORM 17-Q_14 MAY 2024

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Tue 5/14/2024 4:15 PM

To: Pitchie Mae Maambong <p.maambong@waterfronthotels.net>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secexpress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic

Filing and Submission Tool (eFAST) at

<https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link –

<https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

COVER SHEET

A S 0 9 4 - 8 6 7 8

SEC Registration Number

W A T E R F R O N T P H I L I P P I N E S , I N C .

[Empty grid for company name]

(Company's Full Name)

N O . 1 W A T E R F R O N T D R I V E

O F F S A L I N A S D R I V E L A H U G

C E B U C I T Y

[Empty grid for business address]

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

RICHARD L. RICARDO

Contact Person

(02) 8706-7888

Company Telephone Number

1 2

3 1

Month Day

SEC Form 17 - Q

FORM TYPE

0 9

2 3

Month Day Annual Meeting

[Empty box for secondary license type]

Secondary License Type, If Applicable

[Empty box for dept. requiring doc.]

Dept. Requiring this Doc.

[Empty box for amended articles number/section]

Amended Articles Number/Section

429

Total No. of Stockholders

Total Amount of Borrowings

[Empty box for domestic borrowings]

Domestic

[Empty box for foreign borrowings]

Foreign

To be accomplished by SEC Personnel concerned

[Empty grid for file number]

File Number

LCU

[Empty grid for document I.D.]

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended

March 31, 2024

2. SEC Identification Number

AS0948678

3. BIR Tax Identification No.

D80003978254NV

4. Exact name of issuer as specified in its charter

WATERFRONT PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization

PHILIPPINES

6. Industry Classification Code (SEC Use Only)

7. Address of principal office

NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU
CITY Postal Code 6000

8. Issuer's telephone number, including area code

032-2326888

9. Former name or former address, and former fiscal year, if changed since last report

NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------------------|---|
| COMMON SHARES - P1.00 PAR VALUE | 2,498,991,753 |

11. Are any or all of registrant's securities listed on a Stock Exchange?

- Yes
 No

If yes, state the name of such stock exchange and the classes of securities listed therein:

THE PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes

No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes

No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Waterfront Philippines, Incorporated

PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17
and
Sections 17.2 and 17.8 of the Revised Disclosure Rules*

| | | |
|---|---------------------|--------------------------------------|
| For the period ended | March 31, 2024 | |
| Currency (indicate units, if applicable) | PESO | |
| Balance Sheet | | |
| | Period Ended | Calendar Year Ended (Audited) |
| | March 31, 2024 | December 31, 2023 |
| Current Assets | 5,649,833,343 | 4,858,219,040 |
| Total Assets | 19,811,943,373 | 20,680,387,508 |
| Current Liabilities | 1,810,040,933 | 2,658,409,343 |
| Total Liabilities | 8,074,276,763 | 7,978,075,029 |
| Retained Earnings/(Deficit) | 2,524,274,393 | 2,517,958,256 |
| Stockholders' Equity | 11,737,666,610 | 12,702,312,479 |
| Stockholders' Equity - Parent | 7,383,333,114 | 11,244,892,501 |
| Book Value per Share | 2.955 | 4.500 |

Income Statement

| | Current Year (Jan-Mar) | Previous Year (Jan-Mar) | Current Year-To-Date | Previous Year-To-Date |
|--|-----------------------------------|------------------------------------|-----------------------------|------------------------------|
| Operating Revenue | 423,378,046 | 332,543,965 | 423,378,046 | 332,543,965 |
| Other Income | 9,806,003 | 38,510,444 | 9,806,003 | 38,510,444 |
| Gross Revenue | 433,184,049 | 371,054,408 | 433,184,049 | 371,054,408 |
| Operating Expense | 279,291,829 | 225,341,527 | 279,291,829 | 225,341,527 |
| Other Expense | 102,893,123 | 55,778,801 | 102,893,123 | 55,778,801 |
| Gross Expense | 382,184,951 | 281,120,328 | 382,184,951 | 281,120,328 |
| Net Income/(Loss) Before Tax | 50,999,097 | 89,934,081 | 50,999,097 | 89,934,081 |
| Income Tax Expense | 28,849 | 0 | 28,849 | 0 |
| Net Income/(Loss) After Tax | 50,970,248 | 89,934,081 | 50,970,248 | 89,934,081 |
| Net Income Attributable to Parent Equity Holder | 60,299,917 | 99,607,351 | 60,299,917 | 99,607,351 |
| Earnings/(Loss) Per Share (Basic) | 0.024 | 0.040 | 0.024 | 0.040 |
| Earnings/(Loss) Per Share (Diluted) | 0.024 | 0.040 | 0.024 | 0.040 |

Financial Ratios

| | Formula | Current Year March 31, 2024 | Previous Year December 31, 2023 |
|--|---|--|--|
| Liquidity Analysis Ratios | | | |
| Current Ratio or Working Capital Ratio | Current Assets/Current Liabilities | 3.121 | 1.827 |
| Quick Ratio | (Current Assets - Inventory - Prepayments)/ Current Liabilities | 2.980 | 0.620 |
| Solvency Ratio | Total Assets / Total Liabilities | 2.454 | 0.083 |
| Financial Leverage Ratios | | | |
| Debt Ratio | Total Debt / Total Assets | 0.408 | 0.386 |
| Debt-to-Equity Ratio | Total Debt / Total Stockholders' Equity | 1.094 | 0.709 |
| Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.161 | 0.129 |
| Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 2.683 | 1.839 |
| Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of service/ Sales | 35.63% | 36.59% |
| Net Profit Margin | Net Profit / Sales | 11.77% | 2.14% |
| Return on Assets | Net Income / Total Assets | 0.26% | 0.19% |
| Return on Equity | Net Income / Total Stockholders' Equity | 0.69% | 0.34% |
| Price / Earnings Ratio | Price Per Share / Earnings Per Common Share | 17.199 | 15.064 |
| Book Value | Total Common Stockholder's Equity-Parent/No. of Common Shares | 2.955 | 4.500 |

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to Annex A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to Annex B.

PART II—OTHER INFORMATION

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: Waterfront Philippines, Incorporated
Issuer :

Signature and Title ATTY. ARTHUR R. PONSARAN
Corporate Secretary

Date _____

Signature and Title RICHARD L. RICARDO
Compliance Officer

Date _____

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Status of the Business

Corporate Information

Waterfront Philippines, Incorporated (the Parent Company) was incorporated in the Philippines, registered with the Philippine Securities and Exchange Commission (SEC) in September 1994, and is listed on the Philippine Stock Exchange (PSE stock symbol: WPI). The Parent Company is 45%-owned by The Wellex Group, Inc. (TWGI), an entity similarly registered and domiciled in the Philippines. The Parent Company holds equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The following subsidiaries (together with the Parent Company collectively referred to as the Group) were incorporated in the Philippines, except for Waterfront Promotion Ltd. (WPL) and Club Waterfront International Limited (CWIL), which were registered in the Cayman Islands:

| | Percentage of Ownership | |
|---|-------------------------|----------|
| | Direct | Indirect |
| Hotels and Resorts | | |
| Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI) | 100 | - |
| Waterfront Mactan Casino Hotel, Incorporated (WMCHI) | 100 | - |
| Waterfront Iloilo Hotel Inc. (WIHI) | 100 | - |
| Waterfront Puerto Princesa Hotel, Inc. (WPPHI) | 100 | - |
| Davao Insular Hotel Company, Inc. (DIHCI) | 98 | - |
| Acesite (Phils.) Hotel Corporation (APHC) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| Acesite Realty, Inc. | - | 56 |
| Fitness Gym | | |
| Waterfront Wellness Group, Inc. (WWGI) | 100 | - |
| International Marketing and Promotion of Casinos | | |
| Waterfront Promotion Limited (WPL) | 100 | - |
| Mayo Bonanza, Inc. (MBI) | 100 | - |
| Club Waterfront International Limited (CWIL) - through direct ownership in WPL | - | 100 |
| Waterfront Horizon Corporation (WHC) – previously known as Waterfront Entertainment Corporation (WEC) | 100 | - |
| Pastries Manufacturing | | |
| Waterfront Food Concepts Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Hotel Management Corp. (WHMC) | 100 | - |
| Pavillion Enterprises Corp. (through direct ownership in APHC) | | 56 |
| Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC) | | 56 |
| Investment Holding Company | | |
| Waterfront Cebu Ventures, Inc. (WCVI) | 100 | - |

HOTELS

Waterfront Cebu City Casino Hotel, Inc.

WCCCHI was incorporated in September 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI opened the doors of WCCHC in January 1998, with 158 guest-rooms, a convention center known as the Waterfront Convention Center, and an Entertainment Block. Located in this Entertainment Block are several restaurants and a casino operated by the Philippine Amusement and Gaming Corporation. By the last quarter of 1999, the hotel had grown with a total of 561 rooms.

- Waterfront Convention Center-(WCC)

Waterfront Convention Center was previously known as Cebu International Convention Center and is a six-storey building, especially-designed to adapt to any event size and purpose. The WCC has a total gross area of 40,587 square meters, and has been in operation since January 1998. Major amenities of the center include eleven (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- Entertainment Block

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of nine (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino," and 62 hotel rooms and suites.

- Hotel Tower Block

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high-rise block of 499 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts. On a regular day, the hotel is just 45 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computers stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games.

The hotel houses a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 11 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, capable of seating 4,000 people each. The center has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The lobby renovation was inspired to fulfill two main objectives: first, to transform the

former single dimension grand lobby into a multi-dimensional lifestyle-concept space that would enhance guests experience when dining and lounging in the lobby; and second, to improve foot traffic patterns. This second objection was achieved with the construction of larger check-in areas and through the usage maximization the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction and is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself offers an all-day dining, with glass panels semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable sweet treats, introducing Lobby Lounge's other service concepts.

To complement the Hotel's main lobby, a group check-in counter was dedicated solely to corporate and travel groups. This will not only declutter the lobby layout and allowed the addition of other exciting tenant areas, but also increased operational efficiency.

Waterfront Mactan Casino Hotel, Inc.

Waterfront Mactan was incorporated in September 1994 to operate the Waterfront Mactan Island Hotel and Casino (WMIHC). This hotel is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 166 rooms and suites, 3 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights.

The hotel is conveniently just a ten-minute drive to the Mactan Industrial Zone, a thirty-minute drive to the beaches of Mactan Island and just 45 minutes away from Cebu City's shopping and financial district.

In 2016, the property extended the Annex parking to provide more slots for the guests.

Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc.

Davao Insular Hotel Company Inc. was incorporated in the Philippines in July 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trade name Waterfront Insular Hotel Davao. The hotel is approximately 25 minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open-air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater land area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 159 guest rooms and suites, 5 function rooms, 5 F&B outlets and a gym. Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the hotel are the 5 gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City.

Acesite (Phils.) Hotel Corporation

The principal property of Acesite (Phils.) Hotel Corporation (PSE stock symbol: ACE) is a 22-storey building previously known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. This hotel, now renamed Waterfront Manila Hotel and Casino, had approximately 500 rooms, several restaurants and large banquet facilities. In addition, the Casino Filipino – Pavilion, owned and operated by PAGCOR, occupied part of the lower floors of the building.

ACE has a 100% owned subsidiary known as Acesite Realty Inc. (ARI), which owns the 6,500 sq.m. land on which the Manila Pavilion Hotel stands.

In March 2018, a major fire broke out at the Manila Pavilion Hotel prompting management to suspend operations. Reconstruction is currently underway.

Waterfront Hotel Management Corporation (*previously Waterfront Management Corp.*)

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation in 2006. In October 2014, the BOD of WHMC approved the cessation of the Company's business operations in Roxas Boulevard. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters. In February 2022, WHMC entered into an agreement to purchase 35,216 sq. m. of property in the Puerto Azul resort complex in Ternate, Cavite for future development of a proposed resort.

Mayo Bonanza, Inc.

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated in November 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI was positioned to extend the gaming business of the Company and as such, the company had entered into a slot machine arcade agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) in Sta. Cruz, Manila. However, in May 2016, the BOD of MBI approved the cessation of the Company's business operations effective July 2016.

Waterfront Horizon Corporation (*previously Waterfront Entertainment Corporation*)

WHC had established the country's first integrated hotel reservations and booking system featuring a full-service Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective. Recently, WHC entered into agreements for the option to purchase approximately 9 hectares of property at the Manila Waterfront City, a reclamation project of the City of Manila in the Manila Bay, once the reclamation project is completed.

Waterfront Food Concepts, Inc.

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu City Casino Hotel, Inc. The property is located in the lobby level of the hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu.

Waterfront Wellness Group, Inc.

This subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Previously Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipment. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes, spinning and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public by opening The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

Waterfront Promotions Limited/Club Waterfront International Limited

Waterfront Promotion Ltd. was incorporated in March 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of the Parent Company. In September 2001, the company participated in a joint venture with Jin Lin Management Corporation to market to foreign high-rollers under the marketing programs of PAGCOR. This joint venture was terminated in April 2002.

The operations for Waterfront Promotions Limited and likewise for Club Waterfront International Limited had ceased in March 2003 due to the bleak market.

Waterfront Iloilo Hotel Inc.

Waterfront Iloilo Hotel Inc. (WIHI) was incorporated and registered with the Philippine Securities and Exchange Commission in March 2019 primarily to operate and manage a resort hotel and a restaurant in Iloilo. WIHI had entered into an agreement for the purchase of 35,061 sq.m. of property in Jaro, Iloilo, for the purpose of developing a hotel complex. The Company is a wholly-owned subsidiary of the Parent Company.

As at March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office address is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

Waterfront Puerto Princesa Hotel, Inc.

Waterfront Puerto Princesa Hotel, Inc. (WPPHI) was incorporated and registered with the Philippine Securities and Exchange Commission in May 2017 primarily to operate hotels in Palawan. WPPHI owns a 9,687 sq.m. property in Puerto Princesa, Palawan, for future development into a hotel complex. The Company is a wholly-owned subsidiary of the Parent Company.

As at March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

Waterfront Cebu Ventures, Inc.

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission in August 2018 primarily to carry on the business of an investment holding company. The Company is a wholly-owned subsidiary of the Parent Company.

As at March 31, 2024, the Company has not yet started its commercial operations. The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the hotel operations, marketing operations and corporate and other operations segments. The Group's only reportable geographical segment is the Philippines.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net

of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

Rooms

Room revenue is recognized based on actual occupancy.

Food and Beverage

Food and beverage revenue are recognized when orders are served and billed.

Rent and Related income

Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.

Other Revenues

Other revenues are recognized upon execution of service or when earned.

Interest Income

Interest income is recognized as it accrues using the effective interest method.

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at annual average rate of 0.05% to 5.50% in 2024 with average maturities ranging from 30 to 90 days.

2. Receivables

This account consists of:

| | March 2024 | December 2023 |
|--------------------------------------|----------------------|--------------------|
| Trade | 663,785,970 | 448,121,134 |
| Others | 765,924,268 | 517,074,580 |
| Total Receivables | 1,429,710,238 | 965,195,714 |
| Less allowance for doubtful accounts | (15,380,400) | (61,521,598) |
| Total | 1,414,329,838 | 903,674,116 |

3. Inventories

This account consists of:

| | March 2024 | December 2023 |
|--------------------|-------------------|-------------------|
| Food and Beverage | 13,646,077 | 12,835,838 |
| Operating Supplies | 12,004,781 | 11,291,994 |
| Others | 874,473 | 822,551 |
| Total | 26,525,331 | 24,950,383 |

4. Related Party Transactions

This represents interest bearing advances from TWGI and Pacific Rehouse Corporation (PRC) these advances are due in one year, subject to renewal. The advances to TWGI charge interest at 4% per annum in 2024 and 2023, respectively, while the advances to PRC charge interest at 2% per annum in 2024 and 2023. Advances to Philippine Estate Corporation (PHES), Forum Holdings Corporation (FHC), Plastic City Industrial Corporation (PCIC), East Asia Oil & Mining Company, Inc. (East Asia) and Pacific Wide Realty Development Corp. (PWRDC) are noninterest-bearing, collateral-free and with no fixed term of repayment.

5. Accounts Payable and other non-payable

This account consists of:

| | March 2024 | December 2023 |
|------------------|----------------------|----------------------|
| Trade | 710,880,729 | 718,318,614 |
| Accrued Expenses | 854,590,813 | 863,532,325 |
| Others | 216,505,567 | 218,770,846 |
| Total | 1,781,977,109 | 1,800,621,785 |

6. Loans Payable

This account consists of:

SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations. Thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a Resolution issued by CA, resolved to submit the appeal for decision.

On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Parent Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999 to June 30, 2013, and 6% legal interest from July 1, 2013 until full payment; and
- SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013 until full payment.

As at the date of authorization for issue of the consolidated financial statements ending December 31, 2021, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC. As a result of the SC decision, the Parent Company recognized a reversal of previously

accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statement of profit or loss and other comprehensive income.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. On May 4, 2022, the Company filed a Comment to Respondent's Motion for Reconsideration with Motion to Admit.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company was ordered to:

- a. Submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. Provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. Submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule of Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision.

On August 17, 2023, Branch 76 of the RTC of Quezon City issued an Order approving the legal compensation between SSS and the Company, ordering WPI to pay P258,117,749.89 to SSS, which is the balance of the amount due to SSS after set-off of the amounts due to WPI, and further ordering the return of real estate properties and shares of stock by SSS to defendants WPI and WIN.

On September 29, 2023, plaintiff SSS filed a Motion for Reconsideration with the RTC of Quezon City asking that the August 17, 2023 Order be set aside.

On September 20, 2023, SSS filed a Motion for Reconsideration with the RTC of Quezon City asking that August 17, 2023 Order to be set aside. The Motion for Reconsideration was denied by the RTC in its Order on January 12, 2024. A Motion for the Issuance of Certificate of Finality before the RTC has not been executed as the case is yet to attain finality should SSS file an appeal or petition for certiorari.

7. The earnings (loss) per share are computed as follows:

| | March 2024 | December 2023 |
|---|-------------------|----------------------|
| Net Income | 60,299,917 | 68,843,761 |
| Weighted Average Number of Shares Outstanding | 2,498,991,753 | 2,498,991,753 |
| Earnings per share | 0.024 | 0.028 |

There are no dilutive potential shares as March 31, 2024 and December 31, 2023.

8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR”)

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced in March 2011. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. These aforesaid leases are valid until the year 2032.

9. Other Lease Agreements**Group as Lessor**

Lease Agreements with Concessionaires

WCCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

10. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

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

On December 8, 2009, the Parent Company received BIR’s Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013. The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals. Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

- b.** On June 8, 2021, the Parent Company received a Letter of Authority SN: eLA201500023533 LOA-080-2021-0000113 dated May 31, 2021 from the BIR for the taxable year 2019.

On January 26, 2023 the Parent received Notice of Discrepancy dated January 25, 2023. On February 24, 2023, the Parent Company sent a letter to BIR contesting the said assessment.

On May 23, 2023, an Amended Notice of Discrepancy dated May 15, 2023 was received by the parent with changes on the assessment. On June 20, 2023, the Parent submitted a reply with justification and explanation on itemized assessment.

On July 26, 2023, the parent received a Preliminary Assessment Notice dated July 24, 2023. On August 9, 2023, a reply dated August 9, 2023 was sent to BIR still contesting the said assessment.

On August 31, 2023, a Formal Letter of Demand dated August 16, 2023 ("FLD") was received by the Parent. On October 2, 2023, the Parent Company sent a protest letter to BIR contesting portion of the said assessment. Settlement on Documentary Stamp Tax, Registration Fee, Expanded Withholding Taxes and Withholding Tax on Compensation amounting to P3.3 million was made on October 12, 2023. Items still for reinvestigation and verification included in the Protest Letter are Income Tax and VAT.

**MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending March 31, 2024 and 2023 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

| | March 2024 | March 2023 |
|---|--------------------|--------------------|
| Revenues | 433,184,049 | 371,054,408 |
| Less: Costs and Expenses | 279,291,829 | 225,341,527 |
| Net Income (Loss) Before Fixed Financial and Other Charges | 153,892,220 | 145,712,881 |
| Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest) | 102,893,123 | 55,778,801 |
| Income (Loss) before Income Tax | 50,999,097 | 89,934,081 |
| Income Tax Expense (Benefit) | 28,849 | - |
| Income (Loss) before Share in Minority Interest | 50,970,248 | 89,934,081 |
| Share of Minority Interest | 9,329,668 | 9,673,270 |
| Net Income (Loss) | 50,970,248 | 89,934,081 |
| Earnings (loss) Per share | 0.024 | .040 |

Period ended March 31, 2024 compared to Period Ended March 31, 2023.

Income Statement

Hotels and other subsidiaries gross revenue for the 1st quarter of 2024 was 16.17 lower than previous year. Consolidated costs and expenses for all properties increased by 35.95% as compared from last year due to increased bookings and functions.

Seasonality or Cyclicity of Interim Operations**1ST QUARTER**

The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients that include airline, telecommunication and utility companies. For Food and Beverage, the Group has reimagined the outlet menus boosting promotions for clients to get to taste our sumptuous dishes right at the outlets. Presentation of top five performance indicators for third quarter is shown as follows.

TOP FIVE (5) PERFORMANCE INDICATORS

| | 31-Mar-24 | 31-Mar-23 |
|----------------------|------------------|------------------|
| Occupancy Percentage | 67.97% | 71.59% |
| Average Room Rates | 3,391.50 | 3,151.07 |
| Food Covers | 77,612 | 89,908 |
| Average Food Checks | 484.29 | 462.03 |
| Average Food Costs | 37.38% | 39.64% |

Occupancy Percentage

The occupancy percentage is 68%. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate

Average room rate is Php 3,391.50. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers

Food covers are 77,612. Food covers pertains to the number of guests that availed of the restaurant's services.

Average Food Check

The average food check or average consumption per guest is Php 484.29. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

Average Food Cost

The average food cost is 37%. Average Food Cost is computed by dividing the cost of sales food by revenue plus allowance.

FINANCIAL CONDITION

Cash and cash equivalents – This account decreased by P187M which is 72.67% higher from March last year.

Receivables – has increased by 68.96% from P837M in March 2023 to P1.414M in March 2024.

Notes Receivable – Decreased by 4.99%.

Inventories – Inventories decreased by 10.00% from March last year.

Due from related parties-current portion – Has increased by P1.04B from March of last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets – A decrease of P244M from March last year have been noted. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – There was a 4.34% increase from last year. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.

Other noncurrent assets – There is a decrease of 67.35% from March last year.

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account decreased by 36.35% from last year.

Loans Payable – Noncurrent portion of the loan has increased by 11.96%.

Noncurrent liabilities – The account resulted in an increase of 21.01% from March of previous year.

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties

The Group has assessed that it will still have a continued operation after the previous year's challenges. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Omnibus Security and Loan Agreement Covenants

As of December 31, 2023, the Group's debt service coverage ratio had fallen below the agreed threshold, but the Group was able to obtain a creditor waiver for the breach. The Group is not in default and continues to pay the maturing interest and principal in a timely manner.

c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. The group is not subject to externally-imposed capital requirements.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease

liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial years. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay off the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations

The credit quality of the Group's financial assets that are neither past due or impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2023 and 2022 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. In 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group monitors the changes in the price of the shares of stock of WPI. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date; thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2023 and 2022.

Risk Management Structure

Board of Directors

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2024 and 2023.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2024

Annex A
Page 1 of 4

| | Unaudited March 31, 2024 | Unaudited March 31, 2023 | Audited December 31, 2023 |
|--|-----------------------------|-----------------------------|------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 928,110,899 | 537,490,896 | 475,947,998 |
| Short-term Investments | - | - | 1,277,615 |
| Receivables - net | 1,414,329,838 | 837,078,378 | 903,674,116 |
| Notes receivable | 235,032,313 | 247,382,185 | 267,553,447 |
| Insurance receivable | - | - | - |
| Inventories | 26,525,331 | 29,473,795 | 24,950,383 |
| Due from related parties - current portion | 2,815,906,593 | 1,775,225,463 | 2,936,358,422 |
| Prepaid expenses and other current assets | 229,928,369 | 474,238,094 | 248,457,059 |
| Total Current Assets | 5,649,833,343 | 3,900,888,811 | 4,858,219,040 |
| Noncurrent Assets | | | |
| Due from related parties - noncurrent portion | 2,992,339,708 | 1,474,149,919 | 3,591,306,466 |
| Goodwill | - | - | - |
| Property and equipment - net | 10,046,613,843 | 9,629,082,073 | 10,977,835,715 |
| Equity Securities - at fair value through other compr | 20,270,300 | 69,943,300 | 70,255,800 |
| Right-of-use assets -net | 129,213,150 | 119,728,659 | 133,800,348 |
| Deferred tax assets | - | 251,826,477 | 251,168,202 |
| Retirement liability (asset) | - | - | 69,146,215 |
| Other noncurrent assets | 973,673,029 | 2,981,735,733 | 728,655,722 |
| Total Noncurrent Assets | 14,162,110,030 | 14,526,466,161 | 15,822,168,468 |
| | 19,811,943,373 | 18,427,354,972 | 20,680,387,508 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 1,781,977,109 | 1,708,102,552 | 1,800,621,785 |
| Loans payable - current portion | - | 934,907,264 | 715,000,000 |
| Lease Liabilities - current portion | - | - | 2,795,134 |
| Due to a related party | - | - | 30,000 |
| Income tax payable | 28,849 | 597,599 | 76,473,704 |
| Contract payable | - | 116,255 | - |
| Other current liabilities | 28,034,975 | 199,938,702 | 63,488,720 |
| Total Current Liabilities | 1,810,040,933 | 2,843,662,372 | 2,658,409,343 |
| Noncurrent Liabilities | | | |
| Loans payable - noncurrent portion | 3,353,305,926 | 2,995,000,000 | 2,435,000,000 |
| Deferred tax liabilities | 725,073,840 | 881,542,889 | 2,263,895,720 |
| Retirement benefits liability | - | - | 341,300 |
| Lease Liabilities - net of current portion | - | - | 146,114,456 |
| Provision for Income Tax | 70,628,867 | - | - |
| Other noncurrent liabilities | 2,115,227,197 | 1,300,098,900 | 474,314,210 |
| Total Noncurrent Liabilities | 6,264,235,830 | 5,176,641,789 | 5,319,665,686 |
| Total Liabilities | 8,074,276,763 | 8,020,304,161 | 7,978,075,029 |
| Equity Attributable to Equity Holders of the Parent Company | | | |
| Capital stock | 2,498,991,753 | 2,498,991,753 | 2,498,991,753 |
| Additional paid-in capital | 706,364,357 | 706,364,357 | 706,364,357 |
| Revaluation surplus in property and equipment | 1,678,080,501 | 3,847,472,276 | 5,294,395,019 |
| Foreign currency translation adjustment | - | 70,558,260 | 56,063,862 |
| Fair value reserve | 7,692,830 | 4,284,906 | 4,284,906 |
| Retirement benefits reserve | (32,070,720) | 36,100,631 | 166,834,348 |
| Retained Earnings/(Deficit): | | | |
| Appropriated | - | - | - |
| Unappropriated | 2,524,274,393 | 1,811,158,946 | 2,517,958,256 |
| Total Equity Attributable to Equity Holders of the Pa | 7,383,333,114 | 8,974,931,129 | 11,244,892,501 |
| Non-controlling Interest | 4,354,333,496 | 1,432,119,682 | 1,457,419,978 |
| | 19,811,943,373 | 18,427,354,972 | 20,680,387,508 |
| Total Shareholders | 11,737,666,610 | 10,407,050,811 | 12,702,312,479 |

See Notes to the Consolidated Financial Statements.

| | Unaudited March 31, 2024 | Unaudited March 31, 2023 | Audited December 31, 2023 |
|---|-----------------------------|-----------------------------|------------------------------|
| REVENUES | | | |
| Hotel | 276,816,891 | 330,229,866 | 1,764,270,270 |
| Nonhotel | 146,561,155 | 2,314,098 | 39,316,103 |
| Interest and other income | 9,806,003 | 38,510,444 | 141,173,479 |
| | 433,184,049 | 371,054,408 | 1,944,759,852 |
| COSTS AND EXPENSES | | | |
| Cost of sales | | | |
| Hotel | 120,349,240 | 117,045,645 | 729,935,355 |
| Nonhotel | 158,942,588 | 108,295,882 | 413,697,247 |
| | 279,291,829 | 225,341,527 | 1,143,632,602 |
| | 153,892,220 | 145,712,881 | 801,127,250 |
| OTHER EXPENSES (INCOME) | | | |
| Depreciation and amortization | 42,124,800 | 32,414,953 | 333,404,053 |
| Interest expense | 60,768,323 | 13,868,244 | 299,821,604 |
| Penalties and other charges | - | - | - |
| Impairment losses, bad debts written off and provisions | - | - | 9,572,112 |
| (Gain from insurance claims) casualty losses - net | - | - | - |
| Interest income | - | - | - |
| Foreign exchange losses (gains) - net | - | - | 12,144,791 |
| Others - net | - | 9,495,604 | - |
| | 102,893,123 | 55,778,801 | 654,942,560 |
| INCOME(LOSS) BEFORE INCOME TAX | 50,999,097 | 89,934,081 | 146,184,690 |
| INCOME TAX EXPENSE (BENEFIT) | 28,849 | | 107,627,968 |
| NET INCOME (LOSS) | 50,970,248 | 89,934,081 | 38,556,722 |
| OTHER COMPREHENSIVE INCOME | | | |
| Appraisal on increase on property and equipment | - | - | 183,673,363 |
| Foreign currency translation differences for foreign operations | - | - | 935,085 |
| Actuarial gains on defined benefit plan | - | - | 4,089,691 |
| Net change in fair value of AFS investment | - | - | - |
| Reduction of deferred tax liability relating to revaluation surplus | - | - | - |
| Deferred tax effect | - | - | (45,918,340) |
| | - | - | 142,779,799 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 50,970,248 | 89,934,081 | 181,336,521 |
| EARNINGS PER SHARE - Basic and Diluted | 0.024 | 0.040 | 0.028 |

| | 2024 | 2023 | 2023 |
|--|-------------------|-------------------|--------------------|
| Net loss attributable to: | | | |
| Equity holders of the Parent Company | 60,299,917 | 99,607,351 | 68,843,761 |
| Non-controlling interest | (9,329,668) | (9,673,270) | (30,287,039) |
| | 50,970,248 | 89,934,081 | 38,556,722 |
| Total comprehensive income (loss) attributable to: | | | |
| Equity holders of the Parent Company | 60,299,917 | 99,607,351 | 45,488,375 |
| Non-controlling interest | (9,329,668) | (9,673,270) | 135,848,146 |
| | 50,970,248 | 89,934,081 | 181,336,521 |
| EARNINGS PER SHARE - Basic and Diluted | 0.024 | 0.040 | 0.028 |

See Notes to the Consolidated Financial Statements.

| | Unaudited March 31, 2024 | Unaudited March 31, 2023 | Audited December 31, 2023 |
|---|-----------------------------|-----------------------------|------------------------------|
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | | |
| Capital stock - P1 par value per share | 2,498,991,753 | 2,498,991,753 | 2,498,991,753 |
| Additional Paid-in Capital | 706,364,357 | 706,364,357 | 706,364,357 |
| Revaluation Surplus in Property and Equipment | | | |
| Balance at beginning of year | 5,294,395,019 | 5,348,848,901 | 5,348,848,901 |
| Other comprehensive income - net of income tax effect | (3,616,314,518) | (1,501,376,625) | 137,755,023 |
| Derecognition of land held under finance lease due to acquisition of a subsidiary | - | - | - |
| Transfer of revaluation surplus absorbed through depreciation | - | - | (192,208,905) |
| Balance at end of year | 1,678,080,501 | 3,847,472,276 | 5,294,395,019 |
| Unrealized Valuation Gain (Loss) on AFS Investments | | | |
| Balance at beginning of year | - | - | - |
| Valuation loss taken into equity during the year | - | - | - |
| Change in equity ownership of non-controlling interest in a subsidiary | - | - | - |
| Balance at end of year | - | - | - |
| Foreign Currency Translation Adjustment | | | |
| Balance at beginning of year | 56,063,862 | 70,558,260 | 70,558,260 |
| Other comprehensive income - net of income tax effect | (56,063,862) | - | (14,494,398) |
| Balance at end of year | - | 70,558,260 | 56,063,862 |
| Retained Earnings/(Deficit) | | | |
| Appropriation for renovation and business expansion | - | - | - |
| Unappropriated | | | |
| Balance at beginning of year | 2,517,958,256 | 2,256,905,590 | 2,256,905,590 |
| Transfer of revaluation surplus absorbed through depreciation | - | - | 192,208,905 |
| Change in retirement benefits reserve | (44,654,111) | (535,680,725) | - |
| Net income for the year | 50,970,248 | 89,934,081 | 68,843,761 |
| Balance at end of year | 2,524,274,393 | 1,811,158,946 | 2,517,958,256 |
| Total deficit | 2,524,274,393 | 1,811,158,946 | 2,517,958,256 |
| | 7,407,711,004 | 8,934,545,592 | 11,073,773,247 |
| Fair value reserve, beginning of the year | 4,284,906 | 4,284,906 | 4,284,906 |
| Other comprehensive income-net tax effect | 3,407,924 | - | - |
| Total fair value reserve | 7,692,830 | 4,284,906 | 4,284,906 |
| Retirement benefits reserve, beginning of the year | 166,834,348 | 154,436,033 | 154,436,033 |
| Other comprehensive income-net tax effect | (198,905,068) | (118,335,402) | 12,398,315 |
| Total retirement benefits reserve | (32,070,720) | 36,100,631 | 166,834,348 |
| Total Equity Attributable to Equity Holders of the Parent Company | 7,383,333,114 | 8,974,931,129 | 11,244,892,501 |
| NON-CONTROLLING INTEREST | | | |
| Balance at beginning of year | 1,457,419,978 | 1,351,858,871 | 1,351,858,871 |
| Derecognition related to land due to recession of finance lease | - | - | - |
| Change in equity ownership of non-controlling interest in a subsidiary | - | - | - |
| Valuation loss on AFS investments taken into equity during the year | - | - | - |
| Reacquisition of APHC shares | - | - | - |
| Other comprehensive income - net of income tax effect | 2,906,243,186 | 89,934,081 | 135,848,146 |
| Net income/(loss) for the year | (9,329,668) | (9,673,270) | (30,287,039) |
| Balance at end of year | 4,354,333,496 | 1,432,119,682 | 1,457,419,978 |
| | 11,737,666,610 | 10,407,050,811 | 12,702,312,479 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of March 31, 2024

Annex A
Page 4 of 4

| | Unaudited March 31, 2024 | Unaudited March 31, 2023 | Audited December 31, 2023 |
|---|-----------------------------|-----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | 50,999,097 | 89,934,082 | 146,184,690 |
| Adjustments for: | | | |
| Depreciation and amortization | 42,124,800 | 32,414,953 | 327,077,010 |
| Interest expense | 60,768,323 | 13,868,244 | 285,745,321 |
| (Gain from insurance claims) casualty losses - net | - | - | - |
| Retirement benefit costs | (341,300) | - | (198,032) |
| Provisions | (70,628,867) | - | - |
| Unrealized foreign exchange loss (gain) | - | - | (2,349,483) |
| Gain on Reversal of Allowance for Impairment Losses | - | - | - |
| Income due to rent concession | - | - | (1,814,550) |
| Impairment losses | - | - | 18,585,407 |
| Interest income | (9,806,003) | (38,510,444) | (141,173,479) |
| Operating income before working capital changes | 73,116,050 | 97,706,835 | 632,056,884 |
| Decrease (increase) in: | | | |
| Receivables | (478,134,588) | (193,953,783) | 29,808,625 |
| Inventories | (1,574,948) | 1,335,040 | (4,939,298) |
| Short-term investment | 1,277,615 | - | 1,277,615 |
| Prepaid expenses and other current assets | 23,115,889 | 25,837,650 | 208,347 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | (18,644,676) | (15,431,263) | 107,950,497 |
| Other noncurrent liabilities | (35,453,743) | - | 11,225,826 |
| Other current liabilities | (188,343,453) | 167,987,330 | 30,537,348 |
| Cash generated from operations | (624,641,854) | 83,481,809 | 808,125,844 |
| Interest received | 9,806,003 | 7,984,594 | 6,785,285 |
| Income taxes paid | (76,444,855) | 8,993,408 | (85,484,722) |
| Retirement plan contributions paid | - | - | - |
| Benefits paid | - | - | - |
| Interest paid | (60,768,323) | (13,868,244) | (14,076,283) |
| Net cash provided by operating activities | (752,049,029) | 86,591,567 | 715,350,124 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisitions of property and equipment | 889,097,072 | (372,028,242) | 120,129,047 |
| Investment in a subsidiary | - | - | - |
| Due from related parties | 719,418,587 | 613,225,065 | (712,157,886) |
| Proceeds from insurance claims on property damage | - | - | - |
| Proceeds from sale of property and equipment | - | - | - |
| Notes Receivable | 32,521,134 | - | 20,171,262 |
| Noncurrent assets | 75,297,110 | (659,501,996) | (3,100,151) |
| Net cash used in investing activities | 1,716,333,903 | (418,305,173) | (574,957,728) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Increase)Decrease in loans payable | 203,305,926 | 339,907,264 | - |
| Change in due to a related party | (814,723,872) | - | 30,000 |
| Proceeds from loan availment | - | - | - |
| Increase (decrease) in other noncurrent liabilities | 1,640,912,987 | (54,591,622) | - |
| Loan Payment | - | - | (220,000,000) |
| Deferred tax liabilities | (1,538,821,880) | - | - |
| Payment of Lease Liabilities | (2,795,134) | - | (28,363,258) |
| Net cash provided by (used in) financing activities | (512,121,973) | 285,315,642 | (248,333,258) |
| INCREASE (DECREASE) IN TRANSLATION ADJUSTMENT FOR THE YEAR | | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 452,162,901 | (46,397,964) | (107,940,862) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 475,947,998 | 583,888,860 | 583,888,860 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 928,110,899 | 537,490,896 | 475,947,998 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of March 31, 2024

| Trade Receivables | 0-30 days | 31-60 days | 61-90 days | 91-120 days | 121 days over | Total |
|--|---------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|
| Waterfront Cebu City Casino Hotel Inc. | 4,899,150.64 | 11,608,481.85 | 5,913,510.41 | 3,371,260.99 | 154,141,440.89 | 179,933,844.78 |
| Waterfront Airport Hotel and Casino | 406,233.43 | 565,162.16 | 812,048.03 | 8,641,890.10 | 69,329,105.97 | 79,754,439.69 |
| Waterfront Insular Hotel Davao | 3,112,342.40 | 64,933.18 | (275,604.69) | 169,769.96 | 9,736,956.87 | 12,808,397.72 |
| Acesite Phils. Hotel Corporation | | | | | 24,454,419.70 | 24,454,419.70 |
| Total | 8,417,726.47 | 12,238,577.19 | 6,449,953.75 | 12,182,921.05 | 257,661,923.43 | 296,951,101.89 |

PSE Disclosure Form 17-12-A - List of Top 100 Stockholders (Common Shares)
Reference: Section 17.12 of the Revised Disclosure Rules

Type of Securities

| |
|----------|
| ??Common |
|----------|

| | |
|-----------------------------|-----------------------|
| For the period ended | March 31, 2024 |
|-----------------------------|-----------------------|

| |
|--|
| Description of the Disclosure |
| WPI PSE Disclosure List of Top 100 Stockholders |

| | |
|---|----------------------|
| Number of Issued and Outstanding Common Shares | 2,498,991,753 |
| Number of Treasury Common Shares, if any | 0 |
| Number of Outstanding Common Shares | 2,498,991,753 |
| Number of Listed Common Shares | 2,498,991,753 |
| Number of Lodged Common Shares | 1,180,705,474 |
| PCD Nominee – Filipino | 1,133,206,235 |
| PCD Nominee – Non-Filipino | 47,499,239 |
| Number of Certificated Common Shares | 1,318,286,279 |

| |
|--|
| Change from previous submission |
| |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 03/31/2024

Page No. 1

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,206,235 | 45.35% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,499,239 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 20 | EMILY LIM | 500,000 | 00.02% |
| 21 | DEE HUA T. GATCHALIAN | 350,000 | 00.01% |
| 22 | ARTHUR H. OSMENA &/OR JANE Y. OSMENA | 330,000 | 00.01% |
| 23 | JOSE YAP &/OR CONCHITA YAP | 330,000 | 00.01% |
| 24 | MARVIN J. GIROUARD | 330,000 | 00.01% |
| 25 | DAVID LAO OSMENA | 314,600 | 00.01% |
| 26 | ANA L. GO | 300,000 | 00.01% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 03/31/2024

Page No. 2

| Rank | Name | Holdings | Percentage |
|------|---|----------|------------|
| 27 | SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO | 297,000 | 00.01% |
| 28 | CHARTERED COMMODITIES CORPORATION | 294,999 | 00.01% |
| 29 | DOMINGO C GO | 275,000 | 00.01% |
| 30 | DAVID LAO OSMENA | 275,000 | 00.01% |
| 31 | SILVER GREEN INVESTMENTS LTD. | 230,000 | 00.01% |
| 32 | GARY GO DYCHIAO | 200,000 | 00.01% |
| 33 | MERIDIAN SEC., INC. A/C# 844 | 200,000 | 00.01% |
| 34 | CRISTINO NAGUIAT, JR. | 181,500 | 00.01% |
| 35 | WILLIE TIO | 159,500 | 00.01% |
| 36 | BETO Y. LIM | 150,000 | 00.01% |
| 37 | PIERCE INTERLINK SECURITIES, INC. | 150,000 | 00.01% |
| 38 | AURORA V. SAN JOSE | 143,000 | 00.01% |
| 39 | YAN TO A. CHUA | 132,000 | 00.01% |
| 40 | CELY S. LIM | 112,200 | 00.00% |
| 41 | DEWEY CHOACHUY, JR | 111,300 | 00.00% |
| 42 | JOHN CRHISTOPHER D. WEIGEL | 110,000 | 00.00% |
| 43 | WANG YU HUEI | 110,000 | 00.00% |
| 44 | WILSON CHUA &/OR BECKY QUE CHUA | 110,000 | 00.00% |
| 45 | KENSTAR INDUSTRIAL CORPORATION | 110,000 | 00.00% |
| 46 | WATERFRONT NOMINEES SDN BHD A/C#6 | 107,800 | 00.00% |
| 47 | CATHAY SEC. CO., INC. A/C# 1030 | 100,000 | 00.00% |
| 48 | MANUEL H. OSMENA &/OR GRELINA L. OSMENA | 100,000 | 00.00% |
| 49 | CHONG PENG YNG | 100,000 | 00.00% |
| 50 | PACIFIC WIDE REALTY DEVELOPMENT CORP. | 100,000 | 00.00% |
| 51 | PACIFIC CONCORDE CORPORATION | 100,000 | 00.00% |
| 52 | MIZPAH HOLDINGS, INC. | 100,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 03/31/2024

Page No. 3

| Rank | Name | Holdings | Percentage |
|------|--|----------|------------|
| 53 | CHESA HOLDINGS, INC. | 100,000 | 00.00% |
| 54 | PACIFIC REHOUSE CORPORATION | 100,000 | 00.00% |
| 55 | HANSON G. SO &/OR LARCY MARICHI Y. SO | 100,000 | 00.00% |
| 56 | PACIFIC IMAGES, INC. | 100,000 | 00.00% |
| 57 | CARRIE LIM | 100,000 | 00.00% |
| 58 | ALVIN TAN UNJO | 88,000 | 00.00% |
| 59 | TERESITA GO &/OR SATURNINA GO | 87,000 | 00.00% |
| 60 | GEORGE U. YOUNG, JR | 82,500 | 00.00% |
| 61 | ROLANDO D. DE LEON | 66,000 | 00.00% |
| 62 | LIPPO SECURITIES, INC. | 56,500 | 00.00% |
| 63 | L.M. GARCIA & ASS., INC. A/C# 160 | 55,000 | 00.00% |
| 64 | MA. TERESA P. CRUZ | 55,000 | 00.00% |
| 65 | PRIMITIVO C. CAL | 55,000 | 00.00% |
| 66 | VICKY L. CHAN | 55,000 | 00.00% |
| 67 | LEONG JEE VAN | 55,000 | 00.00% |
| 68 | KIRBY YU LIM | 55,000 | 00.00% |
| 69 | LIM TAY | 55,000 | 00.00% |
| 70 | FRUTO M. TEODORICO, JR | 55,000 | 00.00% |
| 71 | RENATO C. GENDRANO &/OR GENDRANO BERNADETTE | 55,000 | 00.00% |
| 72 | LYDIA J. SY | 55,000 | 00.00% |
| 73 | EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO | 55,000 | 00.00% |
| 74 | NEIL JOHN A. YU | 50,000 | 00.00% |
| 75 | ROBERTO L. UY | 50,000 | 00.00% |
| 76 | UY TIAK ENG | 50,000 | 00.00% |
| 77 | SANDRA E. PASCUAL | 50,000 | 00.00% |
| 78 | FRANCISCO C. SAN DIEGO | 50,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 03/31/2024

| Rank | Name | Holdings | Percentage |
|------|--------------------------------------|----------|------------|
| 79 | EBC SECURITIES CORPORATION | 48,400 | 00.00% |
| 80 | TAN DAISY TIENG | 46,500 | 00.00% |
| 81 | EAST ASIA OIL & MINING COMPANY, INC. | 40,000 | 00.00% |
| 82 | OCBC SECURITIES PHILS., INC. | 40,000 | 00.00% |
| 83 | MANILYNN L. OSMENA | 39,600 | 00.00% |
| 84 | MEGHANN GAIL L. OSMENA | 39,600 | 00.00% |
| 85 | MANUEL L. OSMENA, II | 39,600 | 00.00% |
| 86 | GLADYS MAY L. OSMENA | 39,600 | 00.00% |
| 87 | STEVE WOODWARD | 39,600 | 00.00% |
| 88 | ROBERT KLING | 39,600 | 00.00% |
| 89 | JAY JACOBS | 39,600 | 00.00% |
| 90 | ADRIAN LONG | 39,600 | 00.00% |
| 91 | LUZ YAMANE | 38,500 | 00.00% |
| 92 | LILY S. HO | 36,300 | 00.00% |
| 93 | ABACUS SECURITIES CORPORATION | 35,200 | 00.00% |
| 94 | LILIAN HONG | 34,000 | 00.00% |
| 95 | INTERNATIONAL POLYMER CORPORATION | 33,000 | 00.00% |
| 96 | SEAFRONT RESOURCES CORP. | 33,000 | 00.00% |
| 97 | ARTURO GUANZON | 33,000 | 00.00% |
| 98 | LEONCIO TIU | 33,000 | 00.00% |
| 99 | RAMONCITO ARCEO | 30,000 | 00.00% |
| 100 | RODOLFO B. LEDESMA | 30,000 | 00.00% |

Total Top 100 Shareholders : **2,496,888,982** **99.91%**

Total Issued Shares **2,498,991,753**

WPI000000000 March 27, 2024

OUTSTANDING BALANCES FOR SPECIFIC COMPANY

March 27, 2024

WPI000000000

| BPNAME | QUANTITY |
|--|-----------------|
| UPCC SECURITIES CORP. | 115,000 |
| A & A SECURITIES, INC. | 845,200 |
| ABACUS SECURITIES CORPORATION | 55,119,169 |
| PHILSTOCKS FINANCIAL INC | 70,001,854 |
| A. T. DE CASTRO SECURITIES CORP. | 34,000 |
| ALL ASIA SECURITIES MANAGEMENT CORP. | 202,500 |
| ALPHA SECURITIES CORP. | 2,517,000 |
| BA SECURITIES, INC. | 1,667,700 |
| AP SECURITIES INCORPORATED | 17,659,500 |
| ANSALDO, GODINEZ & CO., INC. | 3,085,700 |
| AB CAPITAL SECURITIES, INC. | 7,642,450 |
| SB EQUITIES, INC. | 2,789,100 |
| ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP. | 832,800 |
| ASIASEC EQUITIES, INC. | 1,175,000 |
| ASTRA SECURITIES CORPORATION | 5,000 |
| BELSON SECURITIES, INC. | 3,470,100 |
| JAKA SECURITIES CORP. | 45,500 |
| BPI SECURITIES CORPORATION | 30,953,956 |
| CAMPOS, LANUZA & COMPANY, INC. | 2,442,202 |
| SINCERE SECURITIES CORPORATION | 1,045,000 |
| CTS GLOBAL EQUITY GROUP, INC. | 669,138 |
| TRITON SECURITIES CORP. | 36,009,450 |
| IGC SECURITIES INC. | 4,815,000 |
| CUALOPING SECURITIES CORPORATION | 110,500 |
| DAVID GO SECURITIES CORP. | 1,870,200 |
| DIVERSIFIED SECURITIES, INC. | 4,443,800 |
| E. CHUA CHIACO SECURITIES, INC. | 8,900,500 |
| EQUITABLE SECURITIES (PHILS.) INC. | 27,200 |
| EAST WEST CAPITAL CORPORATION | 400,000 |
| EASTERN SECURITIES DEVELOPMENT CORPORATION | 3,321,200 |
| EQUITIWORLD SECURITIES, INC. | 347,600 |
| EVERGREEN STOCK BROKERAGE & SEC., INC. | 8,961,100 |
| FIRST ORIENT SECURITIES, INC. | 1,367,100 |
| FIRST INTEGRATED CAPITAL SECURITIES, INC. | 100 |
| F. YAP SECURITIES, INC. | 398,000 |
| AURORA SECURITIES, INC. | 876,700 |
| GLOBALINKS SECURITIES & STOCKS, INC. | 464,000 |
| JSG SECURITIES, INC. | 173,150 |

| | |
|--|-------------|
| GOLDSTAR SECURITIES, INC. | 4,365,300 |
| GUILD SECURITIES, INC. | 151,000 |
| HDI SECURITIES, INC. | 25,322,500 |
| H. E. BENNETT SECURITIES, INC. | 2,180,000 |
| HK SECURITIES, INC. | 9,100 |
| I. ACKERMAN & CO., INC. | 30,000 |
| I. B. GIMENEZ SECURITIES, INC. | 199,797 |
| INVESTORS SECURITIES, INC, | 1,187,000 |
| IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. | 393,800 |
| INTRA-INVEST SECURITIES, INC. | 34,400 |
| ASIAN CAPITAL EQUITIES, INC. | 56,100 |
| STRATEGIC EQUITIES CORP. | 1,006,400 |
| LARRGO SECURITIES CO., INC. | 122,000 |
| LUCKY SECURITIES, INC. | 263,500 |
| LUYS SECURITIES COMPANY, INC. | 1,154,500 |
| MANDARIN SECURITIES CORPORATION | 1,593,200 |
| COL Financial Group, Inc. | 117,752,983 |
| DA MARKET SECURITIES, INC. | 222,200 |
| MERCANTILE SECURITIES CORP. | 149,800 |
| MERIDIAN SECURITIES, INC. | 2,132,700 |
| MDR SECURITIES, INC. | 136,000 |
| REGIS PARTNERS, INC. | 66,300 |
| MOUNT PEAK SECURITIES, INC. | 30,000 |
| NEW WORLD SECURITIES CO., INC. | 2,329,000 |
| OPTIMUM SECURITIES CORPORATION | 3,799,650 |
| RCBC SECURITIES, INC. | 3,878,300 |
| PAN ASIA SECURITIES CORP. | 30,000 |
| PAPA SECURITIES CORPORATION | 1,150,200 |
| MAYBANK SECURITIES, INC. | 4,497,100 |
| PLATINUM SECURITIES, INC. | 23,000 |
| PNB SECURITIES, INC. | 1,883,260 |
| PREMIUM SECURITIES, INC. | 1,973,600 |
| PRYCE SECURITIES, INC. | 12,124 |
| SALISBURY SECURITIES CORPORATION | 15,300 |
| QUALITY INVESTMENTS & SECURITIES CORPORATION | 15,063,800 |
| R & L INVESTMENTS, INC. | 42,000 |
| R. COYIUTO SECURITIES, INC. | 6,343,100 |
| REGINA CAPITAL DEVELOPMENT CORPORATION | 7,582,876 |
| R. NUBLA SECURITIES, INC. | 4,012,500 |
| AAA SOUTHEAST EQUITIES, INCORPORATED | 2,216,200 |
| R. S. LIM & CO., INC. | 1,048,400 |
| RTG & COMPANY, INC. | 149,600 |
| S.J. ROXAS & CO., INC. | 1,003,500 |
| SECURITIES SPECIALISTS, INC. | 2,200 |

| | |
|---|----------------------|
| FIDELITY SECURITIES, INC. | 75,500 |
| SUMMIT SECURITIES, INC. | 707,300 |
| STANDARD SECURITIES CORPORATION | 1,376,200 |
| SUPREME STOCKBROKERS, INC | 31,350 |
| TANSENGCO & CO., INC. | 670,400 |
| THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. | 37,200 |
| TOWER SECURITIES, INC. | 8,782,600 |
| APEX PHILIPPINES EQUITIES CORPORATION | 5,000 |
| TRENDLINE SECURITIES CORPORATION | 11,200 |
| LANDBANK SECURITIES, INC. | 2,331,200 |
| UOB KAY HIAN SECURITIES (PHILS.), INC. | 3,330,000 |
| E.SECURITIES, INC. | 3,300 |
| VENTURE SECURITIES, INC. | 216,900 |
| FIRST METRO SECURITIES BROKERAGE CORP. | 31,154,340 |
| WEALTH SECURITIES, INC. | 7,039,590 |
| WESTLINK GLOBAL EQUITIES, INC. | 581,423,440 |
| BERNAD SECURITIES, INC. | 142,100 |
| WONG SECURITIES CORPORATION | 27,500 |
| YAO & ZIALCITA, INC. | 409,200 |
| YU & COMPANY, INC. | 1,096,000 |
| BDO SECURITIES CORPORATION | 21,558,369 |
| EAGLE EQUITIES, INC. | 620,800 |
| GOLDEN TOWER SECURITIES & HOLDINGS, INC. | 2,161,576 |
| SOLAR SECURITIES, INC. | 6,330,600 |
| G.D. TAN & COMPANY, INC. | 6,764,300 |
| PHILIPPINE EQUITY PARTNERS, INC. | 3,191,950 |
| UNICAPITAL SECURITIES INC. | 1,072,900 |
| SunSecurities, Inc. | 400,000 |
| ARMSTRONG SECURITIES, INC. | 5,300 |
| TIMSON SECURITIES, INC. | 8,196,000 |
| VC SECURITIES CORPORATION | 300,600 |
| CITIBANK N.A. | 100,000 |
| STANDARD CHARTERED BANK | 715,000 |
| Total | 1,180,705,474 |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 20 Stockholders
As of 03/31/2024

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,206,235 | 45.35% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,499,239 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 20 | EMILY LIM | 500,000 | 00.02% |

Total Top 20 Shareholders : 2,488,312,383 99.57%

Total Issued Shares 2,498,991,753

Certification

I, RICHARD L. RICARDO, Compliance Officer of WATERFRONT PHILIPPINES, INC., with SEC Registration Number AS094-8678 with principal office at NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY, on oath state:

- 1.) That on behalf of WATERFRONT PHILIPPINES, INC., I have caused this SEC Form 17 Q1 to be prepared;
- 2.) That I read and understood its contents which are true and correct with my own personal knowledge and/or based on true records;
- 3.) That the company WATERFRONT PHILIPPINES, INC., will comply with the requirements set forth by SEC for a complete and official submission of reports and/or documents through electronic mail; and
- 4.) That I am fully that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of processing fee.

IN WITNESS WHEREOF, I have hereunto set my hands this 14 MAY 2024 day of 2024, 2024.


RICHARD L. RICARDO
Affiant

SUBSCRIBED AND SWORN to before me this 14 MAY 2024 day of 2024.

Doc. No. 382
Page No. 77
Book No. 1
Series of 2024

NOTARY PUBLIC
ATTY. FLORENTINO I. MONTEROSO
NOTARIAL OFFICE
PTR NO. 06528 issued on 4/2/2024 until 12/31/2024 MANILA
IBP NO. 01842 issued on 1/4/2024 until 12/31/2024 Pasig City
MCSE COMPLIANCE V-0000168 valid until April 24, 2027
ROLL NO. 67842 issued on April 22, 2021
PRESTIGE TOWER 16 Floor Unit 1608
Emerald Avenue, Ortigas Center, Pasig City

Re: SEC 17A REPORT_WATERFRONT PHILIPPINES INCORPORATED_2023 ICTD SUBMISSION

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Thu 5/9/2024 8:19 PM

To: Pitchie Mae Maambong <p.maambong@waterfronthotels.net>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secexpress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at

<https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link –

<https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.



WATERFRONT
PHILIPPINES, INC.

April 25, 2024

MS ALEXANDRA D. TOM WONG
OFFICER-IN-CHARGE, DISCLOSURE DEPARTMENT
4/F Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road, Ortigas Center
Pasig City, Metro Manila

Dear Ms. Tom Wong,

We submit herewith the Annual Report (SEC 17-A) of WATERFRONT PHILIPPINES, INC. for the year ended December 31, 2023.

Thank you for your kind attention.

Very truly yours,

Arsenio A. Alfiler, Jr.
Arsenio A. Alfiler, Jr.
Assistant Corporate Secretary

Cc:

Securities and Exchange Commission
Mandaluyong City

COVER SHEET

A S 0 9 4 - 8 6 7 8

SEC Registration No.

W A T E R F R O N T P H I L I P P I N E S , I N C .

(Company's Full Name)

N O . 1 W A T E R F R O N T D R I V E

O F F S A L I N A S D R I V E L A H U G

C E B U C I T Y

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

RICHARD L. RICARDO

Contact Person

(02) 8706-7888

Contact Telephone No.

1 2

Calendar Year

3 1

17A 2023

FORM TYPE

During the month of September

Month Day Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

429

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION SEC FORM
17-A, AS AMENDED
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the calendar year ended
DECEMBER 31, 2023
2. SEC Identification Number
AS 094-8678
3. BIR Tax Identification No.
D80-003-978-254 NV
4. Exact name of issuer as specified in its charter
WATERFRONT PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization
PHILIPPINES
6. Industry Classification Code (SEC Use Only)
7. Address of principal office
**No. 1 WATERFRONT DRIVE OFF SALINAS DRIVE LAHUG, CEBU CITY
6000**
8. Issuer's telephone number, including area code
(02) 559-0130
9. Former name or former address, and former fiscal year, if changed since last report
NOT APPLICABLE
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------------------|---|
| Common Shares - P1.00 par value | 2,498,991,753 |

11. Are any or all of registrant's securities listed on a Stock Exchange?
/ Yes
No
If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

/Yes

No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes

/No

13. Aggregate market value of the voting stock held by non-affiliates of the registrant.

| | | |
|------------------------|---|-----------------------------|
| Unaffiliated shares | : | 1,330,172,423 |
| Last Trading Price | : | Php 0.39 as of May 08, 2024 |
| Aggregate Market Value | : | Php 518,767,244.97 |

**APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY
SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE
PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

/Yes

No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders - Not applicable

(b) Any information statement filed pursuant to SRC Rule 20 - Not applicable

(c) Any prospectus filed pursuant to SRC Rule 8.1 - Not applicable

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

WATERFRONT PHILIPPINES, INCORPORATED

PSE Disclosure Form 17-1 - Annual Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

| For the Calendar year ended: | DECEMBER 31, 2023 | |
|--|-------------------|----------------------|
| Currency (indicate units, if applicable) | PHP | |
| Balance Sheet | | |
| | Year Ending | Previous Year Ending |
| | DECEMBER 31, 2023 | DECEMBER 31, 2022 |
| Current Assets | 4,858,219,040 | 4,222,560,541 |
| Total Assets | 20,680,387,508 | 20,408,528,698 |
| Current Liabilities | 2,658,409,343 | 2,375,069,374 |
| Total Liabilities | 7,978,075,029 | 8,016,280,027 |
| Retained Earnings | 2,517,958,256 | 2,256,905,590 |
| Stockholders' Equity | 12,702,312,479 | 12,392,248,671 |
| Stockholders' Equity - Parent | 11,244,892,501 | 11,040,389,800 |
| Book Value per Share | 4.50 | 4.42 |
| Income Statement | | |
| | Year Ending | Previous Year Ending |
| | DECEMBER 31, 2023 | DECEMBER 31, 2022 |
| Operating Revenue | 1,764,270,270 | 1,461,918,233 |
| Other Revenue | 39,316,103 | 24,522,816 |
| Gross Revenue | 1,803,586,373 | 1,486,441,049 |
| Operating Expense | 729,935,355 | 683,109,947 |
| Other Expense | 413,697,247 | 310,267,138 |
| Gross Expense | 1,143,632,602 | 993,377,085 |
| Net Income Before Tax | 146,184,690 | 116,808,297 |
| Income Tax Expense | 107,627,968 | 65,925,125 |
| Net Income After Tax | 38,556,722 | 50,883,172 |
| Net Income Attributable to Parent Equity Holder | 68,843,761 | 82,789,942 |
| Earnings Per Share (Basic) | .028 | .033 |
| Earnings Per Share (Diluted) | .028 | .033 |
| EFPS Trailing 12 months | (.005) | (.066) |

| Financial Ratios | Formula | December 31, 2023 | December 31, 2022 |
|-----------------------------------|--|----------------------|----------------------|
| Liquidity Analysis Ratios: | | | |
| Current Ratio | Current Assets / Current Liabilities | 1.827 | 1.778 |
| Quick Ratio | (Current Assets - Inventory - Prepayments)/ Current Liabilities | 0.620 | 0.718 |
| Solvency Ratio | Total Assets / Total Liabilities | 0.083 | 0.063 |
| Financial Leverage Ratios: | | | |
| Debt Ratio | Total Debt / Total Assets | 0.386 | 0.393 |
| Debt-to-Equity Ratio | Total Debt / Total Stockholders' Equity | 0.709 | 0.726 |
| Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.129 | 0.306 |
| Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 1.839 | 1.849 |
| Profitability Ratios: | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of Service/ Sales | 36.6% | 33.20% |
| Net Profit Margin | Net Profit / Sales | 2.14% | 3.42% |
| Return on Assets | Net Income before Tax/ Total Assets | 0.19% | .27% |
| Return on Equity | Net Income before Tax / Total Stockholders' Equity | 0.34% | .46% |
| Price / Earnings Ratio | Price Per Share / Earnings Per Common Share | 15.064 | 13.885 |

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

- Item 1 Business
- Item 2 Properties
- Item 3 Legal Proceedings
- Item 4 Submission of Matters to a Vote of Security Holders

PART II - OPERATIONAL AND FINANCIAL INFORMATION

- Item 5 Markets for Registrant's Common Equity and Related Stockholders' Matters
- Item 6 Management's Discussion and Analysis or Plan of Operation
- Item 7 Financial Statements
- Item 8 Changes in and Disagreements with Accountants and Financial Disclosure

PART III - CONTROL AND COMPENSATION INFORMATION

- Item 9 Directors and Executive Officers of the Registrant
- Item 10 Executive Compensation
- Item 11 Security Ownership of Certain Beneficial Owners and Management
- Item 12 Certain Relationships and Related Transactions

PART IV - CORPORATE GOVERNANCE

SIGNATURES

FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Waterfront Philippines, Incorporated (WPI) was registered with the Securities and Exchange Commission (SEC) on September 23, 1994, as an investment holding company for hotel, leisure, and tourism businesses.

To realize the Group's vision of making WPI the flagship of the Group's hotel and gaming interests, TWGI vended into WPI's acquired properties --- Waterfront Cebu City Casino Hotel, Inc. (WCCCHI) in Cebu City, Waterfront Mactan Casino Hotel, Inc. (WMCHI) in Mactan, Cebu and Davao Insular Hotel Company, Inc. (DIHCI) in Davao City. These properties are significant investments for WPI. During 2003, the company started acquiring common shares of ACESITE (Phils.) Hotel Corporation. A major coup for WPI for the year 2004 was securing of controlling interest in the management over ACESITE (PHILS.) HOTEL CORP. Consequently, Acesite, operating under the trade name Manila Pavilion Hotel, is now part of the Waterfront group of hotels. WPI is now known as the largest Filipino hotel chain in the country.

The hotels fit WPI's continuous geographic diversification strategy and they are appropriate candidates for broad product renovation and operational repositioning. The hotels are well positioned in their respective markets, considering the presence of international airports in their locality. Studies indicate that international airports are major generators of lodging demand.

WPI is known as one of the largest hotel chains in the country. We provide much-needed support to the tourism industry's vision for growth. Our hotel experience is highly integrated, offering the best of business and leisure.

The Company has strengthened its brand visibility and continues to expand in innovative ways, using technology and new media to our advantage.

Marketing

Waterfront gives a wide range of business-related conveniences to ensure that our guests enjoy a productive stay. Our special attention to details, 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. As in the previous years, our approach has always been in rejuvenating our hotels and its amenities, promoting the quality of our guest services and programs and empowering our peers. We have much to offer the broad market with the right marketing mix: competitive room rates, premium, value-added guest programs, well-equipped function facilities and professional guest services. Although, extreme competition has always been present with the Waterfront Group and other destinations and hotels, the Company has unfazingly regarded this as a welcome challenge and motivation on increasing its market share with a corresponding increase in average room rates and in actual room occupancies. As part of its marketing strategy, the company exercises flexible rates for contingencies, tie-ups with airlines, special occasion packages and other promos. Also, the massive efforts of our sales and marketing division in creating and implementing dynamic programs designed to search for customers and developing and maintaining their loyalties, have certainly added to the hotels' marketability. Coupled with the efforts of our public relations division in ensuring that the reputation of our hotels are kept free from negative publicity and its awareness of social responsibility, has certainly given marketing strategy a deeper meaning. The Company aims for building a strong relationship with our guests.

Again, considering the successful operations of our Cebu-based hotels, it can be said that Waterfront has already made an impressive dent in the market. Although we continue to discover and learn many new things, we are taking advantage of investment opportunities, which will allow us to be a significant player in the casino and hotel arena nationwide. The Company has strengthened its brand visibility with an integrated marketing communications campaign that would invite continued

patronage of its products and services. To complement its marketing and sales efforts, a unified visual advertising tool for all properties was implemented.

Our Central Reservations System has made us the only integrated network of hotels in the country with a powerful presence through our 24/7 booking services. Anyone can book using a single 1-800 number 1-800-WFRONT8 (9376688) for all Waterfront Hotels nationwide.

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

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

By the year 2016, we established and publicized the Waterfront Hotels and Casinos brand through an effective and strategic advertising effort in various publications such as glossy, local in-flight magazines. Through this, we can create strong presence and awareness of the new branding - “We’re at the Center of it All” and maintain visibility of the corporate brand in various publications.

We also made a strong presence abroad - Bangkok, Korea, Japan and Singapore - organized by Tourism Promotions Board and Department of Tourism. Joined with established Asia Pacific’s premier M.I.C.E. show which brings together the region’s top M.I.C.E. suppliers and key industry players to collectively sell Asia as an exciting and diverse M.I.C.E. destination. Exhibitors and participants have the opportunity to sell, negotiate and secure deals with more than 500 selected buyers and travel managers from regional and international M.I.C.E and corporate travel industries through pre-scheduled appointments.

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

WCCCHI

The group’s flagship property, demonstrated remarkable resilience and leadership in 2022. It stays true to its prominence in the industry by being a creative initiator of events and being a desired venue for many culturally and socially relevant initiatives. In a remarkable return to normalcy, Cebu joyfully welcomed the much-anticipated bridal fair after a pandemic-induced hiatus of two years. Waterfront Cebu City Hotel and Casino underwent recent improvements to its function rooms and convention facilities. In recent years, the hotel made crucial improvements to its IT infrastructure, including a server migration and an upgrade to a virtual machine setup.

In year 2023, the company promises to further expand not only through renovations but also through re-establishing a more stabilized online presence. In order to regain the property’s market share through the increase in revenue for both rooms and F&B, the hotel continues to utilize both traditional and new media by having an effective yet aggressive marketing campaign that offers a total experience of leisure, safety and comfort for its guests and clients.

In line with this, Waterfront Cebu City Hotel and Casino will continue to provide augmented opportunities and a positive viewpoint to distinguish itself from its competitors

- To expand and increase the visibility and features of the events, rooms and F&B promotions for both print and online.
- To ensure the strength of the company's brand presence locally and internationally.
- To partner with third-party food delivery services in providing guests and clients a safe and worry-free dining experience in the comforts of their homes and offices.
- To come up, implement and produce marketing strategies and collaterals taking into consideration the new normal measures mandated by the government and other health agencies.
- To provide a positive and safe hotel experience to all our guests with full attention even to the slightest detail.
- To solidify existing relationship for network growth among VIP and members of the media.

With this year's objectives, together with the improvements of the past years, the property will be on top of the game and will remain an unparalleled institution as the biggest convention center in the Visayas and Mindanao regions. And in the course of providing guests with excellent services and accommodations they truly deserve, Waterfront Cebu has garnered numerous awards including Booking.com's 2022 Traveller Review Award, 2022 Service Excellence Award as Quarantine Hotel, Trip Advisor's Traveler's Choice 2021 Awardee, Agoda's 2020 and 2019 Golden Circle and Customer Service Awards, SunStar Best of Cebu's Best Events Venue for four consecutive years (2017, 2018, 2019, and 2020), Best of Cebu's Best Dim Sum for 2020, Best of Cebu's Best City Hotel, Best Chinese Restaurant for Tin Gow, Best Gym for Citigym, and Expedia Group's Top 4-star hotel of 2018. Also, the city hotel is one of the recipients of the 1st MICE Venue Standard Award in a Hotel Category Setting, and the Cebu City Government's 2019 Top 10 Real Property Taxpayers.

On top of that, the city hotel has also been awarded with the Safe Travels Certification by the Department of Tourism and the World Travel & Tourism Council (WTTC) and the Safety Seal of the Department of Tourism-Philippines for being compliant with the global safety and health standards. Truly, Waterfront Cebu has become one of the leading city hotels in the metropolitan and one of the leading service-providers in the country for the past two decades and will continue to be one for the next years to come.

Promotions and activities launched in 2023:

F&B: Uno Buffet Restaurant

- Uno Seafood Buffet
- Seven Station Buffet
- Uno Group Package
- Uno 4+1 Birthday
- 5+1 Uno Breakfast Promo
- 4+1 Graduation Promo
- Sinulog Weekend Buffet
- Chinese New Year Buffet
- Valentine's Weekend Buffet
- Media hosting to promote Uno buffet rates
- Holy Week Special
- Mother's Day special buffet
- Independence Day Buffet
- 4th of July Lunch & Dinner Buffet Promo
- Father's Day Buffet
- Lunch Buffet Flash Sales
- Halloween Buffet
- Thanksgiving Buffet
- All Meat - UNO Monthly Specials

- Lechon Belly Roll – UNO Monthly Buffet specials
- Christmas Eve/Day Buffet
- New Year’s Eve Buffet

F&B: Lobby Lounge

- Cebuano Afternoon Tea
- Pancit Ceremony
- Valentine’s Afternoon Tea
- Merienda Buffet
- Gin Trolley
- Cuban sandwich Food Highlight
- Halo-Halo feature
- Father’s Day Angus New York Steak Sandwich
- Christmas Afternoon Tea

F&B: Tin Gow

- Chinese New Year Special
- Nian Gao and Tikoy Selling
- Yeesang Set Menu Offering
- Steamed Fish and Chinese Beef Food Highlight
- Tingow Valentines Set menu
- Chinese Big Siopao
- Media feature of Homemade Bean Curd by Chef Low
- All Dim Sum at Php 99
- Media hosting featuring highlight dishes from Chef Low
- Assorted BBQ Platter
- Moon cake Festival
- Christmas and New Year Specials
- Christmas Set Menu Offering

F&B: La Gondola

- Valentine’s Day special
- La Gondola Set Menu Offering
- Aperitif
- Spaghetti Allo Scoglio Food Highlight
- Lamb Stew Onion Rice Pilaf Food Highlight
- Media feature of our homemade pasta and pizza
- Pasta Amore: fresh pastas cooked in a parmesan cheese wheel
- Chesnut Tortelli Food Highlight

F&B: Pool Aquarius

- Happy Hour

F&B: Café Fortuna

- Chicken in a basket Food Highlight
- Super Bowls: rice bowls specials
- Seafood Nilubihan Food Highlight

F&B: Mizu

- Mizu Reopening ceremonies
- Donburi Specials
- Valentine’s Day bento box
- Tempura all-you-can

- Tonkutso Ramen Food Highlight
- Teriyaki Don Food Highlights
- Yakiudon
- Holiday specials
- Holiday Bento Food Highlight

F&B: Madeleine

- Monthly cake specials
- Ensaymada and Coffee
- International Cheesecake Month
- Mother's Day Bento Cake
- Father's Day Bento Cake
- Regular Media Hosting:
- Sun Star
- CDN
- The Freeman
- Local Celebrities
- Local Influencers
- Food and Lifestyle Bloggers
- Events
- Sinulog Festival dance
- Chinese New Year celebration
- International Travel Festival
- Easter Egg Hunt
- Cebu Wedding Expo
- Gugma Fashion Show
- Christmas tree Lighting
- New Year's Eve countdown party
- Christmas Goodies

Regular Media Hosting:

- SunStar
- CDN
- The Freeman
- Local Celebrities
- Local Influencers
- Food and Lifestyle Bloggers

Events

- Sinulog Festival dance
- Chinese New Year celebration
- International Travel Festival
- Easter Egg Hunt
- Cebu Wedding Expo
- Gugma Fashion Show
- Christmas Tree Lighting
- New Year's Eve countdown party
- WCCCHI 25th Anniversary Celebration

Information Technology

As in all areas of commerce, information technology represents one of the strongest forces for change. They are known to have significant impact in marketing of hotels. It provides an essential

tool for hotel organization to keep a hand on the pulse of the customers’ wants and needs. The challenge of any corporation is to conduct their operations efficiently and effectively at the least possible cost. Perhaps, one of the major advancement that happened at Waterfront is its tie-up with **Micros Fidelio** - the world leader in providing computer-related technology for hotel and restaurant chains around the world. They upgraded the system of the Company through their newest operating platform called **Opera**. This software will efficiently manage sales and accounting, reservations, point-of-sales and engineering- a first in the Philippines. This integrated system will aggressively keep track of inventory and manage revenues. The “*Fidelio*” system permits online monitoring of clients in the hotels. To date, here is a summary of the major systems used by Waterfront Hotels:

| | WCCCHI | WMCHI | DIHCI | APHC | WHC | WFC | WWGI |
|--|--------|-------|-------|------|-----|-----|------|
| Agilysys Point-Of-Sale System (POS) | X | X | X | | | | |
| Micros-Fidelio Opera Sales and Catering System | X | | | | | | |
| Opera Property Management System (PMS) | X | X | X | | | | |
| SUN SYSTEM | X | X | X | X | | | |
| Human Resource Information System | X | X | X | X | | | |
| Actatek Biometric Finger scan System | X | X | X | X | X | X | X |
| MS365 Email System | X | X | X | X | X | X | X |
| Micros Materials Control | X | X | X | X | | X | |
| Online Automation System | X | X | X | X | X | | |
| Call Center System | | | | | X | | |
| Waterfront Recipe Guide System | X | X | X | X | | | |

Employees’ Training

As been told, success is not about how fast you run or how high you climb but how well you bounce back. And bouncing back had never been more challenging than it had been after the devastating pandemic. Needless to say, different industries had been deeply wounded in the recent years but this is even more apparent in the field of hotel and tourism.

Consequently, Waterfront as an organization had been lucid and persistent in its quest to reach new horizons by continuously training and developing competent and efficient workforce in response to the sophisticated needs and demands of the market amidst a globally competitive industry.

In congruence with the company’s vision to become *the leader in the tourism industry committed to provide gracious Filipino hospitality towards total guest satisfaction*, the Peers’ Training and Development Department spearheads the development of programs that seek to equip peers with the knowledge and skills necessary to realize this vision. The programs developed focused on the three key areas: technical skills, customer service, and employee welfare.

It is imperative to ensure that employees are equipped with technical skills required for them to be able do their tasks according to the standards of our brand, the Waterfront. This is made possible through the **Skills Certification Program** that employees assigned in the *Front Office, Food and Beverage Service, Food and Beverage Production Stewarding section, and Housekeeping* departments are required to undergo and pass prior to on-boarding.

Under this program, fundamental knowledge related to the areas of assignment were discussed and followed by written tests. Employees had also undergone supervised skills practice where they are able to align their pre-existing skills set with the company standards and to apply what they have

learned during the discussions in preparation for their final skills assessment. On all assessments, employee trainees were expected to attain a minimum rate of 80% to be certified. Only upon certification would they be allowed to get on board.

Moreover, this is further supported and followed through by Revamp Training Programs conducted amongst Food and Beverage Service employees, intended to refresh and enhance skills in accordance to the improved service sequence standards for ala carte, buffet, and in room dining settings. Additionally, skills revamp trainings were also conducted among the key employees of the Food and Beverage Production department. This aimed to keep their skills on food preparation updated especially when there are new recipes developed and to ensure that all products served follow the same standards from preparation to presentation, keeping the distinct quality and identity of the Waterfront brand.

To further our efforts on up-skilling, we also conduct and facilitate skills enhancement trainings on equipment maintenance mainly for employees under the Engineering Department and key end-users. Refresher courses are also put in place for the software updates of the IT Department.

On top of being technically equipped with knowledge and skills of their respective functions, a great amount of attention is poured to the prime attribute of Waterfront, our service. To ensure a memorable and satisfying guest experience, employees had undergone several customer service trainings. Among those is Gracious Customer Care wherein service providers are trained how to better interact with guests by means of understanding their own selves better through introspection. They are also taught about the importance of managing one's self to be able to manage guests especially during highly emotional and stressful encounters.

Moreover, since we cater to a wide range of guests, from both domestic and international sectors, it is imperative for service providers to have basic knowledge about the different cultures and general backgrounds of international guests hence the conduct of Understanding Cross Cultural Difference training.

To take Filipino hospitality to greater heights, the company in partnership with the Department of Tourism conducted trainings on the Filipino Brand of Service Excellence. This aims to promote Filipino brand of hospitality to the international stage through the exemplification of its values and signature practices such as the "Mabuhay" and "Salamat" gestures.

Following the objective of being able to project good impression and high sense of professionalism, employees had undergone Professional Image Development Program. This training sought to give emphasis on the importance grooming and outward projection in the process of delivering excellent customer service.

While we work on skills development of employees, we also give equal importance towards employee welfare. Together with the Peers' Services Department, we facilitated several trainings and workshops that promote mental health for we understand that in order to deliver excellent service, service providers need to be healthy holistically. Subsequently, it encourages employees to be more engaged and committed to their jobs and to advocating consistent delivery of excellent service which resonates with the guests they interact with.

Indeed, 2023 had been both a challenging and enriching year for all employees. And as we embark to another year, the Peers' Training and Development Department shall carry the same vigor of commitment in developing training programs that would turn Waterfront's vision into a reality.

Employees

As the reputation of the hotels rise and the volume of clientele grow, so will their expectations and demands. The fundamental key to clients' satisfaction will always be the delivery of the best service

from the employees. It is a team effort, requiring constant attention, training and supervision. The Company continues to increase in-house and external training of its employees. A salary structure has been implemented to ensure more competitive compensation packages, which are at par with the industry's standards and the department of Labor and Employment's mandated requirements.

The Company believes that after all, happy employees translate into happy customers, and happy customers would be tantamount to greater satisfaction, sales and income for the Company.

As of the end of the calendar year 2023, WPI Group has a total of 407 employees that were distributed as follows:

WCCCHI:

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 27 | 2 | 29 |
| Non-Executive | 176 | 0 | 176 |
| Total | 203 | 2 | 205 |

WMCHI:

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 8 | 0 | 8 |
| Non-Executive | 64 | 0 | 64 |
| Total | 72 | 0 | 72 |

DIHCI:

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 1 | 0 | 1 |
| Non-Executive | 71 | 0 | 71 |
| Total | 72 | 0 | 72 |

APHC

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 1 | 0 | 1 |
| Non-Executive | 19 | 0 | 19 |
| Total | 20 | 0 | 20 |

WPI

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 0 | 0 | 0 |
| Non-Executive | 14 | 0 | 14 |
| Total | 14 | 0 | 14 |

ALEC

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 0 | 0 | 0 |
| Non-Executive | 3 | 0 | 3 |
| Total | 3 | 0 | 3 |

WWGI:

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 1 | 0 | 1 |
| Non-Executive | 8 | 0 | 8 |
| Total | 9 | 0 | 9 |

WFC:

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 1 | 0 | 1 |
| Non-Executive | 2 | 0 | 2 |
| Total | 3 | 0 | 3 |

WHC:

| | <i>Filipinos</i> | <i>Foreigners</i> | <i>Total</i> |
|---------------|------------------|-------------------|--------------|
| Executive | 1 | 0 | 1 |
| Non-Executive | 8 | 0 | 8 |
| Total | 9 | 0 | 9 |

| | | | |
|--------------------|------------|----------|------------|
| Grand Total | 405 | 2 | 407 |
|--------------------|------------|----------|------------|

There is an existing union in Davao Insular Hotel. On April 1, 2011, Waterfront Insular Hotel Davao Employees Association (WIHDEA) and renewal on the agreement shall be in full force and effect from April 1, 2016 to March 31, 2021. In April 2021, the Collective Bargaining Agreement (CBA) was further renewed, covering a period of five (5) years, April 1, 2021 to March 31, 2026. All other provisions of the CBA are not modified by the foregoing agreement and shall remain between the parties.

Business of WPI and Its Subsidiaries**□ WPI**

Being an investment holding company in hotel and gaming businesses, *WPI* has a strategic advantage in the marketplace. It can move and position itself to grab opportunities in hospitality industry, which is known to be highly competitive. The world-class facilities that it brings to the Province of Cebu are designed to provide a diverse and complete entertainment system that will attract local, regional, and international visitors.

Despite the growing number of competitors in the respective regions, including the entry of international hotel chains, both *WCCCHI* and *WMCHI* enjoyed favorable occupancy rate, successfully inviting both corporate and individual travel accounts.

Subsidiaries

The Company has the following subsidiaries, which are briefly described in the next pages:

1. Waterfront Cebu City Casino Hotel, Inc.
2. Waterfront Mactan Casino Hotel, Inc.
3. Davao Insular Hotel Company, Inc.
4. ACESITE (Phils.) Hotel Corporation
5. Waterfront Hotel Management Corporation
6. Mayo Bonanza, Inc.
7. Waterfront Horizon Corporation
8. Waterfront Food Concepts, Inc.
9. Waterfront Wellness Group, Inc.
10. Grand Ilocandia Resort Development Incorporated
11. Waterfront Promotions Limited
12. Waterfront Puerto Princesa Hotel Inc.
13. Waterfront Iloilo Hotel Inc.
14. Waterfront Cebu Ventures Inc.

□ ***Waterfront Cebu City Casino Hotel, Inc.***

WCCCHI was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI achieved a milestone during the year by opening the doors of WCCHC on January 5, 1998, with 158 guest-rooms which has already grown to 561 by the last quarter of 1999, six-storey convention center known as the *Waterfront Convention Center*, previously known as Cebu International Convention Center and six-storey **Entertainment Block**. Located in this Entertainment Block is a 1,000-square meter 5-star restaurant, which completes the Company's restaurants row. On February 5, 1998, PAGCOR commenced operations at the new purposely-built casino at the Entertainment Block.

- *Waterfront Convention Center - (WCC)*

Waterfront Convention Center previously known as Cebu International Convention Center is a six-storey building, especially-designed to adapt to any event size and purpose, with a total gross area of 40,587 square meters, and has been in operation since January 5, 1998. Major amenities of the center include ten (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- *Entertainment Block*

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of eleven (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "*Casino Filipino*", and 62 hotel rooms and suites

- *Hotel Tower Block*

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high rise block of 498 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts and is just 30 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffee shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The newly renovated lobby was inspired based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has

always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance.

Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

Afternoon.Tea

Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Afternoon Tea offering. It is a tea and dessert concept created to give guests a whole new tea experience by giving emphasis on unique ways to enjoy a cup of tea. Guests can expect an array of snack choices to complement their tea selection. The Afternoon Tea comes with a choice of Traditional Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine Dispenser

Guests can now take a sip of Lobby Lounge's extensive selection of wine. The wine dispenser is an innovative addition to the wining and dining experience at the hotel. It serves the purpose of allowing guests to select among an array of bottles, through tasting by the glass. This concept intends to give guests an opportunity to sample different wines in small amounts before deciding to order a full glass or bottle. Guests may test wines from the dispenser in three different amounts. This way, guests can choose the perfect wine fit for their palate. To enjoy the wine dispenser service, guests must avail of the Wine Card which comes in prepaid or postpaid.

To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

❑ *Waterfront Mactan Casino Hotel, Inc.*

Waterfront Mactan was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Mactan Island Hotel and Casino (*WMIHC*). WMCHI has completed Phase I of Waterfront Mactan Island Hotel and Casino (*WMIHC*). It is located right across Mactan-Cebu International Airport, on a land area of approximately 3.3 hectares. The hotel features 166 rooms and suites, 6 food-and-beverage and entertainment outlets, with a total built-up area of 33,515 square meters. Equipped with one of the largest casinos in the Philippines, WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights. For future development is Phase II consisting of 200-guest rooms, which will be built depending on the demands of the market. It has recently improved its rooms by installing fax machines and Internet connections to cater to the needs of its guests. Additionally, the company has acquired the newest hospitality software in the industry, the **OPERA** Property Management System, which is designed to help run the hotel operations at a greater level of productivity and profitability. This was installed last January 14, 2003.

The hotel is conveniently located in front of the Mactan International and Domestic Airport, just a three-minute drive to the Industrial Zone, a fifteen-minute drive to the beaches of Mactan Island and just thirty minutes away from Cebu City's shopping and financial district.

Year 2016, the property extended the Annex parking to provide more slots for the guests.

□ ***Davao Insular Hotel Company, Inc.***

Davao Insular Hotel Company Inc. was incorporated in the Philippines on July 3, 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trade name Waterfront Insular Hotel Davao. Waterfront Insular Hotel, the prestigious business hotel in a sprawling garden resort setting, is only five to ten minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 159 guestrooms and suites, 5 function rooms and 6 F&B outlets. Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City.

On 2015, the property re-opens its gym with 48 square meters to continuously serve its guests and to ensure guests satisfaction.

Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical.

□ ***ACESITE (PHILS.) Hotel Corporation***

The principal property of the Company is a 22-storey building known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. The Hotel has 337 guestrooms and suites that have individually controlled central air conditioning, private bathroom with bathtub and shower, multi-channel radio, color TV with cable channels and telecommunications facilities. It has 3 function rooms and one of this is Alcuaz which can accommodate 250-300 guests. The hotel has approximately 2,200 sq. meters of meeting/banquet/conference facilities, and also houses several restaurants, such as Seasons Café (coffee shop), the El Rey (bar & lounge) and the Patisserie (bakeshop and deli items). Other guest services and facilities include a chapel, swimming pool, gym, business center and a valet-service basement car park. Concessionaires and tenants include beauty salon, foot spa, photography services, transportation services, travel agency, flower shop and boutiques. In addition, Casino Filipino - Pavilion, owned and operated by PAGCOR, occupies part of the first, second, third, fourth and fifth floors (a total of 12,696.17 sq. m.) of the building.

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

Year 2015, Alcuaz function that can accommodate 250-300 guests was renovated and 111 rooms under superior room category were opened.

On March 18, 2018, a fire broke out in APHC's hotel property that damaged the podium and main hotel that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire

has been declared and classified as “accidental in nature”. APHC incurred casualty losses due to damages on its inventories and hotel property (see Notes 6 and 9). APHC has filed for property damage and business insurance claims from its insurance companies and the insurance claims were finalized in 2020 amounting to P1.72 billion. As at December 31, 2020, total amount received from the insurance company amounted to P1.58 billion. As at December 31, 2020 and 2019, APHC recognized gains on insurance claims amounting to P854.52 million and P234.09 million, respectively, of which P850.22 million and P431.25 million were received in 2020 and 2019, respectively. The remainder amounting to P136.21 million relates to the portion of the claims that is still receivable from the insurance company. In 2018, APHC started the reconstruction and restoration of the podium and the hotel buildings which are still ongoing as at December 31, 2021.

□ ***Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)***

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation starting November 2006. It is a seven-story building with 10 deluxe suites, 20 deluxe king and 20 deluxe twin rooms which offers a personalized butler service. A boutique hotel boasting with its trendy Café Noir, pool bar Mirage and an elegant ballroom, Promenade, added to the list of must-go places in the busy district of Manila. The black and white concept of its lobby is distinctly G-Hotel.

On October 01, 2014, the BOD approved the cessation of the Company’s business operations. Consequently, the Company’s activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities.

□ ***Mayo Bonanza, Inc.***

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated on November 24, 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI is to extend the gaming business of the Company. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public. The Company entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former’s slot machine outside of casinos in line with PAGCOR’s slot machine arcade project.

On May 30, 2016, BOD approved the cessation of the Company’s business operations effective July 01, 2016.

□ ***Waterfront Horizon Corporation***

WPI 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 Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

□ ***Waterfront Food Concepts, Inc.***

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu, Waterfront Mactan and other established coffee shops and food service channels outside the hotels. The property is located in the lobby level of Waterfront Cebu City Casino Hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu.

❑ ***Waterfront Wellness Group, Inc.***

This new subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Formerly, W Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipments. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel. The management has plan of opening Citigyms in all its hotels.

❑ ***Grand Ilocandia Resort and Development, Inc.***

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

❑ ***Waterfront Promotions Limited/Club Waterfront International Limited***

Waterfront Promotion Ltd. was incorporated on March 6, 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (*CWIL*). It is a wholly owned subsidiary of Waterfront Philippines, Inc., a domestic company. Under the agreement with PAGCOR, WPL has been granted the privilege to bring in foreign players under the program in Waterfront Cebu City Hotel and Grand Ilocandia Resort Development Corp. On the other hand, CWIL is allowed to bring in foreign players in Waterfront Mactan Hotel. In connection to this, the company markets and organizes groups of foreign players as participants to the Philippine Amusement and Gaming Corporation's (PAGCOR) Foreign High Roller Marketing Program. The company also entered into agreements with various junket operators to market the casinos for foreign customers. Under these agreements, the company grants incentive programs to junket operators such as free hotel expenses, free airfares and rolling commissions.

The operations for Waterfront Promotions Limited, and likewise for Club Waterfront International Limited, had ceased for the year 2003 in March due to the bleak market.

❑ ***Waterfront Iloilo Hotel Inc.***

Waterfront Iloilo Hotel Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on March 29, 2019 primarily to operate and manage a resort hotel and a restaurant that caters to the guests of the hotel.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations.

The Company's registered office address is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

❑ ***Waterfront Puerto Princesa Hotel, Inc.***

Waterfront Puerto Princesa Hotel, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on May 15, 2017 primarily to acquire and hold real property such as lands, buildings and personal property of all kinds, to sell, lease, convey, mortgage, construct, improve and develop, contract for, manage, administer and or operate, alone or jointly

with others any interest in real or personal property as well as in hotels, inns, lodging houses, resorts and all adjunct and accessories thereto, including restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusement and entertainment of all kinds; to invest in other corporations for the advancement of its interest or to grant concessions, rights or licenses to others to operate, manage or deal with the same, to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations.

The Company's registered office is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

□ ***Waterfront Cebu Ventures, Inc.***

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on August 24, 2018 primarily to carry on the business of an investment holding company.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations.

The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

Business Development

In 1995, Waterfront Philippines, Inc. (WPI) set out to complete two major objectives in the province of Cebu- to focus on hotel and resort development and to promote tourism in the Philippines. Four years later, this vision became a reality with the full operation of the Waterfront Mactan Island Hotel and Casino, Inc, and Waterfront Cebu City Hotel. At present, WPI would like to establish itself as the premiere tourism organization with leisure and entertainment activities, not only in Cebu, but also in the various provinces nationwide.

Year 2015

The race is not always to the quick. Leaders of the company make it to the top by dint of hardwork, resourcefulness and a healthy streak of creativity. To go beyond outside traditional markets and develop new revenue streams. And further enhance measures to decrease our operating cost without sacrificing the need and satisfaction of our guest.

The company also works hard to tap into alternative opportunities available, such as reaching out to the local market, which has been provided us with a remarkable revenue stream that should be further nurtured and explored.

This year also marks the second time the Philippines is playing host to the Asia-Pacific Economic Cooperation (APEC), having hosted the vent previously in 1996. The meeting aims to solicit proposals and share best practices in boosting connectivity and mobility within and across member-economies, particularly through more active capital markets. Organizers plan also to use something else that will make the Philippines stand out: its hospitality.

Despite the intense competition, the Group was able to bring in significant revenue growth and positioned to reap the fruits of all hardwork.

Year 2016

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.

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.

Overall, 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.

Year 2017

2017 marked continuous growth by becoming the usual host of some of the country's biggest events, the "castlesque" establishment has become one of the city's most iconic monuments and has

established itself as a primary entertainment destination through the years. Being truly at the “center of it all”, our hotels serve up a combination of refinement and comfort like no other, as each property expresses elegance with beautiful furnishings, exquisite interior design details and state-of-the-art amenities.

The Group has spent two decades of dedication in delivering nothing but excellent service and top-notch rooms and facilities to all its valued guests thus, with this overwhelming recognition to be chosen as one of the Philippine recipients for the ASEAN’s prestigious MICE Venue Standard Award in the Hotel Category Setting, the hotel offers this success also to its patrons and loyal guests.

Year 2018

This year was a year filled with challenges and growth for the group. Earlier this year, Acesite Hotels Corporation has met with an unfortunate event. However, this didn’t stop the Hotel Group from thriving. Renovations and repairs have already been driven forward to ensure that such roadblocks do not hamper the envisioned growth. The hotels in Cebu and Davao have all provided continuous improvement all throughout the year by cementing its reputation of being reliable and grand venues for events and a center for business.

With a vision to be a leader in the lodging industry through providing excellent customer service, Waterfront Hotel Group pushes forward to new heights with plans to re invigorate function rooms and further improve a cluster of services to our clientele.

Year 2019

The group showed a sustained growth this year all throughout the operational properties. The newly renovated function rooms of WCCHI was unveiled earlier this year with plans to revitalize and renew the remaining function rooms including the coveted venue in the city, The Grand Ballroom.

Both WCCHI and WMCHI are considered to be the top choice of international airline carriers to provide excellent lodging and service for their crew whilst in the city. All three hotels have continually provided venues for grand National events, business ventures and vacationing tourists alike.

Year 2020

This year the group endured a global pandemic. The COVID-19 outbreak has spread across the globe causing disruptions to businesses and economic activities. The hotel was one of the most affected industries. The hotel was not able to operate at full capacity when quarantine was implemented in varying degrees nationwide since the second quarter of the year.

Davao and Mactan achieved 100% and 92% occupancy in the first quarter, respectively. However, occupancy was significantly lower for the rest of year to as low as 2% in Davao and 9% in Mactan and Cebu in some months. To cope, the company offered Bayanihan promos to accommodate guests through online bookings and walk-ins, government groups and corporate clients which include airline, telecommunication and utilities companies. There was significant reduction in the level of capital and operational expenditures in the short term, limiting the outflows to only required compliance with health and safety and pausing all nonessential spending.

Year 2021

In 2021, the Group’s hotels were accredited by Department of Health as multiple-use establishments to allow the hotels to operate both as quarantine facilities and for leisure or staycation. With this, the Group entered into a contract with Overseas Workers Welfare Administration to cater repatriated and returning Overseas Filipino Workers from June 2021 until December 2021. This contract was extended until June 2022 for WCCCHI’s hotel.

The Group also continued to open its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government groups and corporate clients which include airline, utilities and telecommunication companies. The Group took advantage of technology to cater the demands of the market online. The Group's average occupancy rate from January to April 2022 ranged between 24% to 75%.

The Group has taken mitigating actions, such as significant reduction in the level of capital and operational expenditures in the short term, limiting the outflows to only required compliance with health and safety, and pausing all nonessential spending, which contributed to the Group's gradual recovery despite the continuing impact of the COVID-19 pandemic to the hotel industry. Accordingly, the Group may still sustain lower levels of revenue and profit in 2022 but an improvement is expected than the 2021 levels.

Year 2022

In 2022, the Group has continuously and resiliently got back on track by opening its rooms and facilities and gaining functions for special events. More opportunities were identified by creating new products, adding more services and breaking into new markets. The Group still took advantage of technology to cater the demands of the market online.

Taking consideration on the growing and competitive market, Waterfront Group has continued to take the lead by accommodating with utmost service both local and international guests in all walks of life, may they visit on individual basis or in groups from online bookings, walk-ins, government or corporate clients.

Year 2023

In 2023, the Group implemented necessary facility improvements upgrades in recent years to pique consumer interest in our hotel experience. The ongoing construction of our revitalized Manila property will soon be an exciting addition to the Waterfront experience, and is expected to emerge even stronger as a group upon its completion. In addition, the properties have consistently focused on the maintenance and repair of equipment and the upgrading of systems, both hardware and software, increasing efficiency and automation in various departments.

Strategies

The hotel properties are centrally located in the central business districts of three prime Philippine destinations, 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.

The management team has a 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.

The 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 the expertise in the hotel management, and the partnership with an investment group that is premised on the transfer of clean properties with minimal business risks, the company is confident enough the ability to improve operations and enhance value of acquired assets.

As to price, the Company offers competitive rates and packages catering to the different markets, practices flexible schemes to respond to the dynamic market. As to product/services, consistent

excellent service is the key. Moreover, well maintained facilities and equipment, impressive, exciting and value for money promotions in the F&B outlets would definitely make a difference.

The Central Reservations System has made it the only integrated network of hotels in the country with a powerful presence through 24/7 booking service. As the company strives towards further convenience and accessibility, the company has introduced its outline booking facility. The newly redesigned website offers highly efficient online reservations facility that allows customers from all over the world to book real time and receive real time confirmation. This high-speed reservations feature enables the company to fully cater to the online market, whether the purpose is for travel research or convenient booking. All in all the company continue to expand in innovative ways, using technology and new media as a cost effective way to expand its market share, explore new markets and ensure the strength locally and internationally.

In addition to advancement concerning our operations is the upgrading of our property Management Systems (PMS). These are multi-million Peso investments to upgrade our efficiency, and ensuring that our operations remain steady in the years to come. The Waterfront Recipe Guide System is a savvy new strategy to give our F&B operations a boost. This will enable us to standardize our best-selling dishes, aiming to be more consistent in preparation and waste.

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 greatest software is our People.

Item 2. Properties

The Company, being a holding company, has no real properties in its name. Properties under the WPI Group are under the ownership or lease holdings of the respective subsidiaries.

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

WCCCHI Land Lease:

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

WMCHI Land Lease:

| | |
|----------------|--|
| Location | In front of Mactan-Cebu International Airport, Lapu-Lapu City |
| Size | Approximately 3.3 hectares |
| Lessor | Mactan Cebu International Airport Authority |
| Terms of lease | 50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines |

| | |
|-----------------|--|
| Lease Agreement | Fixed rental per month of Php 18.75 per square meter or a total amount per annum of Php 7,875,000.00 + Percentage rental of 2% of the Annual Gross Revenues as defined under the Land Lease Agreement. |
|-----------------|--|

DIHCI Wholly Owned:

| Location | Title | Area (In Sq. Meters) |
|--|------------|----------------------|
| <ul style="list-style-type: none"> ▪ Lanang, Davao City Size: Approximately 12.29 hectares but with offshore area of 4.3 hectares | TCT 0-255* | 2,997 |
| | 0-256* | 304 |
| | 0-257* | 113 |
| | 0-258* | 50 |
| | 0-259* | 404 |
| | T-10250* | 43,881 |
| | T-10250* | 47,320 |
| | T-10251* | 2,091 |
| | T-102510* | 2,043 |
| | T-10252* | 1,133 |
| | T-10252* | 300 |
| | T-10252* | 300 |
| | T-10252* | 1,580 |
| | T-10254* | 500 |
| | T-10254* | 400 |
| | T-10303-A* | 304 |
| | T-30874* | 223 |
| | T-10264* | 18,959 |

ACESITE Land Lease

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

On March 18, 2018, a fire broke out in Acesite (Phils.) Hotel Corporation's hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area and restaurants in the APHC's hotel property that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature."

Item 3. Legal Proceedings

3.1 SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a Resolution issued by CA, resolved to submit the appeal for decision.

On August 30, 2019, the Court of Appeals rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Parent Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999 to June 30, 2013, and 6% legal interest from July 1, 2013 until full payment; and
- SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013 until full payment.

Subsequently, on January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. As at the date of authorization for issue of the consolidated financial statements, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC.

As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statement of profit or loss and other comprehensive income.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. On May 4, 2022, The Company filed a Comment to Respondent's Motion for Reconsideration with Motion to Admit.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company is hereby ordered to:

- a. submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule of Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision. As at date of the issuance of the separate financial statements, the RTC of Quezon City and the SSS has yet to comment on the motion.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2022 and 2021. Interest expense related to the SSS loan recognized in the separate statement of comprehensive (loss) income amounted to P20.63 million in 2022 and 2021 and P60.00 million in 2020. Accrued interest and penalties presented under "Accrued expenses and other payables" account in the separate statement of financial position amounted to P731.88 million, and P711.24 million as at December 31, 2022 and 2021, respectively.

3.2. BIR Assessment

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

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

In its decision promulgated on November 13, 2012, the CTA upheld the expanded

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

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at the date of the authorization for issue of the consolidated financial statements the Parent Company is still awaiting the SC's decision.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

3.2.2 Subsequently, the Company received on February 14, 2023, a notice dated December 7, 2022, whereby the SC required the Company and the BIR to submit their respective memoranda. On March 15, 2023, the Company submitted its memorandum to the SC. As at the date of the authorization for issue of the separate financial statements, the Company is still awaiting SC's decision.

Item 4. Submission of Matters to a Vote of Security Holders

4.1 The stockholders approved and ratified the following matters during the Stockholder's Meeting held last September 23, 2023:

4.2

a. Election of the members of the Board of Directors to serve for the term 2022-2023. Those elected regular members of the Board were:

1. Mr. Sergio R. Ortiz-Luis, Jr.
2. Mr. Reno I. Magadia
3. Mr. Kenneth T. Gatchalian
4. Mr. Arthur M. Lopez
5. Mr. Dee Hua T. Gatchalian
6. Ms. Elvira A. Ting
7. Mr. Aristeo R. Cruz
8. Mr. Sergio R. Ortiz-Luis, Jr.
9. Atty. Ruben D. Torres
10. Mr. Renato Francisco

Atty. Arthur R. Ponsaran acts as the Corporate Secretary of the Company.

b. The designation of KPMG R.G. Manabat and Co. as the Corporation's external auditor. For year ending 2023, the signing partner of the company is Mr. Oliver C. Bucao.

PART II – OPERATIONAL AND FINANCIAL INFORMATION**Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters**

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

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

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

| Peso | High | Low |
|------------------------|-------------|------------|
| 2023 | | |
| January – March 2023 | 0.465 | 0.450 |
| April- June 2023 | 0.430 | 0.420 |
| July- September 2023 | 0.400 | 0.395 |
| October- December 2023 | 0.415 | 0.375 |

| Peso | High | Low |
|------------------------|-------------|------------|
| 2022 | | |
| January – March 2022 | 0.485 | 0.430 |
| April- June 2022 | 0.450 | 0.420 |
| July- September 2022 | 0.600 | 0.425 |
| October- December 2022 | 0.520 | 0.420 |

The price of the stock is at 0.415 as of December 31, 2023 and at 0.39 as of May 08, 2024.

- 5.1 The number of stockholders of record as of December 31, 2023 on the Register of Shareholders was 429 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2023 were 2,498,991,753. There are no sales for the last three years of unregistered securities.
- 5.2 The list of top 20 stockholders of record as of December 31, 2023 is as stated hereunder:

| | STOCKHOLDER'S NAME | TOTAL | PERCENTAGE |
|----|--|---------------|------------|
| | | HOLDINGS | TO |
| | | (SUBSCRIBED) | TOTAL |
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,331,235 | 45.35% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,368,739 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |

| | | | |
|----|---|------------|--------|
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | DAVID LAO OSMENA | 589,600 | 00.02% |
| 20 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |

Item 6. Management's Discussion and Analysis or Plan of Operation

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2023, 2022 and 2021 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS (Amounts in P)

| RESULTS OF OPERATIONS | 2023 | 2022 | 2021 |
|--|--------------------|--------------------|--------------------|
| Revenues | 1,803,586,373 | 1,486,441,049 | 997,788,154 |
| Less: Costs and Expenses | 1,143,632,602 | 993,377,085 | 645,199,626 |
| Gross Income | 659,953,771 | 493,063,964 | 352,588,528 |
| Other (Expenses) Income | (513,769,081) | (376,255,667) | 77,507,753 |
| Net Income (Loss) Before Income Tax | 146,184,690 | 116,808,297 | 430,096,281 |
| Income Tax Expense (Benefit) | 107,627,968 | 65,925,125 | (100,705,358) |
| NET INCOME (LOSS) | 38,556,722 | 50,883,172 | 530,801,639 |
| Earnings (Loss) Per Share | 0.028 | .033 | 0.222 |

FINANCIAL CONDITION (Amounts in P)

| FINANCIAL CONDITION | 2023 | 2022 | 2021 |
|---|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | 4,858,219,040 | 4,222,560,541 | 3,689,536,752 |
| Noncurrent Assets | 15,822,168,468 | 16,185,968,157 | 13,311,074,399 |
| Total Assets | 20,680,387,508 | 20,408,528,698 | 17,000,611,151 |
| | | | |
| LIABILITIES | | | |
| Current Liabilities | 2,658,409,343 | 2,375,069,374 | 2,678,011,184 |
| Non-current Liabilities | 5,319,665,686 | 5,641,210,653 | 2,652,636,839 |
| Total Liabilities | 7,978,075,029 | 8,016,280,027 | 5,330,648,023 |
| Total Stockholders' Equity | 11,244,892,501 | 11,040,389,800 | 10,454,989,383 |
| Minority Interest | 1,457,419,978 | 1,351,858,871 | 1,214,973,745 |
| Total Liabilities & S/H Equity | 20,680,387,508 | 20,408,528,698 | 17,000,611,151 |

Calendar Year -ended December 31, 2023 as compared with Calendar Year ended December 31, 2022

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2023 was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2023 is at P1.804B compared to 2022's P1.486B, increasing by 21.34%.

Earnings per share for 2023, P0.028 and P0.033 for 2022. There are no potentially dilutive shares as of December 31, 2023.

Cost and expenses

- Cost and expenses of 2023 is at P1.144B compared to last year's P993.38M

FINANCIAL CONDITION

Cash and cash equivalents - This account decreased by P107.94M which is 18.49% lower from last year.

Receivables - Increased by 3.41% from P873.87M in 2022 to P903.67M in 2023.

Notes Receivable - Increased for the year by P20.17M or an increase of 8.15%.

Inventories - Inventories Decreased by 14.27% from last year.

Due from related parties-current portion - The account increased to P2.936B, an amount 31.09% higher from last year. This represents interest bearing advances to TWGL, PRC and Crisanta Realty.

Prepaid expenses and other current assets - An increase of P0.06M from last year's P248.40M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment - There was a 0.21% decrease from last year's P11.001B to this year's P10.978B. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.

Other noncurrent assets - There is a decrease of P3.10M on this account compared to last year's P731.76M.

Current Liabilities - The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by by 11.93% from last year; P2.375B in 2022 to P2.658B in 2023.

Loans Payable - Current portion of the loan increased by P120.00M.

Other current liabilities - The account resulted in an increase from P32.95M last year to P63.49M this year. This refers to concessionaire, other deposits and deferred income.

Calendar Year -ended December 31, 2022 as compared with Calendar Year ended December 31, 2021

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2022 was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2022 is at P1.486B compared to 2021's P0.998B, increasing by 48.97%.

Earnings per share for 2022, P0.033 and P0.222 for 2021. There are no potentially dilutive shares as of December 31, 2022.

Cost and expenses

- Cost and expenses of 2022 is at 993.38M compared to last year's 645.20M

FINANCIAL CONDITION

Cash and cash equivalents - This account decreased by P259.91M which is 30.80% lower from last year.

Receivables - Increased by 21.93% from P716.70M in 2021 to P873.87M in 2022.

Notes Receivable - Increased for the year by P12.11M or an increase of 5.15%.

Inventories - Inventories Increased by 21.92% from last year.

Due from related parties-current portion - The account increased to P2.240M, an amount 35.64% higher from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets - An increase of P29.86M from last year's P218.54M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment - There was an 8.19% increase from last year's P10.168B to this year's P11.001B. In compliance with PAS 27, property and equipment (except operating and transportation equipment) were carried at revalued amounts effective 2009.

Other noncurrent assets - There is a decrease of P53.18M on this account compared to last year's P784.94M.

Current Liabilities - The account consisted of trade payable, income tax payable, accruals and loans payable. The account decreased by 11.31% from last year; P2.68B in 2021 to P2.38B in 2022.

Loans Payable - Current portion of the loan decreased by 41.10%.

Other current liabilities - The account resulted in a decrease from P36.04M last year to P32.95M this year. This refers to concessionaire, other deposits and deferred income.

Calendar Year -ended December 31, 2021 as compared with Calendar Year ended December 31, 2020

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2021 was lower than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2021 is at P.998B compared to 2020's P1.054B, decreasing by 5.39%.

Earnings per share for 2021, P0.220 and P0.158 for 2020. There are no potentially dilutive shares as of December 31, 2021.

Cost and expenses

- Cost and expenses of 2021 is at 645.20M compared to last year's 717.65M

FINANCIAL CONDITION

Cash and cash equivalents - This account decreased by P334.37M which is 28.38% lower from last year.

Receivables - Increased by 35.06% from P530.64M in 2020 to P716.70M in 2021.

Notes Receivable - Increased for the year by 11.91M or an increase of 5.33%.

Inventories - Inventories Increased by 5.15% from last year.

Due from related parties-current portion - The account decreased to P1.651M, an amount 26.88% lower from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty.

Prepaid expenses and other current assets - An increase of P8.01M from last year's P210.54M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment - There was a 19.16% increase from last year's P8.533B to this year's P10.168B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other noncurrent assets - There is a decrease of P84.887M on this account compared to last year's 869.8M

Current Liabilities - The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 0.13% from last year; P2.675B in 2020 to P2.678B in 2021.

Loans Payable - Current portion of the loan increased by 60.93%.

Other current liabilities - The account resulted in a decrease from 39.06M last year to 36.04M this year. This refers to concessionaire, other deposits and deferred income.

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties

The Group has assessed that although COVID-19 will not have significant effect on its ability to continue as a going concern, it will still have continuing impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Omnibus Security and Loan Agreement Covenants

As of December 31, 2020, the Group's debt service coverage ratio has fallen below the agreed threshold, but the Group was able to obtain a waiver for the breach (see Note 26). As at the date of the authorization of the financial statements, the Group is not in default and continues to pay the maturing interest and principal in a timely manner.

c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d. The group is not subject to externally-imposed capital requirements.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations

The credit quality of the Group's financial assets that are neither past due or impaired is considered to be of good quality and expected to collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2021 and 2020 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed on the PSE totaling to 86.71 million shares as at December 31, 2021 and 2020 (see Note 8f). The Group has also investment in shares of stock of WMPD amounting to P50.00 million representing 5% of the total capital stock of WMPD (see Note 8f).

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2020 and 2019.

Risk Management Structure

Board of Directors

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2021 and 2020.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement. Breaches in meeting the financial covenants would permit the bank to immediately call the loans. There have been no breaches of the financial covenants in the current period.

Item 7. Financial Statements

The consolidated financial statements are filed as part of this Form 17-A, attached hereto and marked as Annex 'A'.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

1) External Audit Fees and Services

KPMG R.G. Manabat & Co. began the external audit of the financial statements of Waterfront Philippines, Inc. and its subsidiaries for the calendar year ended December 31, 2023 until present, December 31, 2022.

A) Audit and Audit-Related Fees, net of Tax

| | FOR THE CALENDAR YEAR ENDED DECEMBER 31, | |
|--|--|--------------|
| | 2023 | 2022 |
| Aggregate Fees Billed for the external audit of the Company's financial statements | 3,676,000.00 | 3,400,000.00 |

B) Tax Fees

None

C) All Other Fees

None

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III - CONTROL AND COMPENSATION INFORMATION**Item 9. Directors and Executive Officers of the Registrant**

9.1 The names and ages of the Directors and Executive Officers as of December 31, 2023 are as follows:

| Office | Name | Age | Citizenship | Position in Other Listed Companies |
|-----------------------|---------------------------|-----|-------------|--|
| Chairman of the Board | Sergio R. Ortiz-Luis, Jr. | 80 | Filipino | Independent Director- Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of Alliance Global, Inc.; Director - International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliations: Vice-Chairman - Export Development Council; Civic Organizations: Chairman - Rotary Club of Green Meadows, Director - PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General - Consulate of Romania in the Philippines. |
| Director | Kenneth T. Gatchalian | 47 | Filipino | Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Executive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc. |

| | | | | |
|------------------------|-----------------------|----|----------|--|
| Director | ➤ Arthur M.Lopez | 77 | Filipino | Owner and Principal Consultant of AML Hotel Consultancy, Management and Technical Services Consultant of Federal Land and owner of Grand Hyatt Projects and Marco Polo Cebu; Director-Philippine Estates Corp., Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao, B Hotel Quezon City, Bellevue Baguio (opening in 2018) and Bloomberry Casino Hotels & Resorts; Regional Director of Asia Pacific Top Management International Resources Corp.; Hotel Management Consultant of Double Dragon properties Corporation. President of Legoli Holdings Inc and Arleff Holdings Inc. and President of Phil. Hotel Federation Inc. |
| Director | Dee Hua T. Gatchalian | 75 | Filipino | Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP- Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc. |
| Director | Reno I. Magadia | 53 | Filipino | Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director - Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation. |
| Director | Aristeo R. Cruz | 57 | Filipino | Director- Metro Alliance Holdings & Equities Corp., Director- Acesite (Phils.) Hotel |
| Director | ➤ Renato C. Francisco | 75 | Filipino | Associate Justice-Court of Appeals, Former Executive Judge of the Regional Trial Court, Former Assistant City Prosecutor for Makati City |
| Director | ➤ Ruben D. Torres | 82 | Filipino | Independent Director Waterfront Philippines, Inc., President -BPO Workers Association of the Phils.; Senior Partner - Torres Caparas Torres Law Offices; Secretary General-Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation. |
| Director and Treasurer | Elvira A. Ting | 63 | Filipino | President & CEO - Philippine Estates Corporation; Director-Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation. |

| | | | | | |
|---------------------|-----------------|----|----|----------|--|
| Corporate Secretary | Arthur Ponsaran | R. | 80 | Filipino | Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuykill Assets Strategists (SPV-AMC), Inc., Petrolift Corp. |
|---------------------|-----------------|----|----|----------|--|

➤ *Independent Directors*

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

| | |
|--|------------------------------|
| Sergio Ortiz-Luis, Jr. | Chairman of the Board |
| <p>He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.</p> | |

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

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|------------------------|-----------------|
| Arthur M. Lopez | Director |
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Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. Hotel Management and Development Consultant - Double Dragon Properties Corporation (PSE listed) - Hotel of Asia Inc. - Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant - Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in 2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant - Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman - Philippine Estates Corporation (PSE listed) and Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Director - Waterfront Hotels and Casinos (PSE listed) - Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President - Philippine Hotel Owners Association, Inc. (PHOAI) - the largest group of hotel owners and developers in the Philippines. Holds a Bachelor of Science degree in Commerce, major in Management, and a Master's Degree in Business Administration (MBA), both from the University of Santo Tomas in the Philippines. He completed a Tourism Management course at the EastWest Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA.

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

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

| | |
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| Aristeo R. Cruz | Director |
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Atty. Aristeo Cruz studied Bachelor of Commerce Major in Accounting from De La Salle University Manila and Bachelor of Laws from the New Era University. He is a member of the Philippine Bar and also a Certified Public Accountant. He is currently the Vice Chairman/Director Dean of Meycuayan College, Inc.; Vice President/Compiler of Liberty Bank (A Rural Bank), Inc; Founding and Managing Partner of Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office); President and Chief Operating Officer (COO) of Idealand Realty & Development Corporation, and Statosphere Realty & Development Corporation; Director and Corporate Secretary of Philstar Innovation Realty Corporation; President of Jose & Luz Locsin Foundation, and Waterstreet Realty Corporation; Corporate Secretary of Justino Emilia Realty and Management & Development Corporation; and Director of Metro Alliance Holdings and Equities Corp.

| | |
|----------------------------|-----------------|
| Renato C. Francisco | Director |
|----------------------------|-----------------|

A veteran legal professional, Justice Renato C. Francisco has been serving as an Associate Justice for the Court of Appeals from May 31, 2012 – August 20, 2018. An Ateneo De Manila University graduate for his Bachelor of Laws, Justice Francisco has served in the judiciary as a Presiding/Executive Judge for the Regional Trial Court – Branch 19 of Malolos, Bulacan. Prior to that, he has also been the Assistant City Prosecutor for Makati City from 1992 to 1996. His extensive knowledge about the judiciary and legislations was further improved by the training programs that he has been a part of including The Harvard Negotiation Intensive, The Seminar-Workshop on Substantive Law and Jurisprudence on Intellectual Property for Court of Appeals Justices.

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

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

Executive

| | |
|------------------------------|------------------|
| Kenneth T. Gatchalian | President |
|------------------------------|------------------|

(See above description)

| | |
|--------------------------------|-----------------------------------|
| Evangeline E. Soliveres | Corporate Finance Director |
|--------------------------------|-----------------------------------|

Ms. Soliveres joined Waterfront Group on February 16, 2022 as Corporate Finance Director. She is a CPA by profession; she graduated at the Polytechnic University of the Philippines (PUP), Manila with a degree of Bachelor of Accountancy, Cum Laude. She has earned MBA units from Ateneo Graduate School of Business. After graduation, she worked as an external auditor at Punongbayan & Araullo, CPAs at Makati City. Then, she moved to DMC-Urban Property Developers Inc. as Chief Accountant/Financial Analyst. After which, she worked for ECI Telecom Phils., in Makati City as Finance & Administration Manager. In 2007, she worked for Emerson Asia Pacific ROHQ as Regional Finance Manager for Asia Pacific Supply Chain Organization. In April 2010, she joined ICAP Philippines Inc (Interdealer Broker in Securities), as Treasurer/Finance & Administration Head and Associated Person. After almost 7 years, she decided to leave and join GFI (Hong Kong Brokers) Ltd as Director & Head of Finance & Administration. She was also the Chief Finance & Operations Officer in GLLC Medical Ltd . Hong Kong from the year 2020-2021, prior to joining Waterfront Group. She is a member of the Philippine Institute of Public Accountants (PICPA) and Association of Certified Public Accountants in Commerce & Industry (ACPACI).

| | |
|-----------------------------|------------------------------------|
| Maria Socorro Cotelo | Corporate Planning Director |
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Ms. Cotelo is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University, Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department. She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management.

| | |
|----------------------------------|--|
| Lanelle Cristina M. Barba | Corporate Peers' Resources and Development Director |
|----------------------------------|--|

Ms. Barba, joined Waterfront on June 2006-April 2008 as Employee/Labor Relations Officer in Waterfront Pavilion Hotel and Casino, and was appointed as Peers Resources' and Development Director of the same property on April 30, 2008. Currently, she is the Corporate Peers' Resources and Development Director of Waterfront Hotels and Casinos. She earned her Bachelor's Degree in Elementary Education at the University of Santo Tomas. Prior joining with Waterfront, she is the HR Officer of Asia Select Inc. and Research Analyst under Employee Relations and Benefits Division of Metrobank. She was sent to various trainings and seminars and in 2009, she was sent to Nanyang University, Singapore to attend the PDP 2009 Building the Human Capital Base: Essential HR Practices for Managers. In 2011 to Bangkok, Thailand for HR Audit training. On August 15, 2018, she completed the seminar on Corporate Governance.

9.2 The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified. For the year 2019 the Board of Directors' meeting for the election of the Executive Officers was held on last October 19, 2019. The Directors are to serve one year from then. The last annual stockholders' meeting was held at the Waterfront Cebu City Hotel.

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

There are no other relationships among the officers listed.

9.4 None of the Directors and Executive Officers of the Corporation is engaged in any material litigation either as Plaintiff or Defendant, and the Directors and Executive Officers do not have any knowledge of any proceedings pending or threatened against them for the past five years that are material to evaluation of the integrity and ability of any director including but not limited to the following: (a) Any bankruptcy petition filed by or against any business of which such person was a general partner; (b) any conviction by final judgment, including the nature of the offense, including in a criminal proceeding, domestic or foreign, or being

subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and minor offenses; (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

9.5 There is no significant employee to the Company who is not an executive officer but who is expected by the Company to make a significant contribution to the business except for the Training Consultant and Legal Consultants, the organic pool of trainers as of the moment. In order to protect the long-term viability of the firm with regard to these people, the Company has included in their contracts a provision for conflict of interest, provision for lock in period and non-duplication of documents and developments with WPI copyrights.

Item 10. Executive Compensation

10.1 None of the directors receive compensation for serving as directors of the company.

10.2 The aggregate compensation paid to the four.

| | Fiscal Year Ending December 31 | | |
|---|--------------------------------|---------------|---------------|
| | 2023 | 2022 | 2021 |
| a) Aggregate compensation paid to four most highly compensated executive officers: -estimated | 20,607,382.52 | 16,786,042.79 | 13,673,315.00 |
| b) Aggregate compensation paid to other Officers as a group unnamed -estimated | 10,028,655.90 | 9,723,941.42 | 9,428,485.5 |

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

10.4 There is no issuance of warrants or options for the year 2023 to the directors or executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1 Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2023, WPI has no knowledge of any individual or any party who beneficially owns in excess of 10% of WPI's common stock except as set forth in the table below:

| Title of Class | Name of Record/ Beneficial Owner | Amount & Nature of Record/Beneficial Ownership ("r" or "b") | Percent Of Class |
|----------------|-------------------------------------|--|---------------------|
| Common | PCD Nominee Corp.(Fil) | 1,133,331,235 "r" | 45.35 |

| | | | |
|--------|------------------------|-----------------------|-------|
| Common | The Wellex Group, Inc. | 1,128, 466, 800 "r" * | 45.16 |
| | | | |

*Ms. Elvira A. Ting, the Treasurer, represents The Wellex Group, Inc.

11.2 Security Ownership of Management

| Title Of Class | Name of Owner | Amount and Nature of Ownership ("r" or "b") | Percent of Class |
|----------------|-------------------------|---|------------------|
| Common | Kenneth T. Gatchalian | 30, 000, 100 r&b | 1.200 |
| Common | Arthur M. Lopez | 1 r&b | 0.000 |
| Common | Elvira A. Ting | 10, 000, 009 r&b | 0.400 |
| Common | Aristeo R. Cruz | 1,000 r&b | 0.000 |
| Common | Arthur R. Ponsaran | 110 r&b | 0.000 |
| Common | Dee Hua T. Gatchalian | 350, 000 r&b | 0.014 |
| Common | Reno Magadia | 10, 000 r&b | 0.000 |
| Common | Sergio R. Otiz-Luis Jr. | 100 r&b | 0.000 |
| Common | Ruben Torres | 1, 000 r&b | 0.000 |

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

Item 12. Certain Relationships and Related Transactions

The Directors by virtue of their interest in the shares of the Company are deemed to have interests in the shares of its subsidiary companies and associated companies to the extent the Company have an interest.

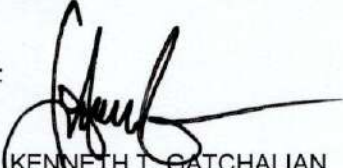
During the fiscal year, no director of WPI has received or become entitled to receive any benefit by reason of:

- i) a contract made with WPI or
- ii) a contract made with a related corporation or
- iii) a contract made with a firm of which the director is a member or
- iv) a contract made with a company in which the director has a substantial financial interest.

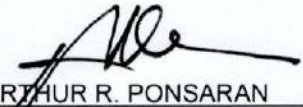
Item 13. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits
- (b) Reports on SEC Form 17-C

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on _____, 20__.

By: 
KENNETH T. GATCHALIAN
President/Director


EVANGELINE E. SOLIVERES
Corporate Finance Director


ARTHUR R. PONSARAN
Corporate Secretary

APR 30 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____ 20__ affiant(s) exhibiting to me his/their Residence Certificates, as follows:

| NAMES | RES. CERT. NO. | DATE OF ISSUE | PLACE OF ISSUE |
|-------|----------------|---------------|----------------|
| _____ | _____ | _____ | _____ |
| _____ | - | - | - |
| _____ | _____ | _____ | _____ |
| _____ | - | - | - |
| _____ | _____ | _____ | _____ |
| _____ | - | - | - |
| _____ | _____ | _____ | _____ |
| _____ | - | - | - |

Notary Public



DOC. NO. 45 ;
PAGE NO. 19 ;
BOOK NO. 10 ;
SERIES OF 2024


ATTY. PETER ANTHONY T. MALLARI
Notary Public until December 31, 2024
Notarial Commission # 2023-210
1155 Gen. Luna St., Ermita Manila
IBP # 317318, Rol# 77587 TIN: 133-031-552
PTR# 1527774 / 1-02-2024 Mia.
MCLE VIII# 0002695

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
Stockholder MasterList
As of 12/31/2023

| Count | Name | Holdings |
|-------|---|---------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,331,235 |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,368,739 |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 |
| 5 | REXLON T. GATCHALIAN | 30,000,000 |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 |
| 9 | REXLON GATCHALIAN | 14,740,000 |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 |
| 11 | ELVIRA A. TING | 10,000,009 |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 |
| 14 | ROLANDO M. LIM | 1,142,500 |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 |
| 16 | MARIA CONCEPCION CRUZ | 876,000 |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 |
| 18 | BENSON COYUCO | 605,000 |
| 19 | LUCENA B. ENRIQUEZ | 552,000 |
| 20 | EMILY LIM | 500,000 |
| 21 | DEE HUA T. GATCHALIAN | 350,000 |
| 22 | ARTHUR H. OSMENA &/OR JANE Y. OSMENA | 330,000 |
| 23 | JOSE YAP &/OR CONCHITA YAP | 330,000 |
| 24 | MARVIN J. GIROUARD | 330,000 |
| 25 | DAVID LAO OSMENA | 314,600 |
| 26 | ANA L. GO | 300,000 |
| 27 | SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO | 297,000 |
| 28 | CHARTERED COMMODITIES CORPORATION | 294,999 |
| 29 | DOMINGO C GO | 275,000 |
| 30 | DAVID LAO OSMENA | 275,000 |
| 31 | SILVER GREEN INVESTMENTS LTD. | 230,000 |
| 32 | GARY GO DYCHIAO | 200,000 |
| 33 | MERIDIAN SEC., INC. A/C# 844 | 200,000 |
| 34 | CRISTINO NAGUIAT, JR. | 181,500 |
| 35 | WILLIE TIO | 159,500 |
| 36 | BETO Y. LIM | 150,000 |
| 37 | PIERCE INTERLINK SECURITIES, INC. | 150,000 |
| 38 | AURORA V. SAN JOSE | 143,000 |
| 39 | YAN TO A. CHUA | 132,000 |
| 40 | CELY S. LIM | 112,200 |
| 41 | DEWEY CHOACHUY, JR | 111,300 |
| 42 | JOHN CRHISTOPHER D. WEIGEL | 110,000 |
| 43 | WANG YU HUEI | 110,000 |
| 44 | WILSON CHUA &/OR BECKY QUE CHUA | 110,000 |
| 45 | KENSTAR INDUSTRIAL CORPORATION | 110,000 |
| 46 | WATERFRONT NOMINEES SDN BHD A/C#6 | 107,800 |
| 47 | CATHAY SEC. CO., INC. A/C# 1030 | 100,000 |
| 48 | MANUEL H. OSMENA &/OR GRELINA L. OSMENA | 100,000 |
| 49 | CHONG PENG YNG | 100,000 |
| 50 | PACIFIC WIDE REALTY DEVELOPMENT CORP. | 100,000 |
| 51 | PACIFIC CONCORDE CORPORATION | 100,000 |
| 52 | MIZPAH HOLDINGS, INC. | 100,000 |
| 53 | CHESA HOLDINGS, INC. | 100,000 |
| 54 | PACIFIC REHOUSE CORPORATION | 100,000 |
| 55 | HANSON G. SO &/OR LARCY MARICHI Y. SO | 100,000 |
| 56 | PACIFIC IMAGES, INC. | 100,000 |
| 57 | CARRIE LIM | 100,000 |
| 58 | ALVIN TAN UNJO | 88,000 |
| 59 | TERESITA GO &/OR SATURNINA GO | 87,000 |
| 60 | GEORGE U. YOUNG, JR | 82,500 |
| 61 | ROLANDO D. DE LEON | 66,000 |
| 62 | LIPPO SECURITIES, INC. | 56,500 |
| 63 | L.M. GARCIA & ASS., INC. A/C# 160 | 55,000 |
| 64 | MA. TERESA P. CRUZ | 55,000 |

| | | |
|-----|--|--------|
| 65 | PRIMITIVO C. CAL | 55,000 |
| 66 | VICKY L. CHAN | 55,000 |
| 67 | LEONG JEE VAN | 55,000 |
| 68 | KIRBY YU LIM | 55,000 |
| 69 | LIM TAY | 55,000 |
| 70 | FRUTO M. TEODORICO, JR | 55,000 |
| 71 | RENATO C. GENDRANO &/OR GENDRANO BERNADETTE | 55,000 |
| 72 | LYDIA J. SY | 55,000 |
| 73 | EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO | 55,000 |
| 74 | NEIL JOHN A. YU | 50,000 |
| 75 | ROBERTO L. UY | 50,000 |
| 76 | UY TIAK ENG | 50,000 |
| 77 | SANDRA E. PASCUAL | 50,000 |
| 78 | FRANCISCO C. SAN DIEGO | 50,000 |
| 79 | EBC SECURITIES CORPORATION | 48,400 |
| 80 | TAN DAISY TIENG | 46,500 |
| 81 | EAST ASIA OIL & MINING COMPANY, INC. | 40,000 |
| 82 | OCBC SECURITIES PHILS., INC. | 40,000 |
| 83 | MANILYNN L. OSMENA | 39,600 |
| 84 | MEGHANN GAIL L. OSMENA | 39,600 |
| 85 | MANUEL L. OSMENA, II | 39,600 |
| 86 | GLADYS MAY L. OSMENA | 39,600 |
| 87 | STEVE WOODWARD | 39,600 |
| 88 | ROBERT KLING | 39,600 |
| 89 | JAY JACOBS | 39,600 |
| 90 | ADRIAN LONG | 39,600 |
| 91 | LUZ YAMANE | 38,500 |
| 92 | LILY S. HO | 36,300 |
| 93 | ABACUS SECURITIES CORPORATION | 35,200 |
| 94 | LILIAN HONG | 34,000 |
| 95 | INTERNATIONAL POLYMER CORPORATION | 33,000 |
| 96 | SEAFRONT RESOURCES CORP. | 33,000 |
| 97 | ARTURO GUANZON | 33,000 |
| 98 | LEONCIO TIU | 33,000 |
| 99 | RAMONCITO ARCEO | 30,000 |
| 100 | RODOLFO B. LEDESMA | 30,000 |
| 101 | TAN LIN LAY | 30,000 |
| 102 | YVETTE LEE | 27,500 |
| 103 | DELFIN R. SUPAPO, JR | 27,500 |
| 104 | ONG YU LING | 27,500 |
| 105 | RAMON A. TINIO | 25,000 |
| 106 | EDGAR M. ALFEREZ | 25,000 |
| 107 | RAYMOND TONG | 23,300 |
| 108 | CHIOTI HSU | 22,000 |
| 109 | IMELDA L. ACIDERA | 22,000 |
| 110 | QUALITY INVESTMENTS & SECURITIES CORP. | 22,000 |
| 111 | PHILIP NG CLARIN & EVELYN NG LEE | 22,000 |
| 112 | MARCELO S. NUGUID | 22,000 |
| 113 | ROBERT C. TING | 22,000 |
| 114 | VICKY ONG | 22,000 |
| 115 | YU SIOK HUI | 22,000 |
| 116 | CONSUELO A. MOPAS | 22,000 |
| 117 | RICARDA B. QUIROS | 22,000 |
| 118 | ERNESTO R. SALAS, JR | 22,000 |
| 119 | PABLO SON KENG PO | 22,000 |
| 120 | WATERFRONT NOMINEES SDN BHD A/C#9 | 20,900 |
| 121 | REGINA CAPITAL DEVT., CORP. A/C#1845 | 20,000 |
| 122 | TRITON SECURITIES CORPORATION | 20,000 |
| 123 | NELIA CO | 20,000 |
| 124 | FRANCIS S. CHOA | 20,000 |
| 125 | JIM HO KHE BIN | 20,000 |
| 126 | ALEXANDER C. LEE | 20,000 |
| 127 | VENUS DE OCAMPO | 20,000 |
| 128 | RUBY PING GO | 20,000 |
| 129 | GUILLERMO F. GILI, JR | 20,000 |
| 130 | CATHERINE LAO YOUNG | 19,800 |
| 131 | ARISTEO O. FERAREN, JR | 17,600 |
| 132 | RAMON JAIME VILA BIROSEL | 17,600 |
| 133 | REXLON INDUSTRIAL CORPORATION | 17,000 |
| 134 | AMANDO J. PONSARAN, JR | 16,500 |
| 135 | GLENN ANTHONY O. SOCO | 16,500 |

| | | |
|-----|---|--------|
| 136 | GRACE MAGNAYE | 16,500 |
| 137 | JOSEFINA DINSAY | 16,500 |
| 138 | KATHLEEN COPON | 16,500 |
| 139 | CARMELITA KONG KIAT | 16,500 |
| 140 | ERIC JAO | 16,500 |
| 141 | ELVIN CHAN | 16,500 |
| 142 | JAY DEXTER A. LIM | 16,200 |
| 143 | REMEDIOS S. ORBETA | 14,300 |
| 144 | AH LAY OH | 13,750 |
| 145 | IBURI TADAFUMI | 13,750 |
| 146 | MONINA GRACE S. LIM | 13,200 |
| 147 | AURELIO P. JR | 13,200 |
| 148 | PEDRO DOMINGO | 12,100 |
| 149 | SEICHIRO TAKAHASHI | 11,000 |
| 150 | RICARDO R. AGUADO | 11,000 |
| 151 | RICARDO P. LAZARO | 11,000 |
| 152 | ROYC CECIL D. IBAY | 11,000 |
| 153 | ALBERTO MENDOZA &/OR JEANIE MENDOZA | 11,000 |
| 154 | CIRILO E. PASUCAL | 11,000 |
| 155 | R. COYIUTO SECURITIES, INC. | 11,000 |
| 156 | HARVEY OSMENA | 11,000 |
| 157 | ROY A. DE LOS REYES | 11,000 |
| 158 | NERISSA C. QUINTANA | 11,000 |
| 159 | DAXIM-REY L. BANAGUDOS | 11,000 |
| 160 | EDGARDO YAMBAO &/OR MARIA ISABEL YAMBAO | 11,000 |
| 161 | PHILIP L. UY | 11,000 |
| 162 | MARLENE S. GUEVARA | 11,000 |
| 163 | JOSEFA T. LUA | 11,000 |
| 164 | MANUEL DY | 11,000 |
| 165 | KATHERINE LIM &/OR MARSHA LIM | 11,000 |
| 166 | YU PEK KIAN | 11,000 |
| 167 | ELIZABETH MERCADO | 11,000 |
| 168 | GAUDENCIO H. PANALIGAN | 11,000 |
| 169 | CONSUELO DY KHU | 11,000 |
| 170 | VENUS PACIA | 11,000 |
| 171 | CARMEN ONG | 11,000 |
| 172 | HUNG CHUEN FEI | 11,000 |
| 173 | ANITA T. DAVID | 11,000 |
| 174 | MA. THERESA C. PE | 11,000 |
| 175 | JEFFERSON Y. YAO | 11,000 |
| 176 | CHEAH TUCK | 11,000 |
| 177 | EVELYN ARCENAL | 11,000 |
| 178 | PHILIP KIONG | 11,000 |
| 179 | ARIEL M. CONCEJERO &/OR MA. CONSUELO G. CONCEJERO | 11,000 |
| 180 | ROLANDO I. LOMBOY &/OR MILAGROS R.LOMBOY | 10,000 |
| 181 | JOHN BENEDICT O. YU | 10,000 |
| 182 | FRANKLIN M. COSTALES | 10,000 |
| 183 | LAWRENCE C. NG | 10,000 |
| 184 | CARINA H. BALONES | 10,000 |
| 185 | JAMES O. NG &/OR ELSIE Y. NG | 10,000 |
| 186 | ARSENIO L. LIM &/OR RUBY O. LIM | 10,000 |
| 187 | GARRY BOOC | 10,000 |
| 188 | GIOVANNI JOSEF B. LIM | 10,000 |
| 189 | RODERICK ALAIN ALVAREZ | 10,000 |
| 190 | TYBALT INVESTMENT LTD. | 10,000 |
| 191 | NOBLE ARCH REALTY AND CONSTRUCTION CORP. | 10,000 |
| 192 | BARTHOLOMEW DY BUNCIO YOUNG | 10,000 |
| 193 | RENO I. MAGADIA | 10,000 |
| 194 | CARMELO OBCEMEA | 10,000 |
| 195 | G & L SECURITIES CO., INC. | 10,000 |
| 196 | FATIMA A. FARRALES | 8,800 |
| 197 | ILDEFONSO REYNOSO, II | 8,800 |
| 198 | MA. ISABEL H. ERMITA | 8,800 |
| 199 | CHARISSA YLAYA | 8,800 |
| 200 | CARMELITA P. CRUEL | 8,800 |
| 201 | RUFINO B. TIANGCO | 8,800 |
| 202 | MAXIMO V. LUCAS | 8,800 |
| 203 | MARIA A. GARCIA | 8,000 |
| 204 | LIPPO SECURITIES, INC. FAO: SHEN KUO HSU | 8,000 |
| 205 | RAPHAEL T. JUAN | 7,700 |
| 206 | SALVADOR T. RIGOR, JR | 7,700 |

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|-----|---|-------|
| 207 | EUFEMIA ZULUAGA | 7,700 |
| 208 | MA. CYNTHIA AMIGO ALCANTARA | 7,700 |
| 209 | JUANA M. REYES | 7,700 |
| 210 | WILLIAM N. CHUA CO KIONG | 7,700 |
| 211 | BING ROJO | 6,700 |
| 212 | HANNAH JALECO ALLANIGUE | 6,600 |
| 213 | EXUPERTO P. CABATANA | 6,600 |
| 214 | CLEOFE D.V. CANETE | 6,600 |
| 215 | STEVEN M. ONG | 6,600 |
| 216 | JOCELYN FULACHE | 6,600 |
| 217 | PROSERFINA SIGUENZA | 6,600 |
| 218 | SALUD VELORIA | 6,600 |
| 219 | ROZANA C. GUTIERREZ | 6,600 |
| 220 | AGAPITO R. VALENCIA | 6,600 |
| 221 | WEALTH SECURITIES, INC. | 5,500 |
| 222 | JUANA ONGKA | 5,500 |
| 223 | VIRGIE R. ORTEGA | 5,500 |
| 224 | MA. WINNINAH S. ANCHETA | 5,500 |
| 225 | CHARLES M. PRATT | 5,500 |
| 226 | RENATO C. ALARCON &/OR VIRGINIA M. ALARCON | 5,500 |
| 227 | RUBEN BALBASTRO &/OR ROSARIO TORRES | 5,500 |
| 228 | ROBERTO S. UY | 5,500 |
| 229 | MA. REGINA CLIMACO | 5,500 |
| 230 | CARMENCITA MIRANDA &/OR DONNA DEL ROSARIO | 5,500 |
| 231 | LOLITA LABACLADO | 5,500 |
| 232 | CONSUELO C. KON | 5,500 |
| 233 | LINDA TAN | 5,500 |
| 234 | ERIBERTO E. ESTEBAN | 5,500 |
| 235 | GENEROSA A. ARENAS | 5,500 |
| 236 | GRACE MAGNAYE | 5,500 |
| 237 | ROBERTO ABELLO &/OR MA. ANTONIA ABELLO | 5,500 |
| 238 | KAROLYN LIU | 5,500 |
| 239 | ANTONIO MAPUA OSTREA | 5,500 |
| 240 | ALEXANDRIA M. LACSON | 5,500 |
| 241 | BELINDA NGO | 5,500 |
| 242 | DEREK PUERTOLLANO | 5,500 |
| 243 | BELINDA CHUA | 5,500 |
| 244 | LUIS W. CHUA | 5,500 |
| 245 | TERESITA I. DE LOS SANTOS | 5,500 |
| 246 | MAHALIA C. QUINONES | 5,000 |
| 247 | GRACIANO AUDWIN T. GARZON | 5,000 |
| 248 | MA. MADONNA M. MEDENILLA | 5,000 |
| 249 | LEOPOLDO SY-QUIA, JR | 5,000 |
| 250 | SIMEON SAMSON &/OR CHARLIE RAVALO | 5,000 |
| 251 | IMELDA M. PRECION | 5,000 |
| 252 | HSBC SECURITIES (PHILIPPINES), INC. | 5,000 |
| 253 | HELEN F. WILLIMANN | 5,000 |
| 254 | ADELAIDA ZITA R. CARLOS | 4,400 |
| 255 | JIMMY G. ONG | 4,400 |
| 256 | MA. TERESITA M. PALO | 4,400 |
| 257 | MINERVA R. ALIAZON | 4,400 |
| 258 | MANUEL S. MILAN | 4,400 |
| 259 | NATIVIDAD C. NGUI | 4,400 |
| 260 | MUI SIN KOH-SEAH | 4,400 |
| 261 | KERRY SECURITIES (PHILS.), INC. -GJ01 | 4,400 |
| 262 | ANGELES MORALES DE LEON | 4,400 |
| 263 | ROBERTO C. VILLEGAS | 4,000 |
| 264 | JOCELYN L. ZARATE | 4,000 |
| 265 | CECILIA CO YU | 4,000 |
| 266 | NG GHIM HWA | 4,000 |
| 267 | SAPPHIRE SECURITIES, INC. | 4,000 |
| 268 | JORGE P. LONTOC OR PACITA L. LONTOC | 4,000 |
| 269 | BRENDA SOLIDUM HERNANDEZ | 3,300 |
| 270 | JUAN ANTONIO LOPEZ | 3,300 |
| 271 | JESUS ROBERTO SAENZ &/OR AURORA E. | 3,300 |
| 272 | SARAH SAN JOSE HAIN | 3,300 |
| 273 | MUI SIN KOH-SEAH &/OR DENNIS CHEE CHIANG SEAH | 3,300 |
| 274 | EUGENE GALICIA | 3,300 |
| 275 | PATRICIA MIADO &/OR MARIO ANGEL MIADO | 3,300 |
| 276 | JAIME R. QUIJANO | 3,300 |
| 277 | CHRISTOPHER D. LO | 3,300 |

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|-----|--|-------|
| 278 | MA. ROSARIO FRANCO | 3,300 |
| 279 | MA. TERESA T. SAN AGUSTIN | 3,300 |
| 280 | PAUL PESTANO | 3,300 |
| 281 | LUKE MACABABBAD | 3,300 |
| 282 | JUN M. BORRES | 3,300 |
| 283 | PANTALEON NIEVA &/OR ANGELITA NIEVA | 3,300 |
| 284 | EDWARD W. TAN | 3,300 |
| 285 | ELEANOR P. CALIMAG | 3,300 |
| 286 | EPIFANIA G. SANTOS | 2,750 |
| 287 | JESUS B. MARAMARA | 2,700 |
| 288 | MA. LEYLANI V. GAMBOA | 2,500 |
| 289 | ROGELIO GANZON | 2,500 |
| 290 | ROSIE TAN | 2,300 |
| 291 | ROGER CORRO | 2,300 |
| 292 | EDNA T. ROGANDO &/OR ESTER T. JUCO | 2,200 |
| 293 | VILMA LUMANOG | 2,200 |
| 294 | ANTONIO VERZOSA | 2,200 |
| 295 | CLARO CENIZA | 2,200 |
| 296 | CARLO ARCHES | 2,200 |
| 297 | AMELIA CERVANTES | 2,200 |
| 298 | LEONARDO ERMITA | 2,200 |
| 299 | BENJAMIN MOMBAY &/OR ELYSIA DELA LLANA | 2,200 |
| 300 | MICHELLE T. SY | 2,200 |
| 301 | MERLINDO R. TINAPAY | 2,200 |
| 302 | AIDA BELLESTEROS | 2,200 |
| 303 | ROLANDO S. SANTOS, JR | 2,200 |
| 304 | MA. ROSARIO T. BARRETTO | 2,200 |
| 305 | BENEDICTO V. VIARDO | 2,200 |
| 306 | RAY CELIS | 2,200 |
| 307 | FLORENTINO A. GONZALEZ, JR. &/OR LOURDJEAN T. GONZALEZ | 2,200 |
| 308 | ELMER DELA CRUZ | 2,200 |
| 309 | MELVIN M. MANALO | 2,200 |
| 310 | NARISA BERLIN R. DURAN | 2,200 |
| 311 | MELITA G. RAGAS | 2,200 |
| 312 | LEVI Q. MAGNAYE | 2,200 |
| 313 | RUBY TING | 2,200 |
| 314 | JOSEPH EDWARD HANNEN | 2,200 |
| 315 | ZITA O. UY-TIOCO | 2,200 |
| 316 | JOCELYN O. LIM | 2,200 |
| 317 | JOHN PATRICK REGNER | 2,200 |
| 318 | LUCILA D. ICBAN | 2,200 |
| 319 | CONSUELO G. OSI | 2,200 |
| 320 | AUGURIO P. DE VERA | 2,000 |
| 321 | EDMUNDO Z. GREGORIO | 2,000 |
| 322 | EDUVEGES O. BATALAN | 2,000 |
| 323 | GLORIA GUINTU | 2,000 |
| 324 | ERVERT AVANZADO &/OR LIAZLE AVANZADO | 2,000 |
| 325 | FLORENCIO SANTOS | 2,000 |
| 326 | BANING P. ANG | 2,000 |
| 327 | BONIFACIO M. CABATIT | 2,000 |
| 328 | I.B. GIMENEZ SEC., INC. A/C DPA-003 | 2,000 |
| 329 | BANING P. ANG | 2,000 |
| 330 | TERESITO P. OCAMPO | 2,000 |
| 331 | WINSTON P. PUNZALAN | 1,500 |
| 332 | ALBERTO MOGUEL | 1,200 |
| 333 | STELLA TANSENGCO-SCHAPERO | 1,200 |
| 334 | CYNTHIA ROXAS DEL CASTILLO | 1,100 |
| 335 | CATHAY SEC. CO., INC. A/C# 1684 | 1,100 |
| 336 | LUZVIMINDA E CABIBIJAN | 1,100 |
| 337 | CAROLINE DY | 1,100 |
| 338 | DAISY S.A REYES | 1,100 |
| 339 | LETICIA ROXAS | 1,100 |
| 340 | ARACELI P. PENAS | 1,100 |
| 341 | JENNIFER CASAS | 1,100 |
| 342 | OMAR C. POLINTAN &/OR MELITA POLINTAN | 1,100 |
| 343 | FEDELIZA R. VARGAS | 1,100 |
| 344 | DOUGLAS TAN | 1,100 |
| 345 | REBECCA TAN LIM | 1,100 |
| 346 | FATIMA L. TAN | 1,100 |
| 347 | MIRABEL TAN | 1,100 |
| 348 | SUZETTE TAN | 1,100 |

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|-----|--|-------|
| 349 | YEOH CHEAW TAU | 1,100 |
| 350 | IRMINIA A. TIPGOS | 1,100 |
| 351 | LYDIA C. PASCUA | 1,100 |
| 352 | ARMANDO S. LLARINAS | 1,100 |
| 353 | ROMMEL C. AQUINO | 1,100 |
| 354 | ROMEO S. LINDAIN | 1,100 |
| 355 | EMILIA MANANON | 1,100 |
| 356 | LUISIANA DELOS SANTOS TONDO | 1,100 |
| 357 | VIDA MARIE E. NISPEROS | 1,100 |
| 358 | GRACE M. GALANG | 1,100 |
| 359 | BEVERLY G. REJANTE | 1,100 |
| 360 | JOHN PETER CHICK B. CASTELO | 1,100 |
| 361 | PORFIRIO G. MACARAEG &/OR MICHAEL MACARAEG | 1,100 |
| 362 | GERALDINE BAD-AY | 1,100 |
| 363 | MABEL POBLETE | 1,100 |
| 364 | ELIZABETH TUBALE | 1,100 |
| 365 | LOLITA TANSENGCO | 1,100 |
| 366 | RAYMOND G. TAN | 1,100 |
| 367 | BENJAMIN G. MAGBANUA | 1,100 |
| 368 | BEDY DU CO | 1,100 |
| 369 | GUILD SECURITIES, INC. | 1,100 |
| 370 | VIVIEN BILBAO | 1,100 |
| 371 | FIDELINA B. REYES | 1,000 |
| 372 | VICENTE LIM PANG | 1,000 |
| 373 | SHAREHOLDERS` ASSOCIATION OF THE PHILIPPINES, INC. | 1,000 |
| 374 | JESUS SAN LUIS VALENCIA | 1,000 |
| 375 | RUBEN D. TORRES | 1,000 |
| 376 | REYNALDO NAVARRA TECECHIAN | 1,000 |
| 377 | RAYMOND AZCARATE | 1,000 |
| 378 | JULIE YAP CHUA | 1,000 |
| 379 | MA. LUISA AQUINO | 1,000 |
| 380 | ARISTEO R. CRUZ | 1,000 |
| 381 | MILAGROS ONG MAGAT | 1,000 |
| 382 | GUIDO VILLANUEVA &/OR AMELIA VILLANUEVA | 1,000 |
| 383 | ABACUS CAPITAL INVESTMENT CORP. A/C 583002 | 1,000 |
| 384 | RODOLFO V. SAEZ | 1,000 |
| 385 | MA. SALOME VILLASIS | 1,000 |
| 386 | ALFREDO COLLADO | 900 |
| 387 | PUBLIC SEC. CORP. | 800 |
| 388 | ROGELIO G. KWAN | 622 |
| 389 | JUANITA LIMCHAYSENG | 600 |
| 390 | RONALD SY | 600 |
| 391 | DONNIE SALVADOR | 600 |
| 392 | ANABELLE C. ALVARO | 500 |
| 393 | ELENA D. BELLEZA | 500 |
| 394 | CARLOS CHING | 500 |
| 395 | DOMINADOR A. REYNO | 500 |
| 396 | LORENA R. CABUGAWAN | 333 |
| 397 | ELENETTE C. PINGUL | 300 |
| 398 | RCBC T/A# 33-398-0 | 300 |
| 399 | MARIO T. MACADAEG | 300 |
| 400 | ERLITA BUGAOAN | 200 |
| 401 | ROSE LUZELLE PAPA | 200 |
| 402 | NORA ROSS | 200 |
| 403 | JOSE RENE ITURRALDE | 200 |
| 404 | ORION-SQUIRE CAPITAL, INC. - 0267 | 200 |
| 405 | FE CALDERON | 200 |
| 406 | ROCHELLE V. MENDOZA | 200 |
| 407 | RICHARD ANTHONY Y. LIBORO | 200 |
| 408 | RENATO B. MAGADIA | 200 |
| 409 | OWEN NATHANIEL AU | 200 |
| 410 | TEE LING KIAT &/OR LEE LIN HO | 200 |
| 411 | SERGIO R. ORTIZ-LUIS, JR | 110 |
| 412 | ARTHUR R. PONSARAN | 110 |
| 413 | TOMAS F. TUASON, IV | 110 |
| 414 | RIZA C. VILLEGAS | 110 |
| 415 | CARLOS BENEDICT K. RIVILLA, IV | 110 |
| 416 | MA. THERESA L. ARGUELLES | 110 |
| 417 | RODOLFO L. CRUZ | 100 |
| 418 | RUBEN MEDRANO | 100 |
| 419 | IMELDA GAPASIN | 100 |

| | | |
|-----|-------------------------|-----|
| 420 | LAMBERTO B. MERCADO, JR | 100 |
| 421 | RENATO C. FRANCISCO | 100 |
| 422 | PATRICK C. GREGORIO | 1 |
| 423 | ERIC FILAMOR | 1 |
| 424 | ARTHUR LOPEZ | 1 |
| 425 | MACARIO TE | 1 |
| 426 | ARSENIO BARTOLOME, III | 1 |
| 427 | DONATO ALMEDA | 1 |

Total Stockholders :

2,498,991,753
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PSE Disclosure Form 17-12-A - List of Top 100 Stockholders (Common Shares)
Reference: Section 17.12 of the Revised Disclosure Rules

Type of Securities

Common

| | |
|-----------------------------|--------------------------|
| For the period ended | December 31, 2023 |
|-----------------------------|--------------------------|

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| Description of the Disclosure |
| WPI PSE Disclosure List of Top 100 Stockholders |

| | |
|---|----------------------|
| Number of Issued and Outstanding Common Shares | 2,498,991,753 |
| Number of Treasury Common Shares, if any | 0 |
| Number of Outstanding Common Shares | 2,498,991,753 |
| Number of Listed Common Shares | 2,498,991,753 |
| Number of Lodged Common Shares | 1,180,699,974 |
| PCD Nominee – Filipino | 1,133,331,235 |
| PCD Nominee – Non-Filipino | 47,368,739 |
| Number of Certificated Common Shares | 1,318,291,779 |

| |
|--|
| Change from previous submission |
| |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 12/31/2023

Page No. 1

| Rank | Name | Holdings | Percentage |
|------|---|---------------|------------|
| 1 | PCD NOMINEE CORP. (FILIPINO) | 1,133,331,235 | 45.35% |
| 2 | THE WELLEX GROUP, INC. | 1,128,466,800 | 45.16% |
| 3 | PCD NOMINEE CORP. (NON-FILIPINO) | 47,368,739 | 01.90% |
| 4 | KENNETH T. GATCHALIAN | 30,000,100 | 01.20% |
| 5 | REXLON T. GATCHALIAN | 30,000,000 | 01.20% |
| 6 | WESLIE T. GATCHALIAN | 30,000,000 | 01.20% |
| 7 | FORUM HOLDINGS CORPORATION | 20,626,000 | 00.83% |
| 8 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 00.65% |
| 9 | REXLON GATCHALIAN | 14,740,000 | 00.59% |
| 10 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 00.58% |
| 11 | ELVIRA A. TING | 10,000,009 | 00.40% |
| 12 | CATALINA ROXAS MELENDRES | 6,246,000 | 00.25% |
| 13 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 00.06% |
| 14 | ROLANDO M. LIM | 1,142,500 | 00.05% |
| 15 | FELIPE A CRUZ, JR. | 1,100,000 | 00.04% |
| 16 | MARIA CONCEPCION CRUZ | 876,000 | 00.04% |
| 17 | FREYSSINET PHILIPPINES, INC. | 770,000 | 00.03% |
| 18 | BENSON COYUCO | 605,000 | 00.02% |
| 19 | DAVID LAO OSMENA | 589,600 | 00.02% |
| 20 | LUCENA B. ENRIQUEZ | 552,000 | 00.02% |
| 21 | EMILY LIM | 500,000 | 00.02% |
| 22 | DEE HUA T. GATCHALIAN | 350,000 | 00.01% |
| 23 | ARTHUR H. OSMENA &/OR JANE Y. OSMENA | 330,000 | 00.01% |
| 24 | JOSE YAP &/OR CONCHITA YAP | 330,000 | 00.01% |
| 25 | MARVIN J. GIROUARD | 330,000 | 00.01% |
| 26 | ANA L. GO | 300,000 | 00.01% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 12/31/2023

Page No. 2

| Rank | Name | Holdings | Percentage |
|------|---|----------|------------|
| 27 | SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO | 297,000 | 00.01% |
| 28 | CHARTERED COMMODITIES CORPORATION | 294,999 | 00.01% |
| 29 | DOMINGO C GO | 275,000 | 00.01% |
| 30 | SILVER GREEN INVESTMENTS LTD. | 230,000 | 00.01% |
| 31 | MERIDIAN SEC., INC. A/C# 844 | 200,000 | 00.01% |
| 32 | GARY GO DYCHIAO | 200,000 | 00.01% |
| 33 | CRISTINO NAGUIAT, JR. | 181,500 | 00.01% |
| 34 | WILLIE TIO | 159,500 | 00.01% |
| 35 | PIERCE INTERLINK SECURITIES, INC. | 150,000 | 00.01% |
| 36 | BETO Y. LIM | 150,000 | 00.01% |
| 37 | AURORA V. SAN JOSE | 143,000 | 00.01% |
| 38 | YAN TO A. CHUA | 132,000 | 00.01% |
| 39 | CELY S. LIM | 112,200 | 00.00% |
| 40 | DEWEY CHOACHUY, JR | 111,300 | 00.00% |
| 41 | JOHN CRHISTOPHER D. WEIGEL | 110,000 | 00.00% |
| 42 | WANG YU HUEI | 110,000 | 00.00% |
| 43 | WILSON CHUA &/OR BECKY QUE CHUA | 110,000 | 00.00% |
| 44 | KENSTAR INDUSTRIAL CORPORATION | 110,000 | 00.00% |
| 45 | WATERFRONT NOMINEES SDN BHD A/C#6 | 107,800 | 00.00% |
| 46 | MANUEL H. OSMENA &/OR GRELINA L. OSMENA | 100,000 | 00.00% |
| 47 | MIZPAH HOLDINGS, INC. | 100,000 | 00.00% |
| 48 | PACIFIC CONCORDE CORPORATION | 100,000 | 00.00% |
| 49 | PACIFIC IMAGES, INC. | 100,000 | 00.00% |
| 50 | PACIFIC REHOUSE CORPORATION | 100,000 | 00.00% |
| 51 | PACIFIC WIDE REALTY DEVELOPMENT CORP. | 100,000 | 00.00% |
| 52 | CATHAY SEC. CO., INC. A/C# 1030 | 100,000 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 12/31/2023

Page No. 3

| Rank | Name | Holdings | Percentage |
|------|--|----------|------------|
| 53 | CHESA HOLDINGS, INC. | 100,000 | 00.00% |
| 54 | CHONG PENG YNG | 100,000 | 00.00% |
| 55 | HANSON G. SO &/OR LARCY MARICHI Y. SO | 100,000 | 00.00% |
| 56 | CARRIE LIM | 100,000 | 00.00% |
| 57 | ALVIN TAN UNJO | 88,000 | 00.00% |
| 58 | TERESITA GO &/OR SATURNINA GO | 87,000 | 00.00% |
| 59 | GEORGE U. YOUNG, JR | 82,500 | 00.00% |
| 60 | ROLANDO D. DE LEON | 66,000 | 00.00% |
| 61 | LIPPO SECURITIES, INC. | 56,500 | 00.00% |
| 62 | L.M. GARCIA & ASS., INC. A/C# 160 | 55,000 | 00.00% |
| 63 | LEONG JEE VAN | 55,000 | 00.00% |
| 64 | LIM TAY | 55,000 | 00.00% |
| 65 | EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO | 55,000 | 00.00% |
| 66 | RENATO C. GENDRANO &/OR GENDRANO BERNADETTE | 55,000 | 00.00% |
| 67 | KIRBY YU LIM | 55,000 | 00.00% |
| 68 | FRUTO M. TEODORICO, JR | 55,000 | 00.00% |
| 69 | VICKY L. CHAN | 55,000 | 00.00% |
| 70 | LYDIA J. SY | 55,000 | 00.00% |
| 71 | MA. TERESA P. CRUZ | 55,000 | 00.00% |
| 72 | PRIMITIVO C. CAL | 55,000 | 00.00% |
| 73 | NEIL JOHN A. YU | 50,000 | 00.00% |
| 74 | SANDRA E. PASCUAL | 50,000 | 00.00% |
| 75 | ROBERTO L. UY | 50,000 | 00.00% |
| 76 | FRANCISCO C. SAN DIEGO | 50,000 | 00.00% |
| 77 | UY TIAK ENG | 50,000 | 00.00% |
| 78 | EBC SECURITIES CORPORATION | 48,400 | 00.00% |

Stock Transfer Service Inc.
WATERFRONT PHILIPPINES, INCORPORATED
List of Top 100 Stockholders
As of 12/31/2023

Page No. 4

| Rank | Name | Holdings | Percentage |
|------|--------------------------------------|----------|------------|
| 79 | TAN DAISY TIENG | 46,500 | 00.00% |
| 80 | EAST ASIA OIL & MINING COMPANY, INC. | 40,000 | 00.00% |
| 81 | OCBC SECURITIES PHILS., INC. | 40,000 | 00.00% |
| 82 | ADRIAN LONG | 39,600 | 00.00% |
| 83 | GLADYS MAY L. OSMENA | 39,600 | 00.00% |
| 84 | JAY JACOBS | 39,600 | 00.00% |
| 85 | ROBERT KLING | 39,600 | 00.00% |
| 86 | STEVE WOODWARD | 39,600 | 00.00% |
| 87 | MEGHANN GAIL L. OSMENA | 39,600 | 00.00% |
| 88 | MANILYNN L. OSMENA | 39,600 | 00.00% |
| 89 | MANUEL L. OSMENA, II | 39,600 | 00.00% |
| 90 | LUZ YAMANE | 38,500 | 00.00% |
| 91 | LILY S. HO | 36,300 | 00.00% |
| 92 | ABACUS SECURITIES CORPORATION | 35,200 | 00.00% |
| 93 | LILIAN HONG | 34,000 | 00.00% |
| 94 | LEONCIO TIU | 33,000 | 00.00% |
| 95 | INTERNATIONAL POLYMER CORPORATION | 33,000 | 00.00% |
| 96 | SEAFRONT RESOURCES CORP. | 33,000 | 00.00% |
| 97 | ARTURO GUANZON | 33,000 | 00.00% |
| 98 | TAN LIN LAY | 30,000 | 00.00% |
| 99 | RAMONCITO ARCEO | 30,000 | 00.00% |
| 100 | RODOLFO B. LEDESMA | 30,000 | 00.00% |

Total Top 100 Shareholders : **2,496,913,482** **99.91%**

Total Issued Shares **2,498,991,753**

WPI000000000 December 29, 2023
OUTSTANDING BALANCES FOR SPECIFIC COMPANY
December 29, 2023
WPI000000000

| BPNAME | QUANTITY |
|--|-----------------|
| UPCC SECURITIES CORP. | 115,000 |
| A & A SECURITIES, INC. | 845,200 |
| ABACUS SECURITIES CORPORATION | 55,243,669 |
| PHILSTOCKS FINANCIAL INC | 67,444,525 |
| A. T. DE CASTRO SECURITIES CORP. | 34,000 |
| ALL ASIA SECURITIES MANAGEMENT CORP. | 202,500 |
| ALPHA SECURITIES CORP. | 2,517,000 |
| BA SECURITIES, INC. | 1,667,700 |
| AP SECURITIES INCORPORATED | 17,959,500 |
| ANSALDO, GODINEZ & CO., INC. | 2,885,700 |
| AB CAPITAL SECURITIES, INC. | 7,683,500 |
| SB EQUITIES, INC. | 2,789,100 |
| ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP. | 832,800 |
| ASIASEC EQUITIES, INC. | 1,175,000 |
| ASTRA SECURITIES CORPORATION | 5,000 |
| BELSON SECURITIES, INC. | 3,470,100 |
| JAKA SECURITIES CORP. | 8,655,500 |
| BPI SECURITIES CORPORATION | 31,073,185 |
| CAMPOS, LANUZA & COMPANY, INC. | 2,442,202 |
| SINCERE SECURITIES CORPORATION | 1,045,000 |
| CTS GLOBAL EQUITY GROUP, INC. | 669,138 |
| TRITON SECURITIES CORP. | 36,009,450 |
| IGC SECURITIES INC. | 4,815,000 |
| CUALOPING SECURITIES CORPORATION | 110,500 |
| DAVID GO SECURITIES CORP. | 1,870,200 |
| DIVERSIFIED SECURITIES, INC. | 4,443,800 |
| E. CHUA CHIACO SECURITIES, INC. | 8,900,500 |
| EQUITABLE SECURITIES (PHILS.) INC. | 27,200 |
| EAST WEST CAPITAL CORPORATION | 400,000 |
| EASTERN SECURITIES DEVELOPMENT CORPORATION | 3,321,200 |
| EQUITIWORLD SECURITIES, INC. | 347,600 |
| EVERGREEN STOCK BROKERAGE & SEC., INC. | 8,961,100 |
| FIRST ORIENT SECURITIES, INC. | 1,367,100 |
| FIRST INTEGRATED CAPITAL SECURITIES, INC. | 100 |
| F. YAP SECURITIES, INC. | 398,000 |
| AURORA SECURITIES, INC. | 876,700 |
| GLOBALINKS SECURITIES & STOCKS, INC. | 464,000 |
| JSG SECURITIES, INC. | 173,150 |
| GOLDSTAR SECURITIES, INC. | 4,365,300 |
| GUILD SECURITIES, INC. | 152,000 |
| HDI SECURITIES, INC. | 25,592,500 |

| | |
|---|-------------|
| H. E. BENNETT SECURITIES, INC. | 2,180,000 |
| HK SECURITIES, INC. | 9,100 |
| I. ACKERMAN & CO., INC. | 30,000 |
| I. B. GIMENEZ SECURITIES, INC. | 199,797 |
| INVESTORS SECURITIES, INC, | 1,187,000 |
| IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. | 393,800 |
| INTRA-INVEST SECURITIES, INC. | 187,400 |
| ASIAN CAPITAL EQUITIES, INC. | 56,100 |
| STRATEGIC EQUITIES CORP. | 1,006,400 |
| LARRGO SECURITIES CO., INC. | 122,000 |
| LUCKY SECURITIES, INC. | 263,500 |
| LUYS SECURITIES COMPANY, INC. | 1,154,500 |
| MANDARIN SECURITIES CORPORATION | 1,593,200 |
| COL Financial Group, Inc. | 122,491,983 |
| DA MARKET SECURITIES, INC. | 222,200 |
| MERCANTILE SECURITIES CORP. | 149,800 |
| MERIDIAN SECURITIES, INC. | 2,133,700 |
| MDR SECURITIES, INC. | 136,000 |
| REGIS PARTNERS, INC. | 66,300 |
| MOUNT PEAK SECURITIES, INC. | 30,000 |
| NEW WORLD SECURITIES CO., INC. | 2,329,000 |
| OPTIMUM SECURITIES CORPORATION | 3,799,650 |
| RCBC SECURITIES, INC. | 3,878,300 |
| PAN ASIA SECURITIES CORP. | 30,000 |
| PAPA SECURITIES CORPORATION | 1,150,200 |
| MAYBANK SECURITIES, INC. | 4,757,100 |
| PLATINUM SECURITIES, INC. | 23,000 |
| PNB SECURITIES, INC. | 1,883,260 |
| PREMIUM SECURITIES, INC. | 1,973,600 |
| PRYCE SECURITIES, INC. | 12,124 |
| SALISBURY SECURITIES CORPORATION | 15,300 |
| QUALITY INVESTMENTS & SECURITIES CORPORATION | 15,064,800 |
| R & L INVESTMENTS, INC. | 42,000 |
| R. COYIUTO SECURITIES, INC. | 6,243,100 |
| REGINA CAPITAL DEVELOPMENT CORPORATION | 7,582,876 |
| R. NUBLA SECURITIES, INC. | 4,022,500 |
| AAA SOUTHEAST EQUITIES, INCORPORATED | 2,216,200 |
| R. S. LIM & CO., INC. | 1,048,400 |
| RTG & COMPANY, INC. | 149,600 |
| S.J. ROXAS & CO., INC. | 1,003,500 |
| SECURITIES SPECIALISTS, INC. | 2,200 |
| FIDELITY SECURITIES, INC. | 75,500 |
| SUMMIT SECURITIES, INC. | 707,300 |
| STANDARD SECURITIES CORPORATION | 1,376,200 |
| SUPREME STOCKBROKERS, INC | 31,350 |
| TANSENGCO & CO., INC. | 670,400 |
| THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. | 37,200 |

| | |
|--|-------------|
| TOWER SECURITIES, INC. | 8,782,600 |
| APEX PHILIPPINES EQUITIES CORPORATION | 5,000 |
| TRENDLINE SECURITIES CORPORATION | 11,200 |
| LANDBANK SECURITIES, INC. | 2,332,700 |
| UOB KAY HIAN SECURITIES (PHILS.), INC. | 3,330,000 |
| E.SECURITIES, INC. | 3,300 |
| VENTURE SECURITIES, INC. | 216,900 |
| FIRST METRO SECURITIES BROKERAGE CORP. | 28,971,890 |
| WEALTH SECURITIES, INC. | 7,039,590 |
| WESTLINK GLOBAL EQUITIES, INC. | 568,013,440 |
| BERNAD SECURITIES, INC. | 142,100 |
| WONG SECURITIES CORPORATION | 27,500 |
| YAO & ZIALCITA, INC. | 409,200 |
| YU & COMPANY, INC. | 1,096,000 |
| BDO SECURITIES CORPORATION | 19,641,369 |
| EAGLE EQUITIES, INC. | 620,800 |
| GOLDEN TOWER SECURITIES & HOLDINGS, INC. | 2,121,576 |
| SOLAR SECURITIES, INC. | 6,330,600 |
| G.D. TAN & COMPANY, INC. | 12,764,300 |
| PHILIPPINE EQUITY PARTNERS, INC. | 2,431,950 |
| UNICAPITAL SECURITIES INC. | 1,572,900 |
| SunSecurities, Inc. | 400,000 |
| ARMSTRONG SECURITIES, INC. | 5,300 |
| TIMSON SECURITIES, INC. | 8,216,000 |
| VC SECURITIES CORPORATION | 300,600 |
| CITIBANK N.A. | 100,000 |
| STANDARD CHARTERED BANK | 725,000 |

| | |
|--------------|----------------------|
| Total | 1,180,699,974 |
|--------------|----------------------|

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 6/F
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Philippines 1209
Telephone +63 (2) 8885 7000
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Internet www.home.kpmg/ph
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Opinion

We have audited the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

(P1.80 billion, see consolidated statements of profit or loss and other comprehensive income and Notes 23 and 24 to the consolidated financial statements).

The Risk

The Group's revenue transactions are not complex and no significant judgment is applied over the amounts recorded. However, market expectations and profit-based targets may place pressure on management to distort revenue recognition. There is potential risk of management override to achieve revenue targets.

Our Response

As part of our audit procedures, we evaluated and tested the relevant key management controls over the completeness, existence and accuracy of revenue recognized in the consolidated financial statements. We performed substantive analytical procedures, test of details, and cutoff testing procedures to ensure whether transactions occurring near yearend were recorded in the proper period and journal entries testing procedures around revenue to identify any unusual or irregular items posted in the accounting records. We also assessed whether the Group's revenue recognition policies and disclosures are in accordance with PFRSs.

Valuation of Property and Equipment

(P11.00 billion, see consolidated statements of financial position and Note 9 to the consolidated financial statements).

The Risk

The Group's land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment are measured using the revaluation model which is based on fair values. The models applied to determine the fair value of property and equipment are complex and sensitive to assumptions. Accordingly, we placed significant focus during the audit on the fair value measurement because the amounts involved are material and significant judgments were applied in the assessment.

Our Response

As part of our audit procedures, we evaluated the objectivity, knowledge, skills and ability of the independent external appraisers and determined whether they are accredited by Securities and Exchange Commission. We evaluated the appraisal reports issued by the independent external appraisers by testing the completeness and accuracy of underlying data used, assessing the appropriateness of the valuation methods applied and the assumptions in determining the fair values and considered whether these were in accordance with PFRSs.



We also assessed the adequacy of the Group's disclosures whether they met the requirements under the PFRSs.

Capitalization of Costs on Construction

(P994.18 million, see Note 9 to the consolidated financial statements)

The Risk

The subsidiary has incurred significant costs in relation to the reconstruction and restoration project of its hotel property. Costs amounting to P994.18 million have been capitalized as construction-in-progress under property and equipment as at December 31, 2023. We focused on this area because there is a risk that costs are not appropriately capitalized in accordance with PFRSs, including the requirement to only capitalize overheads and other charges which are directly attributable to the construction activities.

Our Response

As part of our audit procedures, we obtained the certified progress report from the subsidiary's engineering department and vouched on a sampling basis capitalized costs to supporting documents such as progress billings from contractors. We also evaluated the design and implementation of management controls to address the risk of inappropriate capitalization of costs. We also considered the adequacy of the subsidiary's disclosures and determined whether they met the disclosure requirements under the PFRSs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

May 9, 2024

Makati City, Metro Manila



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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the years ended December 31, 2023 and 2022, included in this Form 17-A, on which we have rendered our report thereon dated May 9, 2024.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The above schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2023 and 2022 and no material exceptions were noted.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', written in a cursive style.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

May 9, 2024

Makati City, Metro Manila



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6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the years ended December 31, 2023 and 2022, included in this Form 17-A, on which we have rendered our report thereon dated May 9, 2024.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

1. Reconciliation of Retained Earnings Available for Dividend Declaration (*Annex A*)
2. Map of Conglomerate (*Annex B*)
3. Supplementary Schedules of Annex 68-J (*Annex C*)

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The above supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', written over a light blue horizontal line.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

May 9, 2024

Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | | December 31 | |
|--|------------|------------------------|------------------------|
| | Note | 2023 | 2022 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4, 21 | P475,947,998 | P583,888,860 |
| Short-term Investments | 21 | 1,277,615 | - |
| Receivables – net | 5, 21 | 903,674,116 | 873,865,491 |
| Notes receivable | 8, 21 | 267,553,447 | 247,382,185 |
| Due from related parties - current portion | 8, 21 | 2,936,358,422 | 2,239,921,125 |
| Inventories | 6 | 24,950,383 | 29,102,436 |
| Prepaid expenses and other current assets | 7 | 248,457,059 | 248,400,444 |
| Total Current Assets | | 4,858,219,040 | 4,222,560,541 |
| Noncurrent Assets | | | |
| Equity securities - at fair value through other comprehensive income | 8, 21 | 70,255,800 | 69,943,300 |
| Due from related parties - noncurrent portion | 8, 21 | 3,591,306,466 | 3,921,476,815 |
| Property and equipment - net | 9 | 10,977,835,715 | 11,001,110,315 |
| Right-of-use assets - net | 24 | 133,800,348 | 118,357,933 |
| Deferred tax assets | 19 | 251,168,202 | 270,406,996 |
| Retirement benefits asset | 18 | 69,146,215 | 72,916,925 |
| Other noncurrent assets - net | 10, 21 | 728,655,722 | 731,755,873 |
| Total Noncurrent Assets | | 15,822,168,468 | 16,185,968,157 |
| | | P20,680,387,508 | P20,408,528,698 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 11, 21 | P1,800,621,785 | P1,692,671,289 |
| Loans payable - current portion | 13, 21, 26 | 715,000,000 | 595,000,000 |
| Lease liabilities - current portion | 21, 24 | 2,795,134 | 116,255 |
| Due to related parties - current portion | 8 | 30,000 | - |
| Income tax payable | | 76,473,704 | 54,330,458 |
| Other current liabilities | 12, 21 | 63,488,720 | 32,951,372 |
| Total Current Liabilities | | 2,658,409,343 | 2,375,069,374 |
| Noncurrent Liabilities | | | |
| Loans payable - noncurrent portion | 21, 26 | 2,435,000,000 | 2,775,000,000 |
| Retirement benefits liability | | 341,300 | - |
| Lease liabilities - net of current portion | 21, 24 | 146,114,456 | 128,015,290 |
| Deferred tax liabilities | 19 | 2,263,895,720 | 2,275,106,979 |
| Other noncurrent liabilities | 14, 21 | 474,314,210 | 463,088,384 |
| Total Noncurrent Liabilities | | 5,319,665,686 | 5,641,210,653 |
| | | 7,978,075,029 | 8,016,280,027 |
| Equity Attributable to Equity Holders of the Parent Company | | | |
| Capital stock | 16 | 2,498,991,753 | 2,498,991,753 |
| Additional paid-in capital | | 706,364,357 | 706,364,357 |
| Revaluation surplus on property and equipment | 9 | 5,294,395,019 | 5,348,848,901 |
| Retirement benefits reserve | | 166,834,348 | 154,436,033 |
| Foreign currency translation adjustment | | 56,063,862 | 70,558,260 |
| Fair value reserve | | 4,284,906 | 4,284,906 |
| Retained earnings | | 2,517,958,256 | 2,256,905,590 |
| Total Equity Attributable to Equity Holders of the Parent Company | | 11,244,892,501 | 11,040,389,800 |
| Noncontrolling Interests | 16 | 1,457,419,978 | 1,351,858,871 |
| Total Equity | | 12,702,312,479 | 12,392,248,671 |
| | | P20,680,387,508 | P20,408,528,698 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

| | | Years Ended December 31 | | |
|--|----------------|-------------------------|----------------------|----------------------|
| | Note | 2023 | 2022 | 2021 |
| REVENUES | | | | |
| Rent and related income | 23, 24 | P618,256,151 | P606,752,740 | P606,244,715 |
| Food and beverage | | 673,544,166 | 516,359,149 | 192,340,989 |
| Rooms | | 472,469,953 | 338,806,344 | 190,570,738 |
| Others | | 39,316,103 | 24,522,816 | 8,631,712 |
| | | 1,803,586,373 | 1,486,441,049 | 997,788,154 |
| COSTS AND EXPENSES OTHER THAN DEPRECIATION, INTEREST, GAINS (LOSSES) AND INCOME TAX EXPENSE (BENEFIT) | | | | |
| Energy costs | | 222,505,747 | 264,122,679 | 172,802,406 |
| Food and beverage | 6 | 244,142,783 | 206,876,970 | 82,413,476 |
| Personnel costs | 18 | 160,124,546 | 153,542,582 | 137,429,401 |
| Repairs and maintenance | 6 | 60,472,333 | 24,848,080 | 37,926,941 |
| Rooms | | 25,162,207 | 20,815,645 | 8,810,394 |
| Rent | 24 | 17,527,739 | 12,903,991 | 7,149,762 |
| Others | 17 | 413,697,247 | 310,267,138 | 198,667,246 |
| | | 1,143,632,602 | 993,377,085 | 645,199,626 |
| INCOME BEFORE DEPRECIATION, INTEREST, GAINS (LOSSES) AND INCOME TAX EXPENSE (BENEFIT) | | 659,953,771 | 493,063,964 | 352,588,528 |
| DEPRECIATION, INTEREST AND (LOSSES) GAIN | | | | |
| Interest income | 4, 8 | 141,173,479 | 91,418,445 | 109,820,710 |
| Reversal of accrual | 13 | - | - | 415,669,632 |
| Impairment Losses | 5, 8, 10 | (9,572,112) | (308,514) | - |
| Foreign exchange losses — net | | (12,144,791) | (5,617,636) | (11,218,679) |
| Interest expense | 13, 23, 24, 26 | (299,821,604) | (166,383,473) | (102,881,701) |
| Depreciation | 9, 24 | (333,404,053) | (295,364,489) | (333,882,209) |
| | | (513,769,081) | (376,255,667) | 77,507,753 |
| INCOME BEFORE INCOME TAX EXPENSE | | 146,184,690 | 116,808,297 | 430,096,281 |
| INCOME TAX EXPENSE (BENEFIT) | 19 | 107,627,968 | 65,925,125 | (100,705,358) |
| NET INCOME | | 38,556,722 | 50,883,172 | 530,801,639 |

Forward

| | | Years Ended December 31 | | |
|--|-------------|--------------------------------|---------------|----------------|
| | Note | 2023 | 2022 | 2021 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will never be reclassified to profit or loss | | | | |
| Appraisal increase on property and equipment | 9 | P183,673,363 | P864,622,641 | P1,896,979,057 |
| Remeasurement gains on defined benefit plan | 18 | 4,089,691 | 10,007,878 | 17,287,114 |
| Unrealized gains on equity securities at fair value through other comprehensive income | 8 | - | - | 520,260 |
| Deferred tax effect | 19 | (45,918,340) | (218,657,631) | (186,730,490) |
| | | 141,844,714 | 655,972,888 | 1,728,055,941 |
| Item that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | | 935,085 | 15,429,483 | 8,742,281 |
| | | 142,779,799 | 671,402,371 | 1,736,798,222 |
| TOTAL COMPREHENSIVE INCOME | | | | |
| | | P181,336,521 | P722,285,543 | P2,267,599,861 |
| Net income attributable to: | | | | |
| Equity holders of the Parent Company | | P68,843,761 | P82,789,942 | P554,112,411 |
| Noncontrolling interests | 16 | (30,287,039) | (31,906,770) | (23,310,772) |
| | | P38,556,722 | P50,883,172 | P530,801,639 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Parent Company | | P45,488,375 | P585,400,417 | P2,135,453,181 |
| Noncontrolling interests | 16 | 135,848,146 | 136,885,126 | 132,146,680 |
| | | P181,336,521 | P722,285,543 | P2,267,599,861 |
| EARNINGS PER SHARE - | | | | |
| Basic and Diluted | 20 | P0.028 | P0.033 | P0.222 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | Total | Non-controlling Interests (Note 16) | Total Equity |
|--|---|----------------------------|---|-----------------------------|---|--------------------|-----------------------|------------------------|--|------------------------|
| | Capital Stock (Note 16) | Additional Paid-in Capital | Revaluation Surplus on Property and Equipment | Retirement Benefits Reserve | Foreign Currency Translation Adjustment | Fair Value Reserve | Retained Earnings | | | |
| As at January 1, 2023 | P2,498,991,753 | P706,364,357 | P5,348,848,901 | P154,436,033 | P70,558,260 | P4,284,906 | P2,256,905,590 | P11,040,389,800 | P1,351,858,871 | P12,392,248,671 |
| Total Comprehensive Income for the Year | | | | | | | | | | |
| Net income for the year | - | - | - | - | - | - | 68,843,761 | 68,843,761 | (30,287,039) | 38,556,722 |
| Other comprehensive income - net of tax effect | - | - | 137,755,023 | 12,398,315 | (14,494,398) | - | - | 135,658,940 | 135,848,146 | 271,507,086 |
| | - | - | 137,755,023 | 12,398,315 | (14,494,398) | - | 68,843,761 | 204,502,701 | 105,561,107 | 310,063,808 |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect | - | - | (192,208,905) | - | - | - | 192,208,905 | - | - | - |
| As at December 31, 2023 | P2,498,991,753 | P706,364,357 | P5,294,395,019 | P166,834,348 | P56,063,862 | P4,284,906 | P2,517,958,256 | P11,244,892,501 | P1,457,419,978 | P12,702,312,479 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | Total | Non-controlling Interests (Note 16) | Total Equity |
|--|---|----------------------------|---|-----------------------------|---|--------------------|-------------------|-----------------|-------------------------------------|-----------------|
| | Capital Stock (Note 16) | Additional Paid-in Capital | Revaluation Surplus on Property and Equipment | Retirement Benefits Reserve | Foreign Currency Translation Adjustment | Fair Value Reserve | Retained Earnings | | | |
| As at January 1, 2022 | P2,498,991,753 | P706,364,357 | P5,196,085,893 | P147,014,110 | P55,128,777 | P4,284,906 | P1,847,119,587 | P10,454,989,383 | P1,214,973,745 | P11,669,963,128 |
| Total Comprehensive Income for the Year | | | | | | | | | | |
| Net income for the year | - | - | - | - | - | - | 82,789,942 | 82,789,942 | (31,906,770) | 50,883,172 |
| Other comprehensive income - net of tax effect | - | - | 479,759,069 | 7,421,923 | 15,429,483 | - | - | 502,610,475 | 168,791,896 | 671,402,371 |
| | - | - | 479,759,069 | 7,421,923 | 15,429,483 | - | 82,789,942 | 585,400,417 | 136,885,126 | 722,285,543 |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect | - | - | (326,996,061) | - | - | - | 326,996,061 | - | - | - |
| As at December 31, 2022 | P2,498,991,753 | P706,364,357 | P5,348,848,901 | P154,436,033 | P70,558,260 | P4,284,906 | P2,256,905,590 | P11,040,389,800 | P1,351,858,871 | P12,392,248,671 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | Total | Non-controlling Interests (Note 16) | Total Equity |
|--|---|----------------------------|---|-----------------------------|---|--------------------|-------------------|-----------------|-------------------------------------|-----------------|
| | Capital Stock (Note 16) | Additional Paid-in Capital | Revaluation Surplus on Property and Equipment | Retirement Benefits Reserve | Foreign Currency Translation Adjustment | Fair Value Reserve | Retained Earnings | | | |
| As at January 1, 2021 | P2,498,991,753 | P706,364,357 | P3,823,685,321 | P126,222,421 | P46,386,496 | P3,995,121 | P1,113,890,733 | P8,319,536,202 | P1,082,827,065 | P9,402,363,267 |
| Total Comprehensive Income for the Year | | | | | | | | | | |
| Net income for the year | - | - | - | - | - | - | 554,112,411 | 554,112,411 | (23,310,772) | 530,801,639 |
| Other comprehensive income - net of tax effect | - | - | 1,551,517,015 | 20,791,689 | 8,742,281 | 289,785 | - | 1,581,340,770 | 155,457,452 | 1,736,798,222 |
| | - | - | 1,551,517,015 | 20,791,689 | 8,742,281 | 289,785 | 554,112,411 | 2,135,453,181 | 132,146,680 | 2,267,599,861 |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect | - | - | (179,116,443) | - | - | - | 179,116,443 | - | - | - |
| As at December 31, 2021 | P2,498,991,753 | P706,364,357 | P5,196,085,893 | P147,014,110 | P55,128,777 | P4,284,906 | P1,847,119,587 | P10,454,989,383 | P1,214,973,745 | P11,669,963,128 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | Years Ended December 31 | | |
|---|------------|-------------------------|----------------------|----------------------|
| | Note | 2023 | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax expense | | P146,184,690 | P116,808,297 | P430,096,281 |
| Adjustments for: | | | | |
| Depreciation | 9 | 327,077,010 | 291,733,073 | 330,250,793 |
| Interest expense | 13, 23, 26 | 285,745,321 | 166,383,473 | 102,881,701 |
| Unrealized foreign exchange losses (gains) - net | | (2,349,483) | 21,058,768 | 19,968,260 |
| Retirement benefits income | 18 | (198,032) | 4,094,139 | 6,647,000 |
| Impairment losses | 5, 8, 10 | 18,585,407 | - | - |
| Reversal of accrual | 13 | - | - | (415,669,632) |
| Income due to rent concession | 24 | (1,814,550) | (485,346) | (748,125) |
| Interest income | 4, 8 | (141,173,479) | (91,418,446) | (109,820,710) |
| Income before working capital changes | | 632,056,884 | 508,173,958 | 363,605,568 |
| Changes in: | | | | |
| Receivables | | 29,808,625 | (183,348,904) | (196,133,368) |
| Inventories | | (4,939,298) | (5,232,581) | (1,168,694) |
| Short-term investment | | 1,277,615 | - | - |
| Prepaid expenses and other current assets | | 208,347 | (29,857,156) | (8,006,703) |
| Accounts payable and accrued expenses | | 107,950,497 | (11,018,597) | 31,525,751 |
| Other noncurrent liabilities | 14 | 11,225,826 | 30,122,164 | 14,022,794 |
| Other current liabilities | | 30,537,348 | (10,419,338) | (9,970,187) |
| Cash received from operations | | 808,125,844 | 298,419,546 | 193,875,161 |
| Interest received | | 6,785,285 | 5,484,594 | 1,976,819 |
| Retirement benefits paid | | - | (1,500,000) | - |
| Interest paid | | (14,076,283) | (36,400,906) | (59,826,038) |
| Income taxes paid | | (85,484,722) | (88,882,125) | (103,119,684) |
| Net cash provided by operating activities | | 715,350,124 | 177,121,109 | 32,906,258 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Changes in: | | | | |
| Other noncurrent assets | | (3,100,151) | 53,182,749 | (51,090,703) |
| Notes receivable | | 20,171,262 | (3,531,198) | (3,481,324) |
| Due from related parties | | (712,157,886) | (297,338,011) | 11,576,697 |
| Deposit for acquisition of land | 8 | - | (204,252,800) | - |
| Additions to property and equipment | 9 | 120,129,047 | (260,211,904) | (68,054,308) |
| Purchase of option contract | 8 | - | (2,074,704,732) | - |
| Net cash used in investing activities | | (574,957,728) | (2,786,855,896) | (111,049,638) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Loan proceeds | 26 | - | 3,050,000,000 | - |
| Loan payments | 26 | (220,000,000) | (690,106,382) | (252,659,575) |
| Payment of lease liabilities | 24 | (28,363,258) | (10,065,081) | (448,875) |
| Changes in: | | | | |
| Due to a related party | | 30,000 | - | (3,119,367) |
| Net cash provided by (used in) financing activities | | (248,333,258) | 2,349,828,537 | (256,227,817) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (107,940,862) | (259,906,250) | (334,371,197) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 583,888,860 | 843,795,110 | 1,178,166,307 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 4 | P475,947,998 | P583,888,860 | P843,795,110 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Waterfront Philippines, Incorporated (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company. The Parent Company is listed on the Philippine Stock Exchange (PSE) and is 45%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2023 and 2022 are as follows:

| | Percentage of Ownership | |
|---|--------------------------------|-----------------|
| | Direct | Indirect |
| Hotels and Resorts | | |
| Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI) | 100 | - |
| Waterfront Mactan Casino Hotel, Incorporated (WMCHI) | 100 | - |
| Waterfront Iloilo Hotel Inc. (WIHI) | 100 | - |
| Waterfront Puerto Princesa Hotel, Inc. (WPPHI) | 100 | - |
| Davao Insular Hotel Company, Inc. (DIHCI) | 98 | - |
| Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino) (APHC) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (through direct ownership in APHC) | - | 56 |
| Fitness Gym | | |
| Waterfront Wellness Group, Inc. (WWGI) | 100 | - |
| International Marketing and Promotion of Casinos | | |
| Waterfront Promotion Limited (WPL) | 100 | - |
| Mayo Bonanza, Inc. (MBI) | 100 | - |
| Club Waterfront International Limited (CWIL) (through direct ownership in WPL) | - | 100 |
| Pastries Manufacturing | | |
| Waterfront Food Concepts, Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Hotel Management Corp. (WHMC) | 100 | - |
| Waterfront Horizon Corporation (formerly Waterfront Entertainment Corporation) (WHC) | 100 | - |
| Pavillion Enterprises Corp. (through direct ownership in APHC) | - | 56 |
| Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC) | - | 56 |
| Investment Holding Company | | |
| Waterfront Cebu Ventures, Inc. (WCVI) | 100 | - |

All of the above subsidiaries were incorporated and registered in the Philippines except for WPL and its subsidiary, CWIL, which were registered in the Cayman Islands.

Management decided to temporarily cease the operations of MBI, WHMC, WPL, CWIL and GIRDI in 2016, 2014, 2003, 2001 and 2000, respectively, due to unfavorable economic conditions.

The registered office of the Parent Company is at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines.

Status of APHC Operation

On March 18, 2018, a fire broke out in APHC's hotel property damaging the podium and hotel building and suspending its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire was declared and classified as "accidental in nature". APHC incurred casualty losses due to damages on to its inventories and hotel property. APHC filed for property damage and business insurance claims which were finalized in 2020 amounting to P1.72 billion.

APHC started in 2018 the reconstruction and restoration of the podium and the hotel buildings. Although, the project completion has been extended due to some delays, the construction activities have not been totally stopped and are still ongoing as of December 31, 2023, with 36.21% completed. The management expects to complete the Phase 1 of a reconstruction project by the 4th quarter of 2024. The Phase 1 of the project includes the public areas including the lobby, some food and beverage outlets, and the casino area at the ground floor level up to the third floor.

A related party, who has a long-term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long-term lease contract with APHC for the operation of a casino until 2025. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities, and the remaining rooms of the hotel building are expected to be completed in Phases 2 and 3 of the reconstruction project. Phase 2 is expected to be completed by the 2nd quarter of 2025 while Phase 3 is by the 4th quarter of 2025. These two latter phases will be funded by the cash flows generated by the operations of Phase 1 and, when necessary, bank borrowings.

2. Basis of Preparation

Basis of Accounting

These consolidated financial statements of the Parent Company and its subsidiaries, collectively herein referred to as the Group, have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). They were approved and authorized for issue by the Parent Company's board of directors (BOD) on April 30, 2024.

Details of the Group's material accounting policies are included in Note 27.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

| <u>Items</u> | <u>Measurement Basis</u> |
|--|--|
| Land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment | Revalued amount less accumulated depreciation and impairment losses |
| Financial assets at fair value through other comprehensive income (FVOCI) - equity securities | Fair value |
| Retirement benefits asset | Fair value of plan assets (FVPA) less the present value of the defined benefits obligation (DBO) |

Functional and Presentation Currency

These consolidated financial statements are presented in Philippine peso (PHP), which is the Group's functional currency except for WPL and CWIL, the functional currency of which is the United States dollar (USD). All amounts presented in PHP have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Classifying Financial Instruments

The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

Distinguishing Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to the other assets used in the delivery of services.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group has classified its properties as owner-occupied (see Notes 9, 23 and 24).

Transactions with PAGCOR

The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted from payment of any form of taxes other than the 5.00% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12.00% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another twenty-five (25) years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Group's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 23).

Operating Lease Commitments - Group as Lessor

The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these commercial spaces and thus, accounts for the contracts as operating leases (see Note 24).

Determining the Lease Term of Contracts with Renewal and Termination Options - Group as Lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

The Group included the renewal period as part of the lease term for lease of its land. There is a reasonable certainty that the Group would exercise its option to renew for the lease because there will be a significant negative effect on its operation if a replacement asset is not readily available (see Note 24).

Provisions and Contingencies

The Group has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes and is also a defendant in various legal cases which are still pending resolutions. The Group's management and legal counsels have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 25).

Classifying Receivables from Related Parties

The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve (12) months after the reporting period or within the Group's normal operating cycle are considered current assets (see Notes 8 and 21).

Recognizing Insurance Claims

APHC recognizes gain on insurance from its damaged property and business interruption claims when it is determined that the amount to be received from the insurance recovery is virtually certain and recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
- The status of APHC's discussion with the adjuster and the insurance company regarding the claim; and
- The subsequent information that confirms the status of the claim as of the reporting date.

Consolidation of Entities in which the Group Holds 60.00%, 60.00% and 50.00% Voting Rights

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group owns 60.00%, 60.00% and 50.00% of the voting rights of WCCCHI, WMCHI and DIHCI, respectively. The remaining 40.00%, 40.00% and 50.00% of the voting rights of WCCCHI, WMCHI and DIHCI, respectively, is held by Philippine Bank of Communications (PBCOM) in accordance with the Omnibus Loan and Security Agreement (the Agreement) (see Note 26). The Group assessed that control still exists despite the voting rights percentage by sufficiently dominating the voting power to control the operational and financial decisions of WCCCHI, WMCHI and DIHCI subject to the Agreement because the Group is the single largest shareholder of WCCCHI, WMCHI and DIHCI with 100.00%, 100.00% and 98.00% equity interest, respectively.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Allowance for Impairment Losses on Financial Instruments

The Group uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate (EIR). PFRS 9, *Financial Instruments*, requires the Group to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Group applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

Further details on the allowance for impairment losses are disclosed in Notes 5 and 8.

Fair Value Estimation

If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used and are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Group in estimating the fair values of its financial instruments are disclosed in Note 21.

Net Realizable Value (NRV) of Inventories

The Group carries its inventories at NRV whenever such becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuation of prices or costs directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying value of the inventories are disclosed in Note 6.

Revaluation of Property and Equipment

The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value. Fair value is determined with references to transactions involving properties of a similar nature, location and condition.

The key assumptions used to determine the fair value of properties are provided in Note 9.

Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

The carrying amounts of property and equipment are disclosed in Note 9.

Impairment of Nonfinancial Assets

The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 27. The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group believes that the carrying amounts of its nonfinancial assets approximate their recoverable amounts, except for advances to contractors. Further details on the carrying amount of nonfinancial assets are disclosed in Notes 6, 7, 9 and 10.

Retirement Benefits

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the DBO.

Further details about pension obligations are provided in Note 18.

Deferred Tax Assets

Deferred tax assets are recognized for consolidated financial statement and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 19.

Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as a subsidiary's stand-alone credit rating.

Further details on leases are disclosed in Note 24.

4. Cash and Cash Equivalents

This account consists of:

| | <i>Note</i> | 2023 | 2022 |
|-----------------------|-------------|---------------------|--------------|
| Cash in banks | 21 | P347,766,526 | P286,734,375 |
| Short-term placements | 21 | 125,475,103 | 294,078,510 |
| Cash on hand | | 2,706,369 | 3,075,975 |
| | | P475,947,998 | P583,888,860 |

Cash in banks earn interest at the respective bank deposit rates and are unrestricted and immediately available for use.

Short-term placements earn interest at annual average rate of 0% to 4.50% in 2023 and 2022 with average maturities ranging from 30 to 90 days.

Related interest income recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P6.78 million, P5.48 million, and P1.98 million in 2023, 2022 and 2021, respectively.

5. Receivables

This account consists of:

| | <i>Note</i> | 2023 | 2022 |
|---|-------------|---------------------|--------------|
| Trade receivables | | P448,121,134 | P369,372,479 |
| Insurance receivable | 1 | 18,394,445 | 102,394,446 |
| Advances to employees | | 1,168,506 | 980,975 |
| Others | | 497,511,629 | 444,059,904 |
| | 21 | 965,195,714 | 916,807,804 |
| Less allowance for impairment losses on trade receivables | 21 | 61,521,598 | 42,942,313 |
| | | P903,674,116 | P873,865,491 |

Trade receivables are noninterest-bearing and are generally on a 30-day term.

Insurance receivable pertains to insurance claims for the property damage and business interruption.

On March 29, 2022, the Parent Company entered into an agreement with an insurance company for the modification of the payment terms related to the remaining balance of the insurance receivable due to the Parent Company amounting to P129.26 million. The modification provides the insurance receivable to be payable monthly for 28 months starting April 2022 until July 2024 with an interest of 8% per annum and the issuance of post-dated checks for the monthly payments in favor of the Parent Company (see Note 1).

Others include accrued rent income from the lease agreements of WCCCHI and WMCHI with PAGCOR, Social Security System (SSS) benefits paid in advance by the Group to its officers and employees as well as advances to its suppliers.

In assessing the lifetime ECL of the Group's receivables, the Group excluded in its EAD all receivables that were related to long outstanding third party accounts as these were already specifically identified as uncollectible, hence, impaired. Remaining EAD pertains to receivables from related parties in which the Group deemed to have no credit risk. Accounts specifically identified as impaired amounted to nil in 2023, 2022, and 2021, recognized and presented as part of "Impairment losses" account in the consolidated statement of profit or loss and other comprehensive income while no amount of ECL was recognized.

Movements in the allowance for impairment losses on trade receivables are as follows:

| | 2023 | 2022 | 2021 |
|-----------------------------------|--------------------|-------------|-------------|
| Beginning balance | P43,248,691 | P42,942,313 | P42,942,313 |
| Impairment losses during the year | 18,272,907 | - | - |
| Write-offs during the year | - | - | - |
| Ending balance | P61,521,598 | P42,942,313 | P42,942,313 |

6. Inventories

This account consists of:

| | 2023 | 2022 |
|--------------------------------------|--------------------|-------------|
| Food and beverage | P12,835,838 | P14,629,835 |
| Operating supplies | 11,291,994 | 12,860,966 |
| Engineering and maintenance supplies | 822,551 | 1,611,635 |
| | P24,950,383 | P29,102,436 |

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2023 and 2022.

The cost of food and beverage charged to profit or loss amounted to P244.14 million, P206.88 million and P82.41 million in 2023, 2022 and 2021, respectively, and is presented as "Food and beverage" account in the consolidated statements of profit or loss and other comprehensive income.

The Group recognized expenses for operating supplies amounting to P16.32 million, P15.24 million and P10.44 million in 2023, 2022 and 2021, respectively, and are presented as "Supplies" under "Other costs and expenses" account in the consolidated statement of profit or loss and other comprehensive income (see Note 17), while the expenses for engineering and maintenance supplies amounting to P60.47 million, P24.85 million and P37.93 million in 2023, 2022 and 2021, respectively, are included under "Repairs and maintenance" account in the consolidated statement of profit or loss and other comprehensive income.

7. Prepaid Expenses and Other Current Assets

This account consists of:

| | 2023 | 2022 |
|----------------------------|---------------------|--------------|
| Input VAT | P178,572,420 | P170,709,109 |
| Prepaid taxes | 47,362,492 | 49,863,358 |
| Advances to suppliers | 12,939,624 | 8,814,339 |
| Creditable withholding tax | 3,557,829 | - |
| Prepaid expenses | 482,138 | 2,285,269 |
| Short-term investments | - | 12,995,928 |
| Others | 5,542,556 | 3,732,441 |
| | P248,457,059 | P248,400,444 |

Others include prepayments for maintenance services, subscriptions and association dues.

8. Related Party Transactions

The Group's related party transactions include transactions with its key management personnel (KMP) and related parties in the table below.

| Related Party | Relationship with the Group |
|--|-----------------------------|
| TWGI | Ultimate Parent |
| Pacific Rehouse Corporation (PRC) | Stockholder |
| Crisanta Realty Development Corporation (CRDC) | Under common control |
| Westland Pacific Properties Corporation (WPPC) | Under common control |
| Rexlon Realty Group, Inc. (RRGI) | Under common control |
| Pacific Wide Realty Development Corp. (PWRDC) | Stockholder |
| Philippine Estates Corporation (PHES) | Under common control |
| Forum Holdings Corporation (FHC) | Stockholder |
| Plastic City Industrial Corporation (PCIC) | Under common control |
| East Asia Oil & Mining Company, Inc. (East Asia) | Stockholder |
| Waterfront Manila Premier Development, Inc.(WMPD) | Under common control |
| Wellex Industries Incorporated (WII) | Under common control |
| Acesite Leisure and Entertainment Corporation (ALEC) | Under common control |
| Pacific Wide Holdings, Inc. (PWHI) | Under common control |

Significant Transactions with Related Parties

The Group's transactions with related parties consist of (in thousands):

| Category/Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Notes Receivable | Equity Securities - at FVOCI | Due to a Related Party | Advances to a Supplier | Advances to Subsidiaries* | Due to Subsidiaries* | Terms and Conditions |
|--|------|--------|---------------------------|--------------------------|------------|------------------|------------------------------|------------------------|------------------------|---------------------------|----------------------|--|
| | | | | Current | Noncurrent | | | | | | | |
| Ultimate Parent | | | | | | | | | | | | |
| ▪ TWGI | | | | | | | | | | | | |
| Advances, interest and settlements | 2023 | 8a | P483,041 | P1,530,289 | P - | P - | P - | P30 | P - | P - | P - | Secured; interest-bearing; due in one year subject to renewal partially impaired |
| | 2022 | 8a | 76,149 | 1,047,279 | - | - | - | - | - | - | - | |
| | 2021 | 8a | (12,203) | 971,130 | - | - | - | - | - | - | - | |
| Stockholders/under Common Control | | | | | | | | | | | | |
| ▪ PRC | | | | | | | | | | | | |
| Advances, interest and settlements | 2023 | 8a | 10,651 | 605,874 | - | - | - | - | - | - | - | Secured; interest-bearing; due in one year subject to renewal not impaired |
| | 2022 | 8a | 10,653 | 595,223 | - | - | - | - | - | - | - | |
| | 2021 | 8a | 10,651 | 584,570 | - | - | - | - | - | - | - | |
| Payment for purchase of Land | 2023 | 8a | - | - | 150,000 | - | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8a | - | - | 150,000 | - | - | - | - | - | - | |
| | 2021 | 8a | - | - | 150,000 | - | - | - | - | - | - | |
| ▪ CRDC | | | | | | | | | | | | |
| Advances and interest settlements | 2023 | 8a | (111,522) | 200,652 | 326,648 | - | - | - | - | - | - | Unsecured; interest-bearing; due in five years; not impaired |
| | 2022 | 8a | 215,792 | - | 638,822 | - | - | - | - | - | - | |
| | 2021 | 8a | 10,660 | - | 423,030 | - | - | - | - | - | - | |
| ▪ WPPC | | | | | | | | | | | | |
| Advances and interest | 2023 | 8a | 24,495 | - | 655,570 | - | - | - | - | - | - | Unsecured; interest-bearing; due in five years; not impaired |
| | 2022 | 8a | 22,400 | - | 631,075 | - | - | - | - | - | - | |
| | 2021 | 8a | 22,400 | - | 608,675 | - | - | - | - | - | - | |
| ▪ RRG1 | | | | | | | | | | | | |
| Advances and interest | 2023 | 8a | (192,500) | 500,000 | - | - | - | - | - | - | - | Secured; interest-bearing; due in three years; not impaired |
| | 2022 | 8a | 42,000 | 500,000 | 192,500 | - | - | - | - | - | - | |
| | 2021 | 8a | 42,000 | - | 650,500 | - | - | - | - | - | - | |
| ▪ PWRDC | | | | | | | | | | | | |
| Advances | 2023 | 8a, 8b | - | - | - | - | - | - | - | - | - | Secured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8a, 8b | - | - | - | - | - | - | - | - | - | |
| | 2021 | 8a, 8b | - | - | - | - | - | - | - | - | - | |
| ▪ PHES | | | | | | | | | | | | |
| Advances | 2023 | 8b | - | 92,054 | - | - | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8b | - | 92,054 | - | - | - | - | - | - | - | |
| | 2021 | 8b | - | 92,054 | - | - | - | - | - | - | - | |
| ▪ Others | | | | | | | | | | | | |
| Advances and interest | 2023 | 8b | 2,124 | 65,763 | - | - | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8b | 1,763 | 63,639 | - | - | - | - | - | - | - | |
| | 2021 | 8b | 1,763 | 61,877 | - | - | - | - | - | - | - | |
| ▪ WMPD | | | | | | | | | | | | |
| Equity securities - at FVOCI | 2023 | 8f | - | - | - | - | 50,000 | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8f | - | - | - | - | 50,000 | - | - | - | - | |
| | 2021 | 8f | - | - | - | - | 50,000 | - | - | - | - | |
| Purchase of option contract | 2023 | 8j | - | - | - | - | - | - | - | - | - | |
| | 2022 | 8j | 2,100,000 | - | 2,100,000 | - | - | - | - | - | - | |
| | 2021 | 8j | - | - | - | - | - | - | - | - | - | |
| ▪ WII | | | | | | | | | | | | |
| Equity securities - at FVOCI | 2023 | 8f | 313 | - | - | - | 20,256 | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8f | - | - | - | - | 19,943 | - | - | - | - | |
| | 2021 | 8f | 520 | - | - | - | 19,943 | - | - | - | - | |
| ▪ ALEC | | | | | | | | | | | | |
| Notes receivable | 2023 | 8g | 20,171 | 1,345 | - | 267,553 | - | - | - | - | - | Unsecured; interest-bearing; due in one year; not impaired |
| | 2022 | 8g | 12,109 | 1,345 | - | 247,382 | - | - | - | - | - | |
| | 2021 | 8g | 13,252 | 1,345 | - | 235,273 | - | - | - | - | - | |
| Advances | 2023 | 8e | - | - | - | - | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand |
| | 2022 | 8e | - | - | - | - | - | - | - | - | - | |
| | 2021 | 8e | 3,119 | - | - | - | - | - | - | - | - | |
| ▪ PWHI | | | | | | | | | | | | |
| Payment for purchase of land | 2022 | 8k | 204,253 | - | 204,253 | - | - | - | - | - | - | |

Forward

| Category/Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Notes Receivable | Equity Securities - at FVOCI | Due to a Related Party | Advances to a Supplier | Advances to Subsidiaries* | Due to Subsidiaries* | Terms and Conditions |
|--|------|------|---------------------------|--------------------------|------------------|------------------|------------------------------|------------------------|------------------------|---------------------------|----------------------|---|
| | | | | Current | Noncurrent | | | | | | | |
| Subsidiaries | | | | | | | | | | | | |
| ▪ WCCCHI | 2023 | 8e | (P504,320) | P - | P - | P - | P - | P - | P - | P - | P966,840 | Unsecured; interest-bearing; due in three years |
| Advances and settlements | 2022 | 8e | 260,832 | - | - | - | - | - | - | - | 462,520 | |
| | 2021 | 8e | 10,220 | - | - | - | - | - | - | - | 723,352 | |
| ▪ DIHCI | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8e | - | - | - | - | - | - | - | - | 14,068 | Unsecured; noninterest-bearing; due on demand |
| | 2022 | 8e | (15) | - | - | - | - | - | - | - | 14,068 | |
| | 2021 | 8e | - | - | - | - | - | - | - | - | 14,053 | |
| ▪ APHC | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8c | 731 | - | - | - | - | - | - | 187,950 | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8c | 872 | - | - | - | - | - | - | 187,219 | - | |
| | 2021 | 8c | 657 | - | - | - | - | - | - | 186,347 | - | |
| ▪ GIRDI | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8e | 3,120 | - | - | - | - | - | - | - | 193,066 | Unsecured; noninterest-bearing; due on demand |
| | 2022 | 8e | 58 | - | - | - | - | - | - | - | 196,186 | |
| | 2021 | 8e | 3,005 | - | - | - | - | - | - | - | 196,249 | |
| ▪ WHMC | | | | | | | | | | | | |
| Deposits for future stock subscription | 2023 | 8e | 90 | - | 204,253 | - | - | - | - | 99,030 | - | Unsecured; noninterest-bearing; due on demand; fully impaired |
| | 2022 | 8c | 204,253 | - | - | - | - | - | - | 98,940 | - | |
| | 2021 | 8c | - | - | - | - | - | - | - | 98,940 | - | |
| ▪ WIHI | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8c | 84 | - | 150,000 | - | - | - | - | 528 | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8c | 58 | - | - | - | - | - | - | 444 | - | |
| | 2021 | 8c | 150,064 | - | 150,000 | - | - | - | - | 386 | - | |
| Deposits for future stock subscription | 2023 | 8d | - | - | - | - | - | - | - | 125,000 | - | |
| | 2022 | 8d | - | - | - | - | - | - | - | 125,000 | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | 125,000 | - | |
| ▪ WPPHI | | | | | | | | | | | | |
| Advances and Settlements | 2023 | 8c | 64 | - | - | - | - | - | - | 451 | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8c | 58 | - | - | - | - | - | - | 387 | - | |
| | 2021 | 8c | 279 | - | - | - | - | - | - | 329 | - | |
| Deposits for future stock subscription | 2023 | 8d | - | - | - | - | - | - | - | 90,620 | - | |
| | 2022 | 8d | - | - | - | - | - | - | - | 90,620 | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | 90,620 | - | |
| ▪ MBI | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8c | 64 | - | - | - | - | - | - | 4,814 | - | Unsecured; noninterest-bearing; due on demand; fully impaired |
| | 2022 | 8c | 4 | - | - | - | - | - | - | 4,750 | - | |
| | 2021 | 8c | - | - | - | - | - | - | - | 4,746 | - | |
| Deposits for future stock subscription | 2023 | 8d | - | - | - | - | - | - | - | 35,000 | - | |
| | 2022 | 8d | - | - | - | - | - | - | - | 35,000 | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | 35,000 | - | |
| ▪ WWGI | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8c | - | - | - | - | - | - | - | 2,061 | - | Unsecured; noninterest-bearing; due on demand; fully impaired |
| | 2022 | 8c | - | - | - | - | - | - | - | 2,061 | - | |
| | 2021 | 8c | - | - | - | - | - | - | - | 2,061 | - | |
| Deposits for future stock subscription | 2023 | 8d | - | - | - | - | - | - | - | 13,000 | - | |
| | 2022 | 8d | - | - | - | - | - | - | - | 13,000 | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | 13,000 | - | |
| ▪ WMCHI | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8e | (6,154) | - | - | - | - | - | - | - | 305,882 | Unsecured; noninterest-bearing; due on demand |
| | 2022 | 8e | (1,702) | - | - | - | - | - | - | - | 299,728 | |
| | 2021 | 8e | (15,700) | - | - | - | - | - | - | - | 298,026 | |
| ▪ WHC | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8e | - | - | 2,104,835 | - | - | - | - | - | 4,835 | Unsecured; noninterest-bearing; due on demand |
| | 2022 | 8e | 2,104,817 | - | 4,827 | - | - | - | - | - | 4,827 | |
| | 2021 | 8e | (815) | - | - | - | - | - | - | - | 4,817 | |
| Deposits for future stock subscription | 2023 | 8d | (936) | - | - | - | - | - | - | - | - | |
| | 2022 | 8d | 5,753 | - | - | - | - | - | - | - | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | - | - | |
| ▪ WFC | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8c | (5) | - | - | - | - | - | - | 1,937 | 5 | Unsecured; noninterest-bearing; due on demand; fully impaired |
| | 2022 | 8c | (3) | - | - | - | - | - | - | 1,937 | - | |
| | 2021 | 8c | - | - | - | - | - | - | - | 1,940 | - | |
| Deposits for future stock subscription | 2023 | 8d | - | - | - | - | - | - | - | 6,000 | - | |
| | 2022 | 8d | - | - | - | - | - | - | - | 6,000 | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | 6,000 | - | |

Forward

| Category/Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Notes Receivable | Equity Securities - at FVOCI | Due to a Related Party | Advances to a Supplier | Advances to Subsidiaries* | Due to Subsidiaries* | Terms and Conditions |
|--|-------------|-----------|---------------------------|--------------------------|-------------------|------------------|------------------------------|------------------------|------------------------|---------------------------|----------------------|---|
| | | | | Current | Noncurrent | | | | | | | |
| ▪ WPL | | | | | | | | | | | | |
| Advances and settlements | 2023 | 8e | P129 | P - | P - | P - | P - | P - | P - | P - | P194,383 | Unsecured; noninterest-bearing; due on demand |
| | 2022 | 8e | 115 | - | - | - | - | - | - | - | 194,512 | |
| | 2021 | 8e | 129 | - | - | - | - | - | - | - | 194,627 | |
| ▪ WCVI | | | | | | | | | | | | |
| Deposits for future stock subscription | 2023 | 8d | - | - | - | - | - | - | - | 100 | - | Unsecured; noninterest-bearing; due on demand; not impaired |
| | 2022 | 8d | - | - | - | - | - | - | - | 100 | - | |
| | 2021 | 8d | - | - | - | - | - | - | - | 100 | - | |
| Allowance for impairment losses | 2023 | | - | (59,619) | - | - | - | - | - | (416,255) | - | |
| | 2022 | | - | (59,619) | - | - | - | - | - | (161,689) | - | |
| | 2021 | | - | (59,619) | - | - | - | - | - | (161,689) | - | |
| KMP | | | | | | | | | | | | |
| ▪ Short-term employee benefits | 2023 | | 24,841 | - | - | - | - | - | - | - | - | |
| | 2022 | | 23,299 | - | - | - | - | - | - | - | - | |
| | 2021 | | 35,278 | - | - | - | - | - | - | - | - | |
| ▪ Post-employment benefits | 2023 | | 6,236 | - | - | - | - | - | - | - | - | |
| | 2022 | | 17,802 | - | - | - | - | - | - | - | - | |
| | 2021 | | 3,828 | - | - | - | - | - | - | - | - | |
| TOTAL | 2023 | 21 | | P2,936,358 | P3,591,306 | P267,553 | P70,256 | P30 | P - | P150,236 | P1,679,079 | |
| TOTAL | 2022 | 21 | | P2,239,921 | P3,921,477 | P247,382 | P69,943 | P - | P - | P403,769 | P1,171,841 | |

*Eliminated during consolidation

a. Interest-bearing Advances to Related Parties

The Group granted interest-bearing advances to TWGI, PRC, CRDC, WPPC and RRGI.

TWGI and PRC

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Parent Company. These advances are due in one (1) year, subject to renewal. The advances to TWGI charge interest at 4.00% per annum in 2023 and 2022, while the advances to PRC charge interest at 2.00% per annum in 2023 and 2022. There are no payments in TWGI in 2023, while in 2022 TWGI paid P52.42 million. PRC made no payments in 2023 and 2022.

In a Resolution dated February 5, 2015, the Parent Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Parent Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Parent Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

On January 6, 2021, the Parent Company, TWGI, PRC and PWRDC made amendments to the previously issued amended MOU to exclude PWRDC since its outstanding liability was already paid in full in 2020. All other terms and conditions shall remain unchanged.

As at December 31, 2023, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P7.76 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

On December 9, 2019, the Group and PRC entered into a Memorandum of Agreement whereby PRC agreed to sell the Group certain parcels of land to settle the advances as indicated in the MOU. In 2020, the Group made partial payments amounting to P150.00 million for the purchase of certain parcels of land.

Interest receivable from TWGI amounted to P300.44 million and P277.87 million as at December 31, 2023 and 2022, respectively, while interest receivable from PRC amounted to P130.36 million and P119.17 million as at December 31, 2023 and 2022, respectively. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income amounted P37.35 million, P20.71 million, P30.64 million in 2023, 2022, and 2021, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2023 and 2022.

CRDC

On December 21, 2015, the Parent Company granted advances to CRDC with an interest of 2.00% and maturity on December 21, 2020. At the end of 2020, the Parent Company extended the maturity of the advances for a period of five (5) years up to December 21, 2025 at an increased rate of 2.55% per annum. On June 9, 2022, the Company granted additional advances to CRDC with an interest of 9% per annum and maturity on June 9, 2027. Interest receivable from CRDC amounted to P101.76 million and P79.88 million as at December 31, 2023 and 2022, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Interest income recognized in the separate statement of comprehensive (loss) income amounted to P29.54 million, P19.73 million, P9.52 million in 2023, 2022 and 2021, respectively while accretion income amounted to nil in 2023, 2022 and 2021.

WPPC

On June 1, 2018, the Parent Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.50% per annum and repayable in lump-sum at maturity on June 1, 2021.

On December 31, 2018, the Parent Company granted additional advances to WPPC amounting to P33.83 million for general corporate purposes. The advances bear interest at 7.50% per annum and repayable in lump-sum at maturity. WPPC made no payment in 2023 and 2022.

In 2020, the Parent Company extended the maturity of the advances for a period of 5 years up to December 21, 2025 at a decreased rate of 4.00% per annum.

Interest receivable from WPPC amounted to P153.47 million and P131.08 million as at December 31, 2023 and 2022, respectively. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P20.00 million in 2023, 2022, and 2021.

RRGI

On June 1, 2018, WCCCHI extended advances to RRGi amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity date on June 1, 2021. In 2021, WCCCHI extended the maturity of the advances for a period of 2.50 years up to December 31, 2023. Interest receivable from RRGi amounted to P234.50 million and P192.50 million as at December 31, 2023 and 2022, respectively. Interest income recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P47.50 million, P25.50 million, P37.50 million in 2023, 2022 and 2021, respectively. No settlement for the advances and interest has been made as at December 31, 2023.

b. Noninterest-bearing Advances to Related Parties

The Group has noninterest-bearing, collateral-free advances to PWRDC, PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due and demandable at anytime.

PWRDC

On July 5, 2018, the Parent Company granted a noninterest-bearing, collateral-free advances to PWRDC which is due on demand (Note 8a). PWRDC paid the full amount in 2020.

PHES, FHC, PCIC and East Asia

The Parent Company has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due on demand.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by TWGI, representing the majority stockholder.

c. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects.

d. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Parent Company once the planned increase in the authorized capital stock of the subsidiaries materialize (see Note 21).

e. Due to Subsidiaries/to a Related Party

In the ordinary course of business, the Parent Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes. The above advances are due and demandable at anytime.

On June 1, 2018, the Parent Company received advances from WCCCHI with an interest of 7.50% per annum and maturity on June 1, 2021. In 2021, WCCCHI extended the maturity of the advances for a period of 2.50 years up to December 31, 2023. Accrued interest payable to WCCCHI amounted to P227.03 and P205.42 million as at December 31, 2023 and 2022, respectively. Interest expense related to the advances recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P19.30 million, P19.30 million and P42.00 million in 2023, 2022 and 2021, respectively.

f. Financial Assets at FVOCI - Equity Securities

The Group has investment in shares of stocks in WMPD amounting to P12.50 million consisting of 12.50 million shares with par value of P1.00 per share as at December 31, 2019. Additional investment was made in 2020 amounting to P37.50 million consisting of 37.50 million shares. This investment is measured at cost due to the lack of reliable estimates of unobserved inputs, less impairment, if any.

In July and August 2005, the BOD of APHC approved the conversion of its net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed on the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2023 and 2022 amounted to P19.94million and P69.94 thousand (see Note 21), resulting in a valuation gain of nil in 2023, 2022 and 2021 respectively.

g. Notes Receivable

In 2017, the Group extended a loan to ALEC payable on December 31, 2018, and bear interest at 4.00% per annum. In 2018, the Group extended another interest-bearing loan at 4.00% per annum to ALEC payable at the end of 2019. At the end of 2019, the Group extended the loan, with the same terms as the original loan, to mature at the end of 2020. At the end of 2020, the Group extended another interest-bearing loan at 4.00% per annum to ALEC payable at the end of 2021. At the end of 2021, the Group extended the loan, with the same terms as the original loan, to mature at the end of 2022. At the end of 2022, the Group extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2023. The related interest income recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P8.10 million, P8.58 million and P8.42 million in 2023, 2022 and 2021, respectively.

h. Omnibus Loan and Security Agreement

On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with PBCOM for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion. Certain real estate properties of PRC and CRDC are used as collateral of the Agreement.

On March 22, 2022, the Borrowers entered into a Supplemental Loan Agreement to the Agreement with PBCOM granting the Borrowers additional multiple loan facilities (the New Loan Facilities) for the following purposes: (1) refinancing the outstanding loan obligation; (2) payment of any and all fees, stamps, and other taxes to the execution and delivery of the loan documents in order to implement the refinancing; and, (3) general corporate requirements, in the maximum aggregate amount of P3.05 billion (see Note 26).

i. Lease Agreement with ALEC

APHC and ALEC entered into a seven-year operating lease contract for use of hotel premises. The lease has not commenced yet as APHC's hotel reconstruction is still ongoing as at December 31, 2023 (see Note 1).

j. Purchase of Option Contract

On February 17, 2022 the BOD authorized the Group to acquire an Option to Purchase (the Option Contract) four (4) hectares of reclaimed land in the Manila Waterfront City at an Option price of P50,000 per square meter and a strike price of P300,000 per square meter. In June 2022, the Group advanced P2.10 billion to WMPD for the Option Contract. No purchase was made on the period ended December 31, 2023.

k. Deposit for Acquisition of Land

On February 17, 2022, the BOD authorized the acquisition of certain parcels of land located in Ternate, Cavite to be used as the future site of a hotel and residential condominiums. On February 23, 2022, the Group entered into memorandum of agreement with PWHI to purchase the said parcels of land for a total consideration of P204,252,800. In June 2022, the Group paid the amount in full. The legal title and the risks and rewards of ownership over the parcels of land have not yet been transferred to Group as at December 31, 2023.

The outstanding balances of related party transactions are generally settled in cash.

9. Property and Equipment

Movements in this account are as follows:

| For the Year Ended December 31, 2023 | | | | | | | | | |
|--------------------------------------|-------------------------|---|---|---|--|--|--|--|------------------------|
| <i>Measurement Basis:</i> | Land <i>Revalued</i> | Land Improvements <i>Revalued</i> | Leasehold Improvements <i>At Cost</i> | Hotel Buildings and Improvements <i>Revalued</i> | Furniture, Fixtures and Equipment <i>Revalued</i> | Operating Equipment <i>At Cost</i> | Transportation Equipment <i>Revalued</i> | Construction- in-Progress <i>At Cost</i> | Total |
| Beginning balance | P4,726,086,000 | P30,410,186 | P25,063,249 | P7,400,911,864 | P1,849,442,563 | P88,397,989 | P38,172,482 | P896,302,029 | P15,054,786,362 |
| Additions | - | - | 1,235,111 | 2,809,429 | 17,259,842 | 944,468 | 134 | 97,880,063 | 120,129,047 |
| Appraisal increase | 85,256,000 | (3,400,886) | - | 119,359,936 | (26,361,311) | - | 8,819,624 | - | 183,673,363 |
| Ending balance | 4,811,342,000 | 27,009,300 | 26,298,360 | 7,523,081,229 | 1,840,341,094 | 89,342,457 | 46,992,240 | 994,182,092 | 15,358,588,772 |
| Accumulated Depreciation | | | | | | | | | |
| Beginning balance | - | 20,803,477 | 21,708,006 | 2,526,704,350 | 1,366,823,688 | 86,953,990 | 30,682,536 | - | 4,053,676,047 |
| Depreciation | - | 3,547,258 | 109,372 | 217,571,240 | 102,756,359 | 196,881 | 2,895,900 | - | 327,077,010 |
| Ending balance | - | 24,350,735 | 21,817,378 | 2,744,275,590 | 1,469,580,047 | 87,150,871 | 33,578,436 | - | 4,380,753,057 |
| Carrying Amount | P4,811,342,000 | P2,658,565 | P4,480,982 | P4,778,805,639 | P370,761,047 | P2,191,586 | P13,413,804 | P994,182,092 | P10,977,835,715 |

| For the Year Ended December 31, 2022 | | | | | | | | | |
|--------------------------------------|-------------------------|---|---|---|--|--|--|--|------------------------|
| <i>Measurement Basis:</i> | Land <i>Revalued</i> | Land Improvements <i>Revalued</i> | Leasehold Improvements <i>At Cost</i> | Hotel Buildings and Improvements <i>Revalued</i> | Furniture, Fixtures and Equipment <i>Revalued</i> | Operating Equipment <i>At Cost</i> | Transportation Equipment <i>Revalued</i> | Construction- in-Progress <i>At Cost</i> | Total |
| Beginning balance | P4,225,586,000 | P25,048,186 | P25,063,249 | P7,434,417,244 | P1,453,589,073 | P88,391,949 | P33,508,152 | P644,347,964 | P13,929,951,817 |
| Additions | - | - | - | 4,660,835 | 3,590,964 | 6,040 | - | 251,954,065 | 260,211,904 |
| Appraisal increase | 500,500,000 | 5,362,000 | - | (38,166,215) | 392,262,526 | - | 4,664,330 | - | 864,622,641 |
| Ending balance | 4,726,086,000 | 30,410,186 | 25,063,249 | 7,400,911,864 | 1,849,442,563 | 88,397,989 | 38,172,482 | 896,302,029 | 15,054,786,362 |
| Accumulated Depreciation | | | | | | | | | |
| Beginning balance | - | 18,328,619 | 21,643,472 | 2,315,149,012 | 1,292,865,380 | 86,754,040 | 27,202,451 | - | 3,761,942,974 |
| Depreciation | - | 2,474,858 | 64,534 | 211,555,338 | 73,958,308 | 199,950 | 3,480,085 | - | 291,733,073 |
| Ending balance | - | 20,803,477 | 21,708,006 | 2,526,704,350 | 1,366,823,688 | 86,953,990 | 30,682,536 | - | 4,053,676,047 |
| Carrying Amount | P4,726,086,000 | P9,606,709 | P3,355,243 | P4,874,207,514 | P482,618,875 | P1,443,999 | P7,489,946 | P896,302,029 | P11,001,110,315 |

For the Year Ended December 31, 2021

| <i>Measurement Basis:</i> | Land | Land | Leasehold | Hotel | Furniture, | Operating | Transportation | Construction- | Total |
|---------------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | <i>Revalued</i> | <i>Revalued</i> | <i>At Cost</i> | <i>Revalued</i> | <i>Revalued</i> | <i>At Cost</i> | <i>Revalued</i> | <i>At Cost</i> | |
| Beginning balance | P3,304,550,000 | P18,679,612 | P25,063,249 | P6,520,666,617 | P1,400,951,560 | P88,363,288 | P30,120,761 | P576,523,365 | P11,964,918,452 |
| Additions | - | - | - | - | 201,048 | 28,661 | - | 67,824,599 | 68,054,308 |
| Appraisal increase | 921,036,000 | 6,368,574 | - | 913,750,627 | 52,436,465 | - | 3,387,391 | - | 1,896,979,057 |
| Ending balance | 4,225,586,000 | 25,048,186 | 25,063,249 | 7,434,417,244 | 1,453,589,073 | 88,391,949 | 33,508,152 | 644,347,964 | 13,929,951,817 |
| Accumulated Depreciation | | | | | | | | | |
| Beginning balance | - | 17,112,332 | 21,364,351 | 2,129,359,384 | 1,153,926,200 | 86,492,444 | 23,437,470 | - | 3,431,692,181 |
| Depreciation | - | 1,216,287 | 279,121 | 185,789,628 | 138,939,180 | 261,596 | 3,764,981 | - | 330,250,793 |
| Ending balance | - | 18,328,619 | 21,643,472 | 2,315,149,012 | 1,292,865,380 | 86,754,040 | 27,202,451 | - | 3,761,942,974 |
| Carrying Amount | P4,225,586,000 | P6,719,567 | P3,419,777 | P5,119,268,232 | P160,723,693 | P1,637,909 | P6,305,701 | P644,347,964 | P10,168,008,843 |

The Group engaged independent firms of appraisers to determine the fair value of certain classes of property and equipment, specifically land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment and transportation equipment, which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The Group's revaluation is done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The date of the latest revaluation was as at December 3, 2023 which resulted to the increase in the gross carrying amount of property and equipment amounting to P183.67 million.

After the fire incident (see Note 1), APHC engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel building and equipment and furniture, fixtures and equipment, that were damaged by fire. The appraisal results show that the estimated market value of property and equipment after the fire (excluding land) amounted to P293.53 million.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts as at December 31, 2023 and 2022 would have been as follows:

| | 2023 | 2022 |
|-----------------------------------|------------------------|-----------------|
| Hotel buildings and improvements | P3,192,307,587 | P3,191,436,425 |
| Land | 650,515,909 | 650,515,909 |
| Furniture, fixtures and equipment | 787,391,485 | 770,437,870 |
| Transportation equipment | 14,696,528 | 16,750,406 |
| Land improvements | 1,328,990 | 1,328,990 |
| | 4,646,240,499 | 4,630,469,600 |
| Accumulated depreciation | (2,555,613,748) | (2,482,803,168) |
| | P2,090,626,751 | P2,147,666,432 |

Depreciation on cost charged to profit or loss amounted to P121.92 million, P75.27 million and P83.14 million in 2023, 2022 and 2021, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P236.30 million, P216.46 million and P247.11 million in 2023, 2022 and 2021, respectively.

The revaluation increment directly absorbed through casualty losses and depreciation and consequently transferred directly to retained earnings, net of deferred tax effect, amounted to P177.23 million, P327.00 million and P179.12 million in 2023, 2022 and 2021, respectively. The carrying amount of the revaluation surplus amounting to P5.29 billion and P5.35 billion as at December 31, 2023 and 2022, respectively, is not available for distribution to shareholders.

10. Other Noncurrent Assets

This account consists of:

| | <i>Note</i> | 2023 | 2022 |
|--|-------------|---------------------|--------------|
| Special project deposits | | P724,221,131 | P726,821,527 |
| Refundable deposits | 21 | 21,026,256 | 22,472,287 |
| Others | 21 | 29,033,842 | 28,562,311 |
| | | 774,281,229 | 777,856,125 |
| Less allowance for impairment losses on advances to contractors | | 45,625,507 | 46,100,252 |
| | | P728,655,722 | P731,755,873 |

Advances to contractors pertain to deposits in connection with the reconstruction and restoration of APHC's hotel property and equipment and the renovation work of WCCCHI.

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others.

Others represent deposits to service providers such as security and janitorial services.

Movements in the allowance for impairment losses on deposits are as follows:

| | 2023 | 2022 | 2021 |
|--------------------------------------|--------------------|-------------|-------------|
| Beginning balance | P46,100,252 | P46,100,252 | P46,100,252 |
| Impairment losses during the year | 312,500 | - | - |
| Write-offs during the year | (787,245) | - | - |
| Ending balance | P45,625,507 | P46,100,252 | P46,100,252 |

11. Accounts Payable and Accrued Expenses

This account consists of:

| | <i>Note</i> | 2023 | 2022 |
|--|-------------|-----------------------|----------------|
| Accrued: | | | |
| Interest and penalties | 13, 21 | P775,314,430 | P731,875,813 |
| Salaries, wages and employee benefits | 21 | 68,841,403 | 67,249,962 |
| Utilities | 21 | 6,287,977 | 11,555,429 |
| Other accruals | 21 | 13,088,515 | 27,122,843 |
| Trade payables | 21 | 718,318,614 | 650,901,517 |
| Local taxes and output VAT | | 129,951,799 | 113,735,754 |
| Statutory Payables | 21 | 13,821,869 | - |
| Foreshore lease | 21 | 13,244,695 | - |
| Withholding taxes payable | | 1,973,232 | 2,854,549 |
| Service charges | 21 | 1,729,673 | 1,738,437 |
| Unclaimed wages | 21 | 318,154 | 493,519 |
| Guest deposits | 21 | 100,025 | 110,025 |
| Other payables | 21 | 57,631,400 | 85,033,441 |
| | | P1,800,621,785 | P1,692,671,289 |

Trade payables are noninterest-bearing and are normally on 30-day terms and are settled in cash.

Other payables include commissions, sponsorships, gift certificates issued, SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund and sundry payables.

12. Other Current Liabilities

This account consists of:

| | <i>Note</i> | 2023 | 2022 |
|-------------------------------------|-------------|--------------------|-------------|
| Concessionaires' and other deposits | 21, 24 | P61,613,155 | P31,244,432 |
| Deferred income | | - | 706,940 |
| Others | 21 | 1,875,565 | 1,000,000 |
| | | P63,488,720 | P32,951,372 |

Others include a P1.00 million unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI. GIRDI is a defendant in a collection case filed by a local bank involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2023 and 2022 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

13. Loan Payable

SSS Loan

On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3.00% or 14.50% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight semi-annual payments, after a 1-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII, a related party and by the assignment of 200.00 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within 1 year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII totaling 235.00 million and 80.00 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Parent Company for the collection of the total outstanding loan obligation before the Regional Trial Court (RTC) of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of 3 months from the issuance of RTC order, no attachment bond was posted. Thus, on September 16, 2004 and September 17, 2004, the Parent Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Parent Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of 15 days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of 30 days within which to post the said property bond. On March 7, 2005, the Parent Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Parent Company's petition and granted SSS the 30 day extension to post the said attachment bond. Accordingly, on August 25, 2005, the Parent Company filed a Motion for Reconsideration (MR).

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

On February 22, 2006, the CA granted the Parent Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Parent Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Parent Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Parent Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Parent Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the CA rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Parent Company to pay SSS P375.00 million subject to 12.00% legal interest from October 28, 1999 to June 30, 2013, and 6.00% legal interest from July 1, 2013 until full payment; and
- SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12.00% from the dates that the individual payments were remitted until June 30, 2013, and 6.00% legal interest from July 1, 2013 until full payment.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. As at the date of authorization for issue of the consolidated financial statements, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC.

As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statement of profit or loss and other comprehensive income.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company is hereby ordered to:

- a. submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision.

On August 17, 2023, Branch 76 of the RTC of Quezon City issued an Order approving the legal compensation between SSS and the WPI, ordering WPI to pay P258,117,749.89 to SSS, which is the balance of the amount due to SSS after set-off of the amounts due to WPI, and further ordering the return of real estate properties and shares of stock by SSS to defendants WPI and WIN.

On September 20, 2023, SSS filed a Motion for Reconsideration with RTC of Quezon City asking that August 17, 2023 Order to be set aside. The Motion for Reconsideration was denied by the RTC on January 12, 2024.

As at the date of the authorization for issue of the financial statements, the a motion for the issuance of a certificate of finality has not been executed by the RTC.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2023 and 2022. Interest expense related to the SSS loan recognized in the consolidated statement of profit or loss and other comprehensive income amounted to nil in 2023 and P20.63 million in 2022. Accrued interest and penalties, presented as part of "Accrued interest and penalties" under "Accounts payable and accrued expenses" account in the consolidated statement of financial position, amounted to P775.32 million and P731.88 million as at December 31, 2023 and 2022, respectively (see Note 11).

14. Other Noncurrent Liabilities

The account consists of:

| | <i>Note</i> | 2023 | 2022 |
|---------------------------|-------------|---------------------|--------------|
| Advance rentals | 23 | P232,439,873 | P232,439,873 |
| Concessionaires' deposits | 21, 23, 24 | 153,492,973 | 144,740,946 |
| Retention payables | 21 | 88,381,364 | 85,907,565 |
| | | P474,314,210 | P463,088,384 |

Retention payables pertain to amounts withheld from contractors which are payable one year from the date of final turnover and acceptance.

Reclassification

Changes in this account amounting to P30.12 million and P14.02 million previously classified under "Financing activities" in 2022 and 2021, respectively, was reclassified to "Operating activities" in the consolidated statements of cash flows to be consistent with the nature of the transactions.

15. Segment Information

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit. Segment accounting policies are the same as the policies described primarily in Note 27 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2023, 2022 and 2021 and certain asset and liability information regarding industry segments as at December 31, 2023, 2022 and 2021 (in thousands):

| | For the Year Ended December 31, 2023 | | | | | | | |
|---------------------------------------|--------------------------------------|------------|------------|---------------------------------|--------------------------|-------------|--------------|--------------|
| | WCCCHI | WMCHI | DIHCI | Parent Company and Others | APHC and Subsidiaries | Total | Eliminations | Consolidated |
| REVENUES | | | | | | | | |
| External sales | P1,176,659 | P362,503 | P250,094 | P12,114 | P2,217 | P1,803,587 | P - | P1,803,587 |
| RESULTS | | | | | | | | |
| Segment operating profit | P533,332 | P200,205 | P41,581 | (P57,240) | (P57,925) | P659,953 | P - | P659,953 |
| OTHER EXPENSES (INCOME) | | | | | | | | |
| Depreciation | 201,205 | 74,805 | 34,491 | 3,084 | 19,819 | 333,404 | - | 333,404 |
| Interest expense | 11,889 | 9,921 | - | 297,310 | - | 319,120 | (19,298) | 299,822 |
| Foreign exchange losses (gains) - net | - | - | - | 12,160 | (15) | 12,145 | - | 12,145 |
| Impairment losses | 9,572 | - | - | - | - | 9,572 | - | 9,572 |
| Interest income | (60,441) | (5,115) | (1,369) | (71,188) | (3,060) | (141,173) | - | (141,173) |
| Reversal of excess accrual | - | - | - | - | - | - | - | - |
| Others — net | - | - | - | (14,666) | - | (14,666) | 14,666 | - |
| | 162,225 | 79,611 | 33,122 | 226,700 | 16,744 | 518,402 | (4,632) | 513,770 |
| INCOME TAX EXPENSE (BENEFIT) | 92,689 | 13,187 | 3,553 | 831 | (2,632) | 107,628 | - | 107,628 |
| NET INCOME (LOSS) | P278,418 | P107,407 | P4,906 | (P284,771) | (P72,037) | P33,923 | P4,632 | P38,555 |
| OTHER INFORMATION | | | | | | | | |
| Segment assets | P6,696,090 | P2,506,707 | P3,621,610 | P10,978,424 | P2,930,540 | P26,733,371 | (P6,306,433) | P20,426,938 |
| Deferred tax assets | - | - | - | 186,396 | - | 186,396 | - | 186,396 |
| Consolidated Total Assets | P6,696,090 | P2,506,707 | P3,621,610 | P11,164,820 | P2,930,540 | P26,919,767 | (P6,306,433) | P20,613,334 |
| Segment liabilities | P1,159,469 | P345,578 | P93,887 | P8,565,354 | P932,333 | P11,096,621 | (P5,382,442) | P5,714,179 |
| Deferred tax liabilities | 721,686 | 213,616 | 831,540 | - | 430,001 | 2,196,843 | - | 2,196,843 |
| Consolidated Total Liabilities | P1,881,155 | P559,194 | P925,427 | P8,565,354 | P1,362,334 | P13,293,464 | (P5,382,442) | P7,911,022 |
| Other Segment Information | | | | | | | | |
| Capital expenditures | P3,846,445 | P1,005,329 | P3,351,557 | P99,098 | P1,761,383 | P10,063,812 | P914,023 | P10,977,835 |
| Depreciation | 201,205 | 74,805 | 34,491 | 3,084 | 19,819 | 333,404 | - | 333,404 |

For the Year Ended December 31, 2022

| | WCCCHI | WMCHI | DIHCI | Parent Company and Others | APHC and Subsidiaries | Total | Eliminations | Consolidated |
|---------------------------------------|------------|------------|------------|---------------------------------|--------------------------|-------------|--------------|--------------|
| REVENUES | | | | | | | | |
| External sales | P964,670 | P295,326 | P217,925 | P11,389 | P - | P1,489,310 | (P2,869) | P1,486,441 |
| RESULTS | | | | | | | | |
| Segment operating profit | P396,569 | P139,144 | P34,576 | (P23,985) | (P63,047) | P483,257 | P9,807 | P493,064 |
| OTHER EXPENSES (INCOME) | | | | | | | | |
| Depreciation | 200,299 | 46,978 | 25,978 | 545 | 21,564 | 295,364 | - | 295,364 |
| Interest expense | 47,788 | 9,799 | - | 165,594 | - | 223,181 | (56,798) | 166,383 |
| Foreign exchange losses (gains) – net | - | - | - | 5,618 | - | 5,618 | - | 5,618 |
| Impairment losses | - | - | - | 309 | - | 309 | - | 309 |
| Interest income | (58,794) | (5,123) | (289) | (77,386) | (6,624) | (148,216) | 56,798 | (91,418) |
| Reversal of excess accrual | - | - | - | - | - | - | - | - |
| Others – net | - | - | - | (9,807) | - | (9,807) | 9,807 | - |
| | 189,293 | 51,654 | 25,689 | 84,873 | 14,940 | 366,449 | 9,807 | 376,256 |
| INCOME TAX EXPENSE (BENEFIT) | 51,445 | 22,817 | 3,671 | (5,548) | (6,460) | 65,925 | - | 65,925 |
| NET INCOME (LOSS) | P155,831 | P64,673 | P5,216 | (P103,310) | (P71,527) | P50,883 | P - | P50,883 |
| OTHER INFORMATION | | | | | | | | |
| Segment assets | P6,162,171 | P2,331,050 | P3,613,098 | P10,746,891 | P3,974,153 | P26,827,363 | (P6,689,241) | P20,138,122 |
| Deferred tax assets | 52,367 | 23,684 | 8,403 | 186,073 | - | 270,527 | - | 270,527 |
| Consolidated Total Assets | P6,214,538 | P2,354,734 | P3,621,501 | P10,932,964 | P3,974,153 | P27,097,890 | (P6,689,241) | P20,408,649 |
| Segment liabilities | P976,816 | P362,072 | P80,189 | P8,060,546 | P990,004 | P10,469,627 | (P4,728,334) | P5,741,293 |
| Deferred tax liabilities | 769,465 | 223,738 | 847,603 | - | 434,301 | 2,275,107 | - | 2,275,107 |
| Consolidated Total Liabilities | P1,746,281 | P585,810 | P927,792 | P8,060,546 | P1,424,305 | P12,744,734 | (P4,728,334) | P8,016,400 |
| Other Segment Information | | | | | | | | |
| Capital expenditures | P3,906,140 | P962,836 | P3,382,177 | P97,826 | P2,652,131 | P11,001,110 | P - | P11,001,110 |
| Depreciation | 200,299 | 46,978 | 25,978 | 545 | 21,564 | 295,364 | - | 295,364 |

For the Year Ended December 31, 2021

| | WCCCHI | WMCHI | DIHCI | Parent Company and Others | APHC and Subsidiaries | Total | Eliminations | Consolidated |
|---------------------------------------|------------|------------|------------|---------------------------------|--------------------------|-------------|--------------|--------------|
| REVENUES | | | | | | | | |
| External sales | P630,583 | P273,229 | P90,469 | P6,376 | P - | P1,000,657 | (P2,869) | P997,788 |
| RESULTS | | | | | | | | |
| Segment operating profit | P321,972 | P126,449 | (P19,093) | (P19,397) | (P65,914) | P344,017 | P8,572 | P352,589 |
| OTHER EXPENSES (INCOME) | | | | | | | | |
| Depreciation | 223,515 | 67,655 | 21,119 | 1,055 | 20,538 | 333,882 | - | 333,882 |
| Interest expense | 71,038 | 9,684 | - | 64,162 | - | 144,884 | (42,002) | 102,882 |
| Foreign exchange losses (gains) – net | - | - | - | 11,220 | (1) | 11,219 | - | 11,219 |
| Impairment losses | - | - | - | - | - | - | - | - |
| Interest income | (80,233) | (5,373) | (94) | (61,924) | (4,199) | (151,823) | 42,002 | (109,821) |
| Reversal of excess accrual | - | - | - | (415,670) | - | (415,670) | - | (415,670) |
| Others – net | - | - | - | (8,572) | - | (8,572) | 8,572 | - |
| | 214,320 | 71,966 | 21,025 | (409,729) | 16,338 | (86,080) | 8,572 | (77,508) |
| INCOME TAX EXPENSE (BENEFIT) | 29,337 | 11,419 | (6,645) | (102,402) | (32,414) | (100,705) | - | (100,705) |
| NET INCOME (LOSS) | P78,315 | P43,064 | (P33,473) | P492,734 | (P49,838) | P530,802 | P - | P530,802 |
| OTHER INFORMATION | | | | | | | | |
| Segment assets | P6,637,530 | P1,876,807 | P3,430,396 | P5,801,890 | P3,589,214 | P21,335,837 | (P4,603,712) | P16,732,125 |
| Deferred tax assets | 49,077 | 24,155 | 16,719 | 178,520 | 15 | 268,486 | - | 268,486 |
| Consolidated Total Assets | P6,686,607 | P1,900,962 | P3,447,115 | P5,980,410 | P3,589,229 | P21,604,323 | (P4,603,712) | P17,000,611 |
| Segment liabilities | P1,432,203 | P336,991 | P62,318 | P3,022,594 | P1,028,193 | P5,882,299 | (P2,643,190) | P3,239,109 |
| Deferred tax liabilities | 828,859 | 134,456 | 814,025 | (593) | 314,792 | 2,091,539 | - | 2,091,539 |
| Consolidated Total Liabilities | P2,261,062 | P471,447 | P876,343 | P3,022,001 | P1,342,985 | P7,973,838 | (P2,643,190) | P5,330,648 |
| Other Segment Information | | | | | | | | |
| Capital expenditures | P4,258,723 | P636,794 | P3,249,114 | P98,357 | P1,925,021 | P10,168,009 | P - | P10,168,009 |
| Depreciation | 223,515 | 67,655 | 21,119 | 1,055 | 20,538 | 333,882 | - | 333,882 |

16. Capital Stock and Noncontrolling Interests

Capital Stock

Details of capital stock of the Parent Company as at December 31, 2023 and 2022 are as follows:

| | Number of Common Shares | Amount |
|---|--|-----------------------|
| Authorized capital stock: at P1.00 par value per share | 5,000,000,000 | P5,000,000,000 |
| Issued and outstanding | P2,498,991,753 | P2,498,991,753 |

A summary of the Parent Company's securities registration is as follows:

| <u>Date of Registration/Listing</u> | <u>Securities</u> |
|---|--|
| March 17, 1995 (Initial Public Offering) | 112.50 million shares On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Parent Company to P450.00 million divided into 450.00 million shares with a par value of P1.00 per share, out of which, 337.50 million shares were already subscribed. |
| April 18, 1996 | 944.97 million shares On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Parent Company to P2.00 billion divided into 2.00 billion shares with a par value of P1.00 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project. |
| December 15, 1999 | 888.47 million shares On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Parent Company to P5.00 billion divided into 5.00 billion shares with a par value of P1.00 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Parent Company with an offer price of P2.03 per share. |

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Parent Company to P10.00 billion with 10.00 billion shares at par value of P1.00 per share. This resolution was ratified by the Parent Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company. As at December 31, 2022, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

The Parent Company has not sold any unregistered securities for the past 3 years. As at December 31, 2023 and 2022, the Parent Company has 2.50 billion shares listed on the PSE and has a total of 429 shareholders and 431 shareholders, respectively.

Noncontrolling Interests (NCIs)

The details of the Group's material NCIs are as follows (in thousands):

| | December 31, 2023 | | December 31, 2022 | |
|---|-------------------|-------------------|-------------------|----------|
| | APHC | GIRDI | APHC | GIRDI |
| Percentage of NCI | 44% | 46% | 44% | 46% |
| Carrying amount of NCI | (P646,541) | (P675,929) | P1,098,680 | P197,494 |
| Net loss attributable to NCI | (30,078) | (308) | (P31,687) | (P324) |
| Other comprehensive income attributable to NCIs | (P72,035) | P1,141 | P166,438 | P - |

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (in thousands):

| | December 31, 2023 | | December 31, 2022 | |
|---|----------------------|------------------|-------------------|----------|
| | APHC | GIRDI | APHC | GIRDI |
| Total assets | P2,936,500 | P451,722 | P2,908,670 | P467,052 |
| Total liabilities | (1,368,294) | (1,028) | (1,087,451) | (37,717) |
| Net assets | P1,568,206 | P450,4694 | P1,821,219 | P429,335 |
| Revenue | P2,216,970 | P - | P - | P1,763 |
| Net loss | (P66,214) | (P1,141) | (P74,196) | (P705) |
| Other comprehensive income | 375,006 | - | - | - |
| | P308,2792 | (P1,141) | (P74,196) | (P705) |
| Cash flows used in operating activities | (P31,533,119) | P - | (P4,005,433) | P - |
| Cash flows used in investing activities | (44,541,893) | - | 3,706,063 | - |
| Cash flows used in financing activities | (21,979,793) | - | (27,051) | - |
| Net decrease in cash | (P98,054,805) | P - | (P326,421) | P - |

17. Other Costs and Expenses

This account consists of:

| | <i>Note</i> | 2023 | 2022 | 2021 |
|---|-------------|---------------------|--------------|--------------|
| Laundry, valet and other hotel services | | P138,411,394 | P101,039,440 | P27,174,393 |
| Taxes and licenses | | 55,836,906 | 56,596,799 | 50,299,803 |
| Security and other related services | | 37,786,070 | 32,543,742 | 26,670,949 |
| Representation and entertainment | | 24,533,967 | 4,994,044 | 6,302,901 |
| Corporate expenses | | 22,380,056 | 15,814,848 | 10,949,759 |
| Insurance | | 21,130,576 | 17,119,040 | 14,942,458 |
| Professional fees | | 18,639,629 | 17,680,193 | 18,643,442 |
| Supplies | 6 | 16,320,865 | 15,239,992 | 10,437,978 |
| Commissions | | 13,100,465 | 8,940,695 | 1,836,297 |
| Data processing | | 12,356,665 | 11,285,567 | 11,419,553 |
| Advertising | | 11,463,868 | 5,081,211 | 2,674,646 |
| Impairment loss | | 8,700,797 | - | - |
| Fuel and oil | | 8,496,444 | 7,516,944 | 2,813,882 |
| Guest and laundry valet | | 8,104,211 | 1,311,694 | 1,188,053 |
| Guest amenities | | 3,995,822 | 4,437,902 | 3,383,512 |
| Communications | | 3,190,643 | 3,931,116 | 3,891,658 |
| Meeting expenses | | 905,750 | 844,655 | 934,268 |
| Donations | | 275,367 | - | - |
| Transportation and travel | | 259,160 | 1,612,102 | 1,808,155 |
| Trainings and Seminars | | 2,500 | - | - |
| Miscellaneous | | 7,806,092 | 4,277,154 | 3,295,539 |
| | | P413,697,247 | P310,267,138 | P198,667,246 |

Miscellaneous include recruitment expense and employee association dues.

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, defined benefit plans (the Plans) covering substantially all of their regular employees with at least 5 years of continuous service. The benefits are based on percentage of the employee's final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the Plans.

The latest independent actuarial valuation of the Plans was as at December 31, 2023, which was prepared using the projected unit credit method. The Plans are administered by independent trustees (the Retirement Plan Trustees) with assets held consolidated for the Group.

The Plans are registered with the BIR as a tax-qualified plan under Republic Act (R.A.) No. 4917, As Amended, otherwise known as "An Act Providing that Retirement Benefits of Employees of Private Firms shall not be Subject to Attachment, Levy, Execution, or any Tax whatsoever."

The reconciliation of the present value of the DBO and the FVPA to the recognized retirement benefits asset as presented in the consolidated statement of financial position is as follows:

| 2023 | DBO | FVPA | Retirement Benefits Asset |
|--|--------------------|-----------------------|--|
| Balance, January 1, 2023 | P65,230,408 | (P138,147,333) | (P72,916,925) |
| Included in Profit or Loss | | | |
| Current service cost | 4,601,090 | - | 4,601,090 |
| Net interest cost (income) | 4,888,581 | (9,687,703) | (4,799,122) |
| | 9,489,671 | (9,687,703) | (198,032) |
| Included in OCI | | | |
| Remeasurement gains on plan assets: | | | |
| 1. Actuarial gains arising from: | | | |
| ▪ Changes in demographic assumptions | - | - | - |
| ▪ Experience adjustments | (1,846,681) | - | (1,846,681) |
| ▪ Changes in financial assumptions | 3,445,999 | - | 3,445,999 |
| 2. Return on plan assets excluding interest income | - | 2,490,373 | 2,490,373 |
| | 1,599,318 | 2,490,373 | 4,089,691 |
| Others | | | |
| Contributions paid by the employer | - | (120,949) | (120,949) |
| Benefits paid from book reserves | - | (120,949) | (120,949) |
| Benefits paid from plan assets | (7,359,930) | 7,480,879 | 120,949 |
| Balance, December 31, 2023 | P68,959,467 | (P138,105,682) | (P69,146,215) |

| 2022 | DBO | FVPA | Retirement Benefits Asset |
|--|---------------------|-----------------------|--|
| Balance, January 1, 2022 | P95,616,272 | (P161,119,458) | (P65,503,186) |
| Included in Profit or Loss | | | |
| Current service cost | 7,303,309 | - | 7,303,309 |
| Net interest cost (income) | 4,657,070 | (7,866,240) | (3,209,170) |
| | 11,960,379 | (7,866,240) | 4,094,139 |
| Included in OCI | | | |
| Remeasurement gains on plan assets: | | | |
| 3. Actuarial gains arising from: | | | |
| ▪ Changes in demographic assumptions | (12,698,853) | - | (12,698,853) |
| ▪ Experience adjustments | (2,798,560) | - | (2,798,560) |
| ▪ Changes in financial assumptions | (4,703,374) | - | (4,703,374) |
| 4. Return on plan assets excluding interest income | - | 10,192,909 | 10,192,909 |
| | (20,200,787) | 10,192,909 | (10,007,878) |
| Others | | | |
| Benefits paid from book reserves | (1,500,000) | - | (1,500,000) |
| Benefits paid from plan assets | (20,645,456) | 20,645,456 | - |
| Balance, December 31, 2022 | P65,230,408 | (P138,147,333) | (P72,916,925) |

| 2021 | DBO | FVPA | Retirement Benefits Asset |
|--|--------------|----------------|---------------------------|
| Balance, January 1, 2021 | P109,046,519 | (P163,909,591) | (P54,863,072) |
| Included in Profit or Loss | | | |
| Current service cost | 8,601,847 | - | 8,601,847 |
| Net interest cost (income) | 3,775,786 | (5,730,633) | (1,954,847) |
| | 12,377,633 | (5,730,633) | 6,647,000 |
| Included in OCI | | | |
| Remeasurement gains on plan assets: | | | |
| 5. Actuarial gains arising from: | | | |
| ▪ Changes in demographic assumptions | (738,760) | - | (738,760) |
| ▪ Experience adjustments | (3,986,814) | - | (3,986,814) |
| ▪ Changes in financial assumptions | (16,368,063) | - | (16,368,063) |
| 6. Return on plan assets excluding interest income | - | 3,806,523 | 3,806,523 |
| | (21,093,637) | 3,806,523 | (17,287,114) |
| Others | | | |
| Benefits paid from plan assets | (4,714,243) | 4,714,243 | - |
| Balance, December 31, 2021 | P95,616,272 | (P161,119,458) | (P65,503,186) |

The retirement benefits cost recognized in profit or loss in 2023, 2022 and 2021 amounted to P2.68 million, P4.09 million and P6.65 million, respectively, and is presented as part of "Personnel costs" account in the consolidated statement of profit or loss and other comprehensive income.

Personnel costs comprise the following:

| | 2023 | 2022 | 2021 |
|-----------------------------|---------------------|--------------|--------------|
| Salaries and wages | P145,409,784 | P137,245,451 | P119,337,169 |
| Retirement benefits expense | 2,679,052 | 4,094,139 | 6,647,000 |
| Other employee benefits | 12,035,710 | 12,202,992 | 11,445,232 |
| | P160,124,546 | P153,542,582 | P137,429,401 |

The Group's plan assets consist of the following:

| | 2023 | 2022 |
|---|---------------------|--------------|
| Debt instruments - government bonds | 88,284,643 | P85,648,820 |
| Cash and cash equivalents | 23,084,966 | 23,869,194 |
| Investment in government securities | 21,103,430 | 22,365,663 |
| Deposit in banks | 1,071 | 18,667 |
| Equity instruments | 165,824 | 898,148 |
| Investment in other securities and debt instruments | 3,338,068 | 3,618,435 |
| Other receivables | 2,006,731 | 1,728,406 |
| | P137,984,733 | P138,147,333 |

The principal actuarial assumptions at reporting date are as follows:

| | 2023 | 2022 |
|----------------------|----------------------|---------------|
| Discount rate | 6.03% - 7.16% | 6.94% - 7.16% |
| Salary increase rate | 3.00% | 3.00% - 5.00% |

Assumptions regarding the mortality and disability rates are based on the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

The weighted-average duration of the DBO is 19.43 years and 12.95 years as at December 31, 2023 and 2022, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

| | 2023 | 2022 |
|--------------------------|---------------------|--------------|
| Carrying amount | P95,616,272 | P65,230,408 |
| Within one year | P8,308,411 | P8,819,309 |
| Within one to five years | 41,015,004 | 32,347,543 |
| Within five to ten years | 316,696,299 | 91,916,148 |
| Contractual cash flows | P366,019,714 | P133,083,000 |

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

| | 2023 | | 2022 | |
|----------------------|---------------------|--------------------|--------------|-------------|
| | +1% | -1% | +1% | -1% |
| Discount rate | (P4,936,194) | P5,554,786 | (P4,652,554) | P5,265,404 |
| Salary increase rate | 5,749,542 | (5,269,011) | 5,477,666 | (4,462,464) |

Although the analysis does not take account of the full distribution of cash flows expected under the Plans, it does provide an approximation of the sensitivity of the assumptions shown.

These respective Plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Asset-liability Matching

The Retirement Plan Trustees have no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy

The Group is not required to pre-fund the future defined benefits payable under the retirement plans before they become due. However, in the event a benefit claim arises and the respective Plans' fund is insufficient to pay the claim, the shortfall will be paid by the Group directly to the employee-retiree. Hence, the amount and timing of contributions to the respective Plans are at the Group's discretion.

19. Income Taxes

The components of the Group's income tax expense (benefit) are as follows:

| | 2023 | 2022 | 2021 |
|-------------------------------------|---------------------|--------------|----------------|
| Recognized in Profit or Loss | | | |
| Current tax expense: | | | |
| Current year | P145,518,773 | P102,936,238 | P87,770,599 |
| Impact of change in tax rate | - | - | (9,700,778) |
| | 145,518,773 | 102,936,238 | 78,069,821 |
| Deferred tax (benefit) expense: | | | |
| Current year | (37,890,805) | (37,011,113) | (168,251,867) |
| Impact of change in tax rate | - | - | (10,523,312) |
| | (37,890,805) | (37,011,113) | (178,775,179) |
| | P107,627,968 | P65,925,125 | (P100,705,358) |
| Recognized in OCI | | | |
| Deferred tax expense: | | | |
| Current year | P45,918,340 | P218,657,631 | P478,554,937 |
| Impact of change in tax rate | - | - | (291,824,447) |
| | P45,918,340 | P218,657,631 | P186,730,490 |

The reconciliation of the income tax expense computed at the statutory tax rate to the actual income tax expense (benefit) shown in the consolidated statement of profit or loss and other comprehensive income is as follows:

| | 2023 | 2022 | 2021 |
|--|---------------------|--------------|----------------|
| Income before income tax expense (benefit) | P146,184,690 | P116,808,297 | P430,096,281 |
| Statutory tax rate for income tax | 20%/25% | 20%/25% | 20%/25% |
| Income tax expense at statutory rate | P36,546,172 | P29,440,523 | P107,758,342 |
| Additions to (reductions in) income tax resulting from the tax effects of: | | | |
| Unrecognized deferred tax assets during the year | 37,675,286 | 13,759,813 | 16,590,736 |
| Nondeductible expenses | 34,776,501 | 4,728,353 | 12,253,190 |
| Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT) | - | (1,747) | - |
| Change in tax rate | - | - | (20,224,090) |
| Income not subjected to income tax | (1,369,991) | (1,369,991) | (104,412,021) |
| Recognition of previously unrecognized deferred tax asset | - | 19,368,174 | (112,671,515) |
| | P107,627,968 | P65,925,125 | (P100,705,358) |

On March 26, 2021, the President of the Philippines approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the CREATE Act that are relevant to the Group.

- a) Corporate income tax rate is reduced from 30.00% to 20.00% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25.00% income tax. Said reductions are effective July 1, 2020.
- b) MCIT rate is reduced from 2.00% to 1.00% effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the BIR issued the following implementing RRs that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by R.A. No. 11534, or the CREATE Act, to the National Internal Revenue Code (NIRC) of 1997, As Amended, Relative to the Final Tax on Certain Passive Income;*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of R.A. No. 11534, Otherwise Known as the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended;*
- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under R.A. No. 11534, Otherwise Known as the CREATE Act, Which Further Amended the NIRC of 1997, As Amended, As Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended; and*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to R.A. No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997, As Amended.*

The corporate income tax rates of the subsidiaries were lowered from 30.00% to either 20.00% or 25.00% on whichever they qualified, effective July 1, 2021.

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

| | Balance January 1, 2023 | Recognized in Profit or Loss | Recognized in OCI | Balance December 31, 2023 |
|--|-------------------------------|------------------------------------|----------------------|---------------------------------|
| December 31, 2023 | | | | |
| Deferred tax liabilities: | | | | |
| Revaluation surplus on property and equipment | P2,136,548,323 | P6,810,411 | P45,918,340 | P2,189,277,074 |
| Accrued rent income | 96,904,872 | (65,248,231) | - | 31,656,641 |
| Unamortized discount on security deposit | 23,039,194 | 1,308,221 | - | 24,347,415 |
| Retirement benefits asset | 18,613,425 | - | - | 18,613,425 |
| Unrealized foreign exchange gain | 1,165 | - | - | 1,165 |
| | 2,275,106,979 | (57,129,599) | 45,918,340 | 2,263,895,720 |
| Deferred tax assets: | | | | |
| Accrued interest expense on loan | 182,968,952 | (10,824,918) | - | 172,144,034 |
| Advanced rental | 58,109,967 | (6,898,764) | - | 51,211,203 |
| NOLCO | 2,678,246 | (158,452) | - | 2,519,794 |
| Accrued rent expense | 12,716,382 | (752,334) | - | 11,964,048 |
| Allowance for impairment losses on receivables | 5,070,323 | (299,973) | - | 4,770,350 |
| Lease liabilities - net | 3,427,838 | (202,800) | - | 3,225,038 |
| MCIT | 1,791,781 | 106,006 | - | 1,897,787 |
| Unamortized past service cost | 139,294 | (241) | - | 139,053 |
| Unearned revenues | 3,504,213 | (207,318) | - | 3,296,895 |
| | 270,406,996 | (19,238,794) | - | 251,168,202 |
| | P2,004,699,983 | (P37,890,805) | P45,918,340 | P2,012,727,518 |
| | | | | |
| | Balance January 1, 2022 | Recognized in Profit or Loss | Recognized in OCI | Balance December 31, 2022 |
| Deferred tax liabilities: | | | | |
| Revaluation surplus on property and equipment | P1,976,579,918 | (P56,187,255) | P216,155,660 | P2,136,548,323 |
| Accrued rent income | 73,562,088 | 23,342,784 | - | 96,904,872 |
| Unamortized discount on security deposit | 24,871,561 | (1,832,367) | - | 23,039,194 |
| Retirement benefits asset | 16,524,343 | (412,889) | 2,501,971 | 18,613,425 |
| Unrealized foreign exchange gain | 1,165 | - | - | 1,165 |
| | 2,091,539,075 | (35,089,727) | 218,657,631 | 2,275,106,979 |
| Deferred tax assets: | | | | |
| Accrued interest expense on loan | 177,810,707 | 5,158,245 | - | 182,968,952 |
| Advanced rental | 58,109,967 | - | - | 58,109,967 |
| NOLCO | 14,885,068 | (12,206,822) | - | 2,678,246 |
| Accrued rent expense | 9,389,056 | 3,327,326 | - | 12,716,382 |
| Allowance for impairment losses on receivables | 5,070,323 | - | - | 5,070,323 |
| Lease liabilities - net | 1,870,612 | 1,557,226 | - | 3,427,838 |
| MCIT | 767,206 | 1,024,575 | - | 1,791,781 |
| Unamortized past service cost | 402,157 | (262,863) | - | 139,294 |
| Unearned revenues | 165,585 | 3,338,628 | - | 3,504,213 |
| Unrealized foreign exchange loss | 14,929 | (14,929) | - | - |
| | 268,485,610 | 1,921,386 | - | 270,406,996 |
| | P1,823,053,465 | (P37,011,113) | P218,657,631 | P2,004,699,983 |

| December 31, 2021 | Balance January 1, 2021 | Recognized in Profit or Loss | Recognized in OCI | Balance December 31, 2021 |
|--|----------------------------|------------------------------------|----------------------|---------------------------------|
| Deferred tax liabilities: | | | | |
| Revaluation surplus on property and equipment | P1,876,934,232 | (P93,476,698) | P193,122,384 | P1,976,579,918 |
| Accrued rent income | 57,318,527 | 16,243,561 | - | 73,562,088 |
| Unamortized discount on security deposit | 31,929,830 | (7,058,269) | - | 24,871,561 |
| Retirement benefits asset | 16,458,923 | 6,457,314 | (6,391,894) | 16,524,343 |
| Unrealized foreign exchange gain | 1,997 | (832) | - | 1,165 |
| Accrued interest income | 121,777 | (121,777) | - | - |
| | 1,982,765,286 | (77,956,701) | 186,730,490 | 2,091,539,075 |
| Deferred tax assets: | | | | |
| Accrued interest expense on loan | 71,977,137 | 105,833,570 | - | 177,810,707 |
| Advanced rental | 69,731,961 | (11,621,994) | - | 58,109,967 |
| NOLCO | 11,904,636 | 2,980,432 | - | 14,885,068 |
| Accrued rent expense | 3,848,092 | 5,540,964 | - | 9,389,056 |
| Allowance for impairment losses on receivables | 6,084,387 | (1,014,064) | - | 5,070,323 |
| Lease liabilities - net | 2,551,637 | (681,025) | - | 1,870,612 |
| MCIT | 463,431 | 303,775 | - | 767,206 |
| Unamortized past service cost | 798,024 | (395,867) | - | 402,157 |
| Unearned revenues | 289,471 | (123,886) | - | 165,585 |
| Unrealized foreign exchange loss | 18,356 | (3,427) | - | 14,929 |
| | 167,667,132 | 100,818,478 | - | 268,485,610 |
| | P1,815,098,154 | (P178,775,179) | P186,730,490 | P1,823,053,465 |

Deferred tax assets have not been recognized by certain subsidiaries in respect of the following items in the table below because it is not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

The BIR issued RR No. 25-2020 to implement Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

| | 2023 | | 2022 | |
|-------|---------------------|--------------------|--------------|-------------|
| | Tax Base | Tax Effect | Tax Base | Tax Effect |
| NOLCO | P142,790,040 | P35,697,510 | P165,234,579 | P41,308,645 |
| MCIT | P133,641 | P133,641 | 279,660 | 279,660 |
| | P142,923,681 | P35,831,151 | P165,514,239 | P41,588,305 |

The movements of unrecognized net deferred tax assets of the Group are as follows:

| | 2023 | 2022 |
|---|----------------------|---------------|
| Balance at beginning of year | P142,790,040 | P140,654,751 |
| Unrecognized deferred tax assets during the year: | | |
| NOLCO | 18,627,924 | 5,700,522 |
| MCIT | 121,173 | 91,075 |
| Impairment losses | - | - |
| Expiration of unrecognized deferred tax assets: | | |
| NOLCO | (111,584,153) | (103,329,378) |
| MCIT | (77,782) | (116,090) |
| Application of unrecognized deferred tax assets: | | |
| NOLCO | - | (1,435,851) |
| MCIT | - | - |
| Impact of change in tax rate | - | - |
| Balance at end of year | P49,877,202 | P41,565,029 |

The details of the unrecognized NOLCO not covered by R.A. No. 11494 are as follows:

| Year Incurred | Expiry Date | NOLCO | Applied | Expired Amount | Remaining Amount |
|---------------|-------------------|-------------|---------|----------------|------------------|
| 2022 | December 31, 2025 | P22,853,239 | P - | P - | P22,853,239 |

The details of the unrecognized NOLCO covered by R.A. No. 11494 are as follows:

| Year Incurred | Expiry Year | Amount | Applied | Expired | Balance |
|---------------|-------------|--------------|---------|---------|--------------|
| 2021 | 2026 | P66,036,063 | P - | P - | P66,036,063 |
| 2020 | 2025 | 76,753,977 | - | - | 76,753,977 |
| | | P142,790,040 | P - | P - | P142,790,040 |

Certain subsidiaries were required to pay MCIT under existing tax regulations. The MCIT payments and the applicable years that these will be deductible from future regular corporate income tax payable are shown below.

| Year Incurred | Expiry Date | MCIT | Applied | Expired Amount | Remaining Amount |
|---------------|-------------------|----------|---------|----------------|------------------|
| 2023 | December 31, 2026 | P121,173 | P - | P - | P121,173 |
| 2022 | December 31, 2025 | 91,075 | - | - | 91,075 |
| 2021 | December 31, 2024 | 54,944 | - | - | 54,944 |
| 2020 | December 31, 2023 | 133,641 | - | 133,641 | - |
| 2019 | December 31, 2022 | 116,090 | - | 116,090 | - |
| | | P516,923 | P - | P249,731 | P267,192 |

20. Earnings Per Share

Earnings per share (EPS) is computed by dividing the net income for the year by the weighted average number of outstanding shares of common stock during the year.

| | 2023 | 2022 | 2021 |
|---|----------------------|---------------|---------------|
| Net income attributable to equity holders of the Parent Company | P68,843,761 | P82,789,942 | P554,112,411 |
| Weighted number of shares outstanding | 2,498,991,753 | 2,498,991,753 | 2,498,991,753 |
| Earnings per share - basic and diluted | P0.028 | P0.033 | P0.222 |

There are no potentially dilutive shares as at December 31, 2023, 2022 and 2021. Accordingly, diluted EPS is the same as basic EPS.

21. Financial Instruments - Risk Management and Fair Values

Risk Management Structure

BOD

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of cash and cash equivalents (excluding cash on hand), receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI and other noncurrent assets (excluding advances to contractors), the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The tables below show the credit quality of the Group's financial assets (in thousands):

| | 2023 | | | |
|-----------------------|--------------------------|-------------------------|---|---|
| | At Amortized Cost | | | |
| | FVOCI | 12-month ECL | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |
| Grade A | P19,943 | P2,473,703 | P - | P - |
| Grade B | - | 1,999,938 | - | - |
| Grade C | - | 38,554 | - | - |
| Gross carrying amount | 19,943 | 4,512,195 | - | - |
| Loss allowance | - | 38,554 | - | - |
| Carrying amount | P19,943 | P4,473,641 | P - | P - |

| | 2022 | | | |
|-----------------------|--------------------------|-------------------------|---|---|
| | At Amortized Cost | | | |
| | FVOCI | 12-month ECL | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |
| Grade A | P69,943 | P7,658,852 | P - | P - |
| Grade B | - | 268,637 | - | - |
| Grade C | - | 102,562 | - | - |
| Gross carrying amount | 69,943 | 8,030,051 | - | - |
| Loss allowance | - | 102,561 | - | - |
| Carrying amount | P69,943 | P7,927,490 | P - | P - |

| | 2021 | | | |
|-----------------------|-------------------|-----------------|---|--------------------------------------|
| | At Amortized Cost | | | |
| | FVOCI | 12-month ECL | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |
| Grade A | P69,943 | P5,000,176 | P - | P - |
| Grade B | - | 184,965 | - | - |
| Grade C | - | 102,561 | - | - |
| Gross carrying amount | 69,943 | 5,287,702 | - | - |
| Loss allowance | - | 102,561 | - | - |
| Carrying amount | P69,943 | P5,185,141 | P - | P - |

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations.

As at December 31, the Group's maximum exposure to credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques are as follows (in thousands):

| | Note | 2023 | 2022 |
|--------------------------------------|-------------|-------------------|-------------|
| Cash and cash equivalents* | 4 | P473,242 | P580,813 |
| Receivables | 5 | 965,196 | 916,808 |
| Notes receivable | 8 | 267,553 | 247,382 |
| Due from related parties | 8 | 6,527,664 | 6,161,398 |
| Short-term investments | | 1,278 | 12,996 |
| Equity securities - at FVOCI | 8 | 70,256 | 69,943 |
| Other noncurrent assets ** | 10 | 50,060 | 51,035 |
| | | 8,355,249 | 8,040,375 |
| Less allowance for impairment losses | 5, 8 | 121,141 | 102,561 |
| | | P8,234,108 | P7,937,814 |

*Excluding cash on hand

**Excluding advances to contractors

The aging analyses of the Group's financial assets as at December 31, 2023 and 2022 are as follows (in thousands):

| December 31, 2023 | Note | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | | Impaired |
|------------------------------|------|-------------------|-------------------------------------|---------------------------|-----------------|-----------------|-------------------|---------------|-----------------|
| | | | | <30 Days | 30 - 60 Days | 61 - 90 Days | 91 - 120 Days | > 120 Days | |
| Cash and cash equivalents* | 4 | P473,242 | P473,242 | P - | P - | P - | P - | P - | P - |
| Receivables | 5 | 965,196 | 631,033 | 41,003 | 7,016 | 5,026 | 242,563 | - | 38,555 |
| Notes receivable | 8 | 267,553 | 267,553 | - | - | - | - | - | - |
| Due from related parties | 8 | 6,527,665 | 4,143,744 | - | - | - | 2,162,610 | - | 221,311 |
| Short-term investments | | 1,277 | 1,277 | - | - | - | - | - | - |
| Equity securities - at FVOCI | 8 | 70,256 | 70,256 | - | - | - | - | - | - |
| Other noncurrent assets ** | 10 | 50,060 | 50,060 | - | - | - | - | - | - |
| Total | | P8,355,249 | P5,637,165 | P41,003 | P7,016 | P5,026 | P2,405,173 | P - | P259,866 |

*Excluding cash on hand

**Excluding advances to contractors

| December 31, 2022 | Note | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | | Impaired |
|------------------------------|------|-------------------|-------------------------------------|---------------------------|-----------------|-----------------|------------------|---------------|-----------------|
| | | | | <30 Days | 30 - 60 Days | 61 - 90 Days | 91 - 120 Days | > 120 Days | |
| Cash and cash equivalents* | 4 | P580,813 | P580,813 | P - | P - | P - | P - | P - | P - |
| Receivables | 5 | 916,808 | 605,228 | 46,251 | 18,382 | 8,439 | 195,565 | - | 42,943 |
| Notes receivable | 8 | 247,382 | 247,382 | - | - | - | - | - | - |
| Due from related parties | 8 | 6,161,398 | 6,101,779 | - | - | - | - | - | 59,619 |
| Short-term investments | 7 | 12,996 | 12,996 | - | - | - | - | - | - |
| Equity securities - at FVOCI | 8 | 69,943 | 69,943 | - | - | - | - | - | - |
| Other noncurrent assets ** | 10 | 51,035 | 51,035 | - | - | - | - | - | - |
| Total | | P8,040,375 | P7,669,176 | P46,251 | P18,382 | P8,439 | P195,565 | P - | P102,562 |

*Excluding cash on hand

**Excluding advances to contractors

| December 31, 2021 | Note | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | | Impaired |
|------------------------------|------|-------------------|-------------------------------------|---------------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| | | | | <30 Days | 30 - 60 Days | 61 - 90 Days | 91 - 120 Days | > 120 Days | |
| Cash and cash equivalents* | 4 | P839,812 | P839,812 | P - | P - | P - | P - | P - | P - |
| Receivables | 5 | 759,641 | 531,734 | 41,595 | 5,690 | 2,657 | 23 | 135,000 | 42,942 |
| Notes receivable | 8 | 235,273 | 235,273 | - | - | - | - | - | - |
| Due from related parties | 8 | 3,393,182 | 3,333,563 | - | - | - | - | - | 59,619 |
| Short-term investments | 7 | 12,958 | 12,958 | - | - | - | - | - | - |
| Equity securities - at FVOCI | 8 | 69,943 | 69,943 | - | - | - | - | - | - |
| Other noncurrent assets ** | 10 | 46,836 | 46,836 | - | - | - | - | - | - |
| Total | | P5,357,645 | P5,070,119 | P41,595 | P5,690 | P2,657 | P23 | P135,000 | P102,561 |

*Excluding cash on hand

**Excluding advances to contractors and advances to a supplier

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2023 and 2022 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments (in thousands):

| December 31, 2023 | Note | Total Carrying Amount | Contractual Undiscounted Payments | | | |
|--|--------|-----------------------|-----------------------------------|-------------------|------------------|-----------------|
| | | | Total | On Demand | Less than 1 Year | > 1 Year |
| Accounts payable and accrued expenses* | 11 | P1,668,697 | P1,668,697 | P1,668,697 | P - | P - |
| Loans payable | 13, 26 | 3,150,000 | 3,150,000 | 3,150,000 | - | - |
| Lease liabilities | 24 | 148,910 | 148,910 | - | 3,069 | 145,841 |
| Other current liabilities** | 12 | 63,489 | 63,489 | 63,489 | - | - |
| Concessionaires' deposits - net of current portion | 14 | 153,493 | 153,493 | 94,384 | 5,375 | 53,734 |
| Retention payables | 14 | 88,381 | 88,381 | 88,381 | - | - |
| | | P5,272,970 | P5,272,970 | P5,064,951 | P8,444 | P199,575 |

*Excluding local taxes and output VAT and withholding taxes payable

**Excluding deferred income

| December 31, 2022 | Note | Total Carrying Amount | Contractual Undiscounted Payments | | | |
|--|--------|-----------------------|-----------------------------------|-------------------|------------------|-----------------|
| | | | Total | On Demand | Less than 1 Year | > 1 Year |
| Accounts payable and accrued expenses* | 11 | P1,576,081 | P1,576,081 | P1,576,081 | P - | P - |
| Loans payable | 13, 26 | 3,370,000 | 3,370,000 | 3,370,000 | - | - |
| Lease liabilities | 24 | 128,132 | 662,634 | - | 15,197 | 647,437 |
| Other current liabilities** | 12 | 32,244 | 32,244 | 1,000 | 31,244 | - |
| Concessionaires' deposits - net of current portion | 14 | 144,741 | 144,741 | - | 3,480 | 141,261 |
| Retention payables | 14 | 85,908 | 85,908 | 85,908 | - | - |
| | | P5,337,106 | P5,871,608 | P5,032,989 | P49,921 | P788,698 |

*Excluding local taxes and output VAT and withholding taxes payable

**Excluding deferred income

| December 31, 2021 | Note | Total Carrying Amount | Contractual Undiscounted Payments | | | |
|--|--------|-----------------------|-----------------------------------|-------------------|------------------|-----------------|
| | | | Total | On Demand | Less than 1 Year | > 1 Year |
| Accounts payable and accrued expenses* | 11 | P1,508,010 | P1,508,010 | P1,508,010 | P - | P - |
| Loans payable | 13, 26 | 1,010,106 | 1,010,106 | 375,000 | 635,106 | - |
| Lease liabilities | 24 | 129,472 | 666,329 | - | 15,197 | 651,132 |
| Other current liabilities** | 12 | 35,756 | 35,756 | 1,064 | 34,692 | - |
| Concessionaires' deposits - net of current portion | 14 | 137,898 | 232,440 | - | - | 232,440 |
| Retention payables | 14 | 62,629 | 62,629 | - | - | 62,629 |
| | | P2,883,871 | P3,515,270 | P1,884,074 | P684,995 | P946,201 |

*Excluding local taxes and output VAT and withholding taxes payable

**Excluding deferred income

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Fair Value of Financial Assets and Liabilities

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2023 and 2022 (in thousands):

| | 2023 | | 2022 | |
|------------------------------|-------------------|-------------------|------------------|-------------|
| | Carrying Amounts | Fair Values | Carrying Amounts | Fair Values |
| Financial Assets | | | | |
| Cash and cash equivalents | P473,241 | P473,241 | P583,889 | P583,889 |
| Receivables | 965,195 | 965,195 | 873,865 | 873,865 |
| Notes receivable | 267,553 | 267,553 | 247,382 | 247,382 |
| Due from related parties | 6,525,569 | 6,525,569 | 6,161,398 | 6,161,398 |
| Short-term investments | 1,277 | 1,277 | 12,996 | 12,996 |
| Equity securities - at FVOCI | 70,256 | 70,256 | 69,943 | 69,943 |
| Other noncurrent assets * | 50,059 | 50,059 | 51,035 | 51,035 |
| | P8,353,150 | P8,353,150 | P8,000,508 | P8,000,508 |

*Excluding advances to contractors and advances to a supplier

| | 2023 | | 2022 | |
|---|-------------------|-------------------|------------------|-------------|
| | Carrying Amounts | Fair Values | Carrying Amounts | Fair Values |
| Financial Liabilities | | | | |
| Accounts payable and accrued expenses** | P1,668,697 | P1,668,697 | P1,576,081 | P1,576,081 |
| Loans payable | 3,150,000 | 3,150,000 | 3,370,000 | 3,370,000 |
| Due to a related party | 30 | 30 | - | - |
| Lease liabilities | 148,910 | 148,910 | 128,132 | 128,132 |
| Other current liabilities*** | 1,875 | 1,875 | 32,244 | 32,244 |
| Concessionaires' deposits | 153,493 | 153,493 | 144,741 | 144,741 |
| Retention payables | 88,381 | 88,381 | 85,908 | 85,908 |
| | P5,211,386 | P5,211,386 | P5,337,106 | P5,337,106 |

**Excludes local taxes, output VAT and withholding taxes

***Excluding deferred income

As at December 31, 2023 and 2022, the carrying values of the Group's financial instruments approximate fair values as follows:

- *Cash and Cash Equivalents, Receivables, Notes Receivable, Current Portion of Due from Related Parties, Short-term Investments, Accounts Payable and Accrued Expenses (excluding local taxes and output VAT and withholding taxes payable), Due to a Related Party and Other Current Liabilities (excluding deferred income).* The carrying values of these financial instruments approximate fair values due to their relatively short-term maturities.
- *Interest-bearing Due from Related Parties and Loans Payable.* The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.
- *Equity Securities - at FVOCI.* The fair value of listed investment in shares of stock was determined using the closing market price of the investment listed on the PSE as of December 31, 2022 and 2021 while the cost of unquoted investments in shares of stock approximate their fair value as at reporting date.
- *Lease Liabilities.* The fair value of lease liabilities is based on the discounted value of expected future cash flows using the Group's IBR, thus, the carrying amount approximates fair value.

- *Other Noncurrent Assets (excluding advances to contractors and advances to a supplier) and Concessionaires' Deposits.* The fair value of other noncurrent assets (excluding advances to contractors) and concessionaires' deposits approximates the carrying amount as these are settled in fixed amounts upon maturity based on the contract executed.
- *Retention Payables.* The fair value of retention payables approximate their carrying amount because these are not subject to significant risk of change in value.

The approximation of the fair values of the Group's financial assets and liabilities are based on Level 3, except for equity securities - at FVOCI which is based on Level 1 of the fair value hierarchy.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2023 and 2022.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the Agreement (see Note 26). Breaches in meeting the financial covenants would permit the bank to immediately call the loans. As at December 31, 2021, WCCCHI did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. As at December 31, 2022, the Parent Company did not meet the minimum debt service coverage ratio of 1.25:1 (see Note 26).

22. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Group the right to provide venue for land-based casinos. By virtue of this right, the subsidiaries, namely WCCCHI and WMCHI, have existing lease agreements with PAGCOR (see Note 23).

In 2008, the Parent Company filed an application for a license of its planned integrated resort, *Grand Waterfront Casino and Hotel*, in Expo Pilipino Entertainment City, commonly known as Entertainment City.

However, PAGCOR failed to respond to the application, and the Parent Company filed legal action in 2015 which Manila RTC ruled in favor of the Parent Company. In 2018, the CA upheld the decision, and it ordered PAGCOR to issue the Parent Company a license similar to that of the integrated resorts currently existing in Entertainment City.

In February 2020, the SC denied the petition of PAGCOR for review and in October 2020, the Parent Company received the notice that the decision has become final and executory.

23. Lease Agreements with PAGCOR

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The leases were renewed on February 15, 2018, for a period of 1 year. On May 29, 2019 the leases were further renewed until the year 2032.

Relative to the renewal of the contract, the security deposit equivalent to six (6) months rental amounting to P159.02 million and P73.42 million was received by WCCCHI and WMCHI, respectively, and presented as part of "Concessionaires' deposit" account in other noncurrent liabilities in the consolidated statement of financial position and were carried at its present value as at December 31, 2023 computed using an EIR of 5.51% over the term of the contract. The change in the present value and amortization of the discount is recognized as part of "Interest expense" account in the consolidated statement of profit or loss and other comprehensive income. Interest expense recognized in 2023, 2022 and 2021 amounted to P11.03 million, P7.33 million and P6.95 million, respectively. The amortized cost of the refundable security deposits was determined by calculating the present value of the cash flows anticipated until the end of the lease term using the interest rate of 5.51%. as the deposit does not have an active market, the underlying interest rate was determined by reference to market interest rates of comparable financial instruments.

The undiscounted amounts and the related unamortized discount are as follows:

| | <i>Note</i> | 2023 | 2022 |
|--------------------------|-------------|---------------------|--------------|
| PAGCOR security deposits | 14 | P232,439,873 | P232,439,873 |
| Unamortized discount | | (84,423,254) | (92,156,781) |
| | | P148,016,619 | P140,283,092 |

In addition, in 2019, WCCCHI and WMCHI also received advance rentals equivalent to 6 months amounting to P159.02 million and P73.42 million, respectively. These advance rentals are presented as part of "Advance rentals" account in other noncurrent liabilities and are carried at cost (see Note 14).

Total rental income from the above PAGCOR lease contracts recognized as part of "Rent and related income" in the consolidated statement of profit or loss and other comprehensive income amounted to P615.29 million, P590.39 million and 606.23 million in 2023, 2022 and 2021, respectively.

24. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

WCCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

Security deposits received from other concessionaires amounted to P10.2 million P35.70 million and P39.64 million as at December 31, 2023, 2022 and 2021, respectively (see Notes 12 and 14).

Rent revenue recognized as part of "Rent and related income" in the consolidated statement of profit or loss and other comprehensive income and amounted to P567.46 million, P16.36 million and P15.85 million in 2023, 2022 and 2021, respectively.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date (in thousands):

| | 2023 | 2022 |
|----------------------|-------------------|------------|
| Less than one year | P1,937,430 | P549,367 |
| One to two years | 1,419,743 | 561,139 |
| Two to three years | 1,451,242 | 573,874 |
| Three to four years | 663,704 | 591,170 |
| Four to five years | 593,985 | 610,580 |
| More than five years | 2,016,285 | 3,388,002 |
| Total | P8,082,389 | P6,274,132 |

Group as Lessee

Land under Operating Lease

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract (the Lease Agreement) with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations under the MCIAA contracts to WCCCHI and WMCHI.

WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the Lease Agreement. The leases are for a period of 50 years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

WCCCHI also entered into a new lease agreement for the use of access road from the hotel property to the main road for a period of 3 years commencing on January 1, 2023 subject to renewal upon mutual agreement of both parties.

Information about leases for which the Group is a lessee is presented below.

The right-of-use assets movement is as follows:

| | 2023 | 2022 |
|---------------------------------|---------------------|--------------|
| Cost | | |
| At January 1 | P174,041,803 | P131,786,160 |
| Modification | (11,720,470) | - |
| Additions | 3,528,705 | - |
| At December 31 | 165,850,038 | 131,786,160 |
| Accumulated Depreciation | | |
| At January 1 | 25,722,647 | 9,796,811 |
| Depreciation | 6,327,043 | 3,631,416 |
| At December 31 | 32,049,690 | 13,428,227 |
| Carrying Amount | P133,800,348 | P118,357,933 |

Set out below is the carrying amount of the lease liabilities and the movements during the period.

| | 2023 | 2022 |
|-----------------------|---------------------|--------------|
| At January 1 | P168,129,537 | P129,471,801 |
| Addition | 3,528,705 | - |
| Accretion of interest | 15,702,918 | 13,856,959 |
| Payments | (28,363,258) | (10,065,081) |
| Modification | (7,604,431) | - |
| Accrued rent | (2,483,881) | (4,646,788) |
| At December 31 | P148,909,590 | P128,616,891 |

The outstanding balance of the lease liabilities is presented in the consolidated statement of financial position as follows:

| | 2023 | 2022 |
|--------------------|---------------------|--------------|
| Current portion | P2,795,134 | P116,255 |
| Noncurrent portion | 146,114,456 | 128,015,290 |
| Total | P148,909,590 | P128,131,545 |

Future undiscounted rental payments are as follows:

| | 2023 | 2022 |
|----------------------|---------------------|--------------|
| Less than one year | P15,293,052 | P15,197,217 |
| One to five years | 63,995,182 | 66,007,713 |
| More than five years | 559,948,232 | 581,429,474 |
| | P639,236,466 | P662,634,404 |

Amounts Recognized in Profit or Loss

| | 2023 | 2022 | 2021 |
|--|--------------------|------------|------------|
| Depreciation of right-of-use assets | P3,710,214 | P3,631,416 | P3,631,416 |
| Interest expense related to lease liabilities | 14,076,283 | 13,856,959 | 13,949,335 |
| Variable lease payments | 21,055,770 | 11,782,687 | 5,762,899 |
| Expenses relating to short-term leases including VAT on lease payments | - | 1,121,304 | 1,386,863 |
| Income due to rent concession | (1,814,550) | (485,346) | (748,125) |

Amount Recognized in the Statement of Cash Flows

| | 2023 | 2022 | 2021 |
|-------------------------------|--------------------|-------------|------------|
| Total cash outflow for leases | P23,300,937 | P22,969,072 | P7,598,637 |

The interest expense associated with the lease liabilities in 2023, 2022 and 2021 amounted to P14.08 million, P13.86 million and P13.95 million, respectively. Interest expense is derived using the Group's IBR of 10.79% as at January 1, 2019 for the agreement with MCIAA and IBR of 9.50% as at January 1, 2023 lease agreement for the use of access road. Total cash outflow for lease liabilities made by the Group in 2023, 2022 and 2021 amounting to P23.30 million, P22.97 million and P7.60 million, respectively, is presented as "Payment of lease liabilities" in the consolidated statement of cash flows.

The Group recognized income from rent concession amounting to P1.81million, P0.49 million and P0.75 million in 2023, 2022 and 2021, respectively, as part of "Other Revenues" in the consolidated statement of profit or loss and other comprehensive income to reflect the discount on lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concession.

Extension Options

Extension options are included in the Group's lease of its land. The contracts of lease state an automatic renewal of lease upon expiration of the initial contract period.

Total rent expense for the aforementioned leases amounted to P17.53 million, P12.90 million, and P7.15 million in 2023, 2022 and 2021, respectively, in the consolidated statement of profit or loss and other comprehensive income.

25. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group.

- a. On July 26, 2023, the Parent Company received a Preliminary Assessment Notice dated July 24, 2023, for the 2019 Tax assessment.

On August 9, 2023, a reply dated August 9, 2023 was sent to Bureau of Internal Revenue (BIR) still contesting the said assessment.

On August 31, 2023, a Formal Letter of Demand dated August 16, 2023 was received by the Parent.

On October 2, 2023, the Parent Company sent a protest letter to BIR contesting the portion of the said assessment. Settlement on Documentary Stamp Tax, Registration Fee, Expanded Withholding Taxes and Withholding tax on Compensation amounting to P3.3 million was made on October 12, 2023.

On March 6, 2024, the Parent Company sent a a protest letter, which was accepted by the BIR requesting for reinvestigation and verification, which includes deficiencies in income tax amounting to P22.0 million and VAT amounting to P21.3 million. As of the date of report, there was no update on the protest letter.

- b. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, WMCHI offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a MR that was denied by the CTA in its resolution promulgated on August 16, 2013. The BIR appealed the case to the CTA sitting En Banc on September 20, 2013. On September 15, 2015, the CTA reaffirmed the decision cancelling the VAT assessment. In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal.

On September 2, 2020, the SC denied the BIR appeal and affirmed the CTA decision and CTA En Banc resolution that cancelled the 2006 VAT assessment. Afterwards, the SC issued its Entry of Judgment dated July 26, 2021. As of the date of report, there was no update on the progress of the case.

- c. In the normal course of business, the Group enters into commitments and encounters certain contingencies, which include a case against a contractor of one of its hotels for specific performance. Management believes that the losses, if any, that may arise from these commitments and contingencies would not be material to warrant additional adjustment or disclosure to the consolidated financial statements.

The Group is defendant in other legal cases which are still pending resolution. Management and legal counsels believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

26. Omnibus Loan and Security Agreement

Original Loan Agreement

On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with Philippine Bank of Communications (PBCOM) for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion.

The Loan Facilities consist of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) 6 months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of 42 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of 70 hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by MCIAA on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Parent Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

1. Debt to Equity Ratio of not higher than 2.5:1;
2. Debt Service Coverage Ratio of at least 1.25x; and
3. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations.

4. Negative covenants which prohibit each of the Borrowers to:

- Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;
- Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;
- Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;
- Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);
- File any legal action to question any corporate act or transaction;
- Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and
- Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

All drawdowns from the Loan Facilities (2017) were fully paid as of December 31, 2023 and 2022.

Supplemental Loan Agreement

On March 22, 2022, the Borrowers entered into a Supplemental Loan Agreement to the Agreement with PBCOM granting the Borrowers the New Loan Facilities for the following purposes: (1) refinancing the outstanding loan obligation; (2) payment of any and all fees, stamps, and other taxes to the execution and delivery of the loan documents in order to implement the refinancing; and, (3) general corporate requirements, in the maximum aggregate amount of P3.05 billion.

The New Loan Facilities are secured by the chattel and real estate mortgages and other security interests under the Agreement as well as the following: additional chattel and real mortgages over various operating assets of WMCHI; pledge of movable assets consisting of machinery and equipment owned by WCCCHI, WMCHI and DIHCI; new chattel and real estate mortgages over various operating assets of CRDC and PRC; assignment over leasehold rights on the land owned by MCIAA on which WMCHI stands; pledge of shares of stocks representing ownership of the Company in WCCCHI, WMCHI and DIHCI; assignment of all rental receivables of WCCCHI and WMCHI from PAGCOR; and assignment of the cash collateral peso-denominated interest-bearing account Debt Service Reserve Account.

Each of the Borrowers are required to comply the same covenants set forth under the Agreement.

The New Loan Facilities consists of the following:

New Facility 1 - represents secured term loan facility in the amount of P550.00 million to re-finance the payment of the Facility 3 of the Original Loan Agreement available through maximum of two (2) drawdowns within September 2022 with term of 30 months from the initial drawdown date. The loan principal for this facility is payable in equal monthly installments to commence one month from the drawdown date. Interest is charged at the higher of three (3)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

New Facility 2 - represents secured term loan facility in the amount of P1.00 billion available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 3 - represents secured term loan facility in the amount of P600.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 4 - represents secured term loan facility in the amount of P900.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

The loan principals for New Facilities 2, 3 and 4 are payable on equal monthly installments to commence at the end of twenty-fourth (24th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of five (5)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

All drawdowns were made by the Parent Company.

The drawdowns and payments are made by the Parent Company as they fall due and there are no defaults in payments.

As at December 31, 2023 and 2022, the Parent Company did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. The Agreement provides a process which includes notifications by PBCOM and a period of rectification prior to a breach of such covenants being considered an event of default. The Parent Company has notified PBCOM of the breach and PBCOM signified agreement of not treating the breach as an event of default as at December 31, 2022.

As at December 31, 2023, the Parent Company has not received any notification from PBCOM that would trigger the rectification period prior to being considered an event of default. Thus, as of reporting date the noted breach was not considered an event of default that would have the effect of rendering the loans immediately due and demandable.

The outstanding balances of the loans under the Loan Facilities are presented in the financial position of the Parent Company as follows:

| Loan Facility | Current Portion | Noncurrent Portion | Outstanding Balance |
|----------------------|------------------------|---------------------------|----------------------------|
| New Facility 1 | P220,000,000 | P55,000,000 | P275,000,000 |
| New Facility 2 | 48,000,000 | 856,000,000 | 904,000,000 |
| New Facility 3 | 28,800,000 | 571,200,000 | 600,000,000 |
| New Facility 4 | 43,200,000 | 856,800,000 | 900,000,000 |
| | P340,000,000 | P2,339,000,000 | P2,679,000,000 |

The drawdowns and payments made by the Parent Company under the New Loan Facilities are presented below:

2023

| Loan Facility | Drawdown Date | Maturity Date | Payment Terms | Monthly Amortization | Principal | Principal Payments | Outstanding Balance |
|----------------------|----------------------|----------------------|----------------------|-----------------------------|-----------------------|---------------------------|----------------------------|
| New Facility 1 | 9/13/2022 | 3/13/2025 | 30 months | P18,333,333 | P495,000,000 | P220,000,000 | P275,000,000 |
| New Facility 2 | 6/16/2022 | 6/4/2027 | 60 months | 8,000,000 | 1,000,000,000 | - | 1,000,000,000 |
| New Facility 3 | 6/6/2022 | 6/4/2027 | 60 months | 4,800,000 | 600,000,000 | - | 600,000,000 |
| New Facility 4 | 6/8/2022 | 6/4/2027 | 60 months | 7,200,000 | 900,000,000 | - | 900,000,000 |
| | | | | | P2,995,000,000 | P220,000,000 | P2,775,000,000 |

2022

| Loan Facility | Drawdown Date | Maturity Date | Payment Terms | Monthly Amortization | Principal | Principal Payments | Outstanding Balance |
|----------------------|----------------------|----------------------|----------------------|-----------------------------|-----------------------|---------------------------|----------------------------|
| New Facility 1 | 9/13/2022 | 3/13/2025 | 30 months | P18,333,333 | P550,000,000 | P55,000,000 | P495,000,000 |
| New Facility 2 | 6/16/2022 | 6/4/2027 | 60 months | 8,000,000 | 1,000,000,000 | - | 1,000,000,000 |
| New Facility 3 | 6/6/2022 | 6/4/2027 | 60 months | 4,800,000 | 600,000,000 | - | 600,000,000 |
| New Facility 4 | 6/8/2022 | 6/4/2027 | 60 months | 7,200,000 | 900,000,000 | - | 900,000,000 |
| | | | | | P3,050,000,000 | P55,000,000 | P2,995,000,000 |

Total interest expense arising from the Loan Facilities recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P274.71, P36.40 million and P59.83 in 2023, 2022 and 2021, respectively. Total interest paid by the Parent Company arising for the New Loan Facilities amounted to P276.43 million, P123.98 million, and nil in 2023, 2022, and 2021, respectively.

27. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the adoption of amendment to standards as discussed below.

Adoption of Amendments to Standards

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*

To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement, 2 Making Materiality Judgements)*

The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a group's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 20 Summary of Material Accounting Policies in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes)*

The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective January 1, 2024

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Effective January 1, 2025

- *PFRS 17, Insurance Contracts*
PFRS 17 replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* on or before the date of initial application of PFRS 17.

Deferral of the Local Implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Classification of Financial Assets

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments

Financial Assets Measured at Amortized Cost

A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Group's cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments and other noncurrent assets.

Receivables

Receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. These are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Short-term Investments

Short-term investments are certificates of deposit which are highly liquid with maturities of more than 3 months but less than 1 year from date of acquisition and are subject to an insignificant risk of change in value.

Refundable Deposits

Refundable deposits are payment made by the Group to its lessors at the inception of the respective lease agreements entered into by the Group.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Included in this category is the Group's equity securities at FVOCI.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2022 and 2021.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations*, applies. This election is made on an instrument-by-instrument basis.

As at December 31, 2022 and 2021, the Group has equity securities - at FVOCI as financial assets measured at FVOCI.

Business Model Assessment

Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others. The Group makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities

Financial Liabilities

Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2023 and 2022, other financial liabilities at amortized cost include accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables (see Notes 8, 11, 12, 13, 14, 24 and 26). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost

Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments

Financial Asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in consolidated statement of profit or loss and other comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the consolidated statement of financial position.

As at December 31, 2022 and 2021, only due to/from related party transactions were offset in the consolidated financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value

The Group measures financial instruments at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Group uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of Financial Assets

Impairment of Financial Instruments

At the date of initial application of PFRS 9, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Movement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the EIR of the financial assets.

Credit-impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Group;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Inventories

Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average method.

NRV for food and beverage represents the estimated selling price in the ordinary course of business less the estimated costs to sell. NRV of operating supplies and engineering and maintenance supplies is the estimated current replacement cost. Inventories are periodically reviewed and evaluated for obsolescence. Obsolete inventories are scrapped or disposed of and the related costs are charged to operations.

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Property and Equipment

Measurement at Initial Recognition

Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Initial Recognition

Property and equipment, except for leasehold improvements, operating equipment and construction-in-progress which are stated at cost, are carried at revalued amounts, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses, if any. Fair values are determined through appraisal by an independent firm of appraisers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net appraisal surplus resulting from the revaluation is credited to "Revaluation surplus on property and equipment" account (net of corresponding deferred income tax effect) shown under the consolidated statement of changes in equity. Any increase in the revaluation amount is credited to the "Revaluation surplus on property and equipment" account unless it offsets a previous decrease in the value of the same asset recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation surplus on property and equipment." Upon disposal, any related revaluation surplus is transferred to "Retained earnings" account and is not taken into account in arriving at the gain or loss on disposal. Also, the amount of revaluation surplus absorbed through depreciation is being transferred to "Retained earnings" account, net of deferred tax effect.

All costs, including borrowing costs, which were directly and clearly associated with the construction of the Group, were capitalized.

Construction-in-progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Operating equipment consisting of chinaware, glassware, silverware and linen are stated at cost less accumulated depreciation and adjustments based on periodic inventory method. Under this method, the recorded costs of operating equipment are depreciated using various rates and adjusted based on periodic inventory count. Adjustments include the effects of any breakages and damages. The depreciation and adjustments are recognized in profit or loss.

Subsequent Costs

Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Fair Value Measurement

The Group's property and equipment as at December 31, 2022 and 2021 is based on Level 3. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the estimated useful life of the asset or term of the lease, whichever is shorter.

The estimated useful lives are as follows:

| | Number of Years |
|-----------------------------------|---------------------------------|
| Land improvements | 5 - 10 |
| Leasehold improvements | Shorter of lease term and 10 |
| Hotel buildings and improvements | 15 - 50 |
| Furniture, fixtures and equipment | 3 |
| Operating equipment | 3 |
| Transportation equipment | 3 |

The estimated useful lives, as well as the depreciation methods are reviewed at each reporting date to ensure that the period and methods of depreciation are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use, no further charges for depreciation are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amount of the Group's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value-in-use (VIU). Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

A reversal of an impairment loss on a revalued asset is recognized in the consolidated statement of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Benefit Plan

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and presented under "Retirement Benefits Reserve" under equity. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

The Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's IBR. Generally, the Group uses its IBR as the discount rate.

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets - net that do not meet the definition of investment property and lease liabilities as a separate line item in the consolidated statement of financial position.

Short-term Leases

The Group has elected not to recognize right-of-use assets - net and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in PHP based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to PHP using the rates of exchange prevailing at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized under "Foreign currency translation differences" account in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

During the translation of the consolidated financial statement accounts of the foreign subsidiaries wherein accounts are being maintained in USD, the differences between the reporting currency and the functional currency are recorded in OCI.

The results and financial position of the foreign subsidiaries are translated into PHP using the following procedures:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at exchange rates at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component in equity.

Income Taxes

Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized respectively therein.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered. It is probable that sufficient future taxable profits will be available against which a deductible temporary difference can be utilized when there are sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. In such circumstances, the deferred tax asset is recognized in the period in which the deductible temporary difference arises.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statement of other comprehensive income and consolidated statement of changes in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The amount of tax recoverable from, or payable to, the taxation authority is presented as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts, respectively, in the consolidated statement of financial position.

Equity

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock, if any, are recognized as a deduction from equity, net of any tax effects, if this can be absorbed by the excess of issue cost over par value. Otherwise, these are recognized in profit or loss.

Retained earnings includes accumulated results of operations as reported in the consolidated statement of profit or loss and other comprehensive income, net of any dividend distribution.

Revenue Recognition

Revenue from Contracts with Customers

The Group's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories thereto.

The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the consolidated statement of profit or loss and other comprehensive income.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the asset is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage

Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Rent and Related Income

Rental income on leased areas of the Group is accounted for on a straight-line basis over the term of the lease.

Other Operating Departments

Revenue from other operating departments is recognized at the point in time when the service has been rendered. This includes guest, laundry and valet, parking fees, among others.

Revenues outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

Interest Income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Other Income

Other income is recognized at the point in time when the service has been rendered.

Determination of whether the Group is Acting as a Principal or an Agent

The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has inventory risk before or after the customer order; and
- whether the Group has discretion in establishing prices.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

EPS

Basic EPS is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend and stock splits declared during the year. Diluted EPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares were further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Group has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Period

The Group identifies post year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-year-end events that provide additional information about the Group's financial position or performance at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 4 - 0 0 8 6 7 8

COMPANY NAME

W A T E R F R O N T P H I L I P P I N E S ,
I N C O R P O R A T E D A N D S U B S I D I A R I E S

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

N o . 1 W a t e r f r o n t D r i v e
O f f S a l i n a s D r i v e , L a h u g
C e b u C i t y , P h i l i p p i n e S

Form Type

A F S 2 3

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Evangeline E. Soliveres

Email Address

e.soliveres@waterfronthotels.net

Telephone Number/s

(032) 687-0888

Mobile Number

CONTACT PERSON'S ADDRESS

No. 1 Waterfront Drive, Off Salinas Drive, Lahug

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Note 2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of December 31, 2023

| Ratio | Formula | 2023 | 2022 |
|------------------------------|--|--------------|-------|
| Current ratio | Total Current Assets divided by Total Current Liabilities Total Current Assets P4,858,370,772 Divided by: Total Current Liabilities 2,658,409,344 Current ratio 1.83 | 1.83 | 1.78 |
| Acid test ratio | Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P4,858,370,772 Less: Inventories 24,950,383 Other current assets 248,608,791 Quick assets P4,584,811,598 Divided by: Total Current Liabilities 2,658,409,344 Acid test ratio 1.72 | 1.72 | 1.67 |
| Solvency ratio | Net Income After Tax plus Non-cash Expenses divided by Total Liabilities Net Income After Tax P38,556,722 Add: Non-Cash Expenses 333,404,052 After-tax Net Operating Income P371,960,774 Divided by: Total Liabilities 7,911,021,961 Solvency ratio 0.05 | 0.05 | 0.04 |
| Debt-to-equity ratio | Total Liabilities divided by Shareholder's Equity Total Liabilities P7,911,021,961 Divided by Shareholder's Equity 11,244,892,501 Debt-to-equity ratio 0.70 | 0.70 | 0.73 |
| Asset-to-equity ratio | Total assets divided by Shareholder's Equity Total assets P20,613,334,439 Divided by: Shareholder's Equity 11,244,892,501 Asset-to-equity ratio 1.83 | 1.83 | 1.85 |
| Interest rate coverage ratio | Net Income divided by Interest Expense Net Income P38,556,722 Divided by: Interest Expense 299,821,604 Interest rate coverage ratio 0.56 | 0.13 | 0.31 |
| Return on equity | Net Income divided by Shareholder's Equity Net Income P38,556,722 Divided by: Shareholder's Equity 11,244,892,501 Return on Equity 0.03% | 0.03% | 0.46% |
| Return on assets | Net Income divided by Average Total Assets Net Income P38,556,722 Divided by: Average Total Asset Beginning Balance, asset P20,408,528,698 Add: Ending Balance, asset 20,613,334,439 P41,021,863,137 Divided by: 2 20,510,931,568 Return on asset 0.18% | 0.18% | 0.27% |
| Net profit margin | Net Income divided by Sales Revenue Net Income P38,556,722 Divided by: Sales Revenue 1,803,586,373 Net profit margin 2.14% | 2.14% | 3.42% |

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023**

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

No. 1 Waterfront Drive, Off Salinas Drive, LahugCebu City, Philippines

| | | |
|---|---------------|-----------------------|
| Unappropriated Retained Deficit, beginning of the reporting period | | (P684,200,642) |
| Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings | | |
| Reversal of Retained Earnings Appropriation/s | P - | |
| Effect of restatements or prior-period adjustments | - | |
| Others (describe nature) | - | - |
| Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings | | |
| Dividend declaration during the reporting period | - | |
| Retained Earnings appropriated during the reporting period | - | |
| Effects of restatements or prior-period adjustments | - | |
| Others (Deferred tax assets, beginning.) | (182,965,953) | (182,965,953) |
| Unappropriated Retained Earnings, as adjusted | | (867,166,595) |
| Add/Less: Net Income (loss) for the current year | | (259,904,958) |
| Less: <u>Category C.1</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax) | | |
| Equity in net income of associate/joint venture, net of dividends declared | - | |
| Unrealized foreign exchange gain, except those attributable to cash and cash equivalents | - | |
| Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) | - | |
| Unrealized foreign exchange gain of Investment Property | - | |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature) | - | - |
| Sub-total | | - |

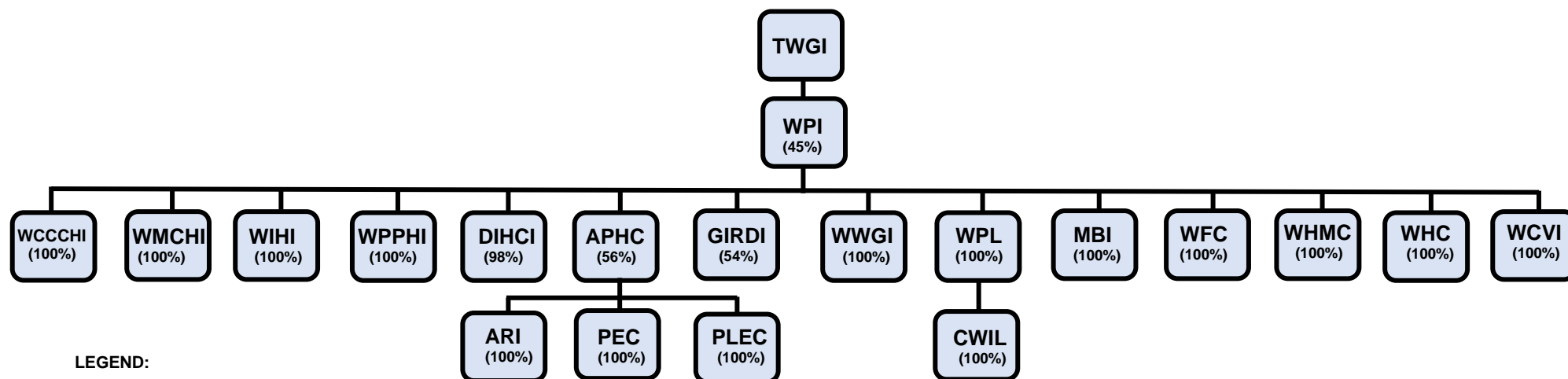
Forward

| | | |
|--|-----|----------------------|
| Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax) | | |
| Realized foreign exchange gain, except those attributable to cash and cash equivalents | P - | |
| Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) | - | |
| Realized foreign exchange gain of Investment Property | - | |
| Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature) | - | P - |
| Sub-total | | - |
| Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax) | | |
| Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents | - | |
| Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) | - | |
| Reversal of previously recorded fair value gain of Investment Property | - | |
| Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature) | - | - |
| Sub-total | | - |
| Adjusted Net Income/Loss | | (259,904,958) |
| Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax) | | |
| Depreciation on revaluation increment (after tax) | - | - |
| Sub-total | | - |

Forward

| | | |
|--|-----|-------------------------|
| Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP | | |
| Amortization of the effect of reporting relief | P - | |
| Total amount of reporting relief granted during the year | - | |
| Others (describe nature) | - | P - |
| Sub-total | | - |
| Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution | | |
| Net movement of treasury shares (except for reacquisition of redeemable shares) | - | |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories | - | |
| Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable | - | |
| Adjustment due to deviation from PFRS/GAAP – gain (loss) | - | |
| Others (describe nature) | - | - |
| Sub-total | | - |
| Total Retained Earnings, end of the reporting period available for dividend | | (P1,127,071,553) |

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate
December 31, 2023**



LEGEND:

- TWGI - The Wellex Group, Inc.
- WPI - Waterfront Philippines, Incorporated
- WCCCHI - Waterfront Cebu City Casino Hotel, Incorporated
- WMCHI - Waterfront Mactan Casino Hotel, Incorporated
- WIHI - Waterfront Iloilo Hotel Inc.
- WPPHI - Waterfront Puerto Princesa Hotel, Inc.
- DIHCI - Davao Insular Hotel Company, Inc.
- APHC - Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino)
- ARI - Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.)
- PEC - Pavillion Enterprises Corp.
- PLEC - Pavillion Leisure and Entertainment Corp.
- GIRDI - Grand Ilocandia Resort and Development, Inc.
- WWGI - Waterfront Wellness Group, Inc.
- WPL - Waterfront Promotion Limited
- CWIL - Club Waterfront International Limited
- MBI - Mayo Bonanza, Inc.
- WFC - Waterfront Food Concepts, Inc.
- WHMC - Waterfront Hotel Management Corp.
- WHC - Waterfront Horizon Corporation (formerly Waterfront Entertainment Corporation)
- WCVI - Waterfront Cebu Ventures, Inc.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

**Supplementary Schedules of Annex 68-J
Required Under the Revised SRC Rule 68
December 31, 2023**

| | <u>Page</u> |
|--|-------------|
| A. Financial Assets | <u>2</u> |
| B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates). | <u>3</u> |
| C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | <u>4</u> |
| D. Long-term Debt | <u>5</u> |
| E. Indebtedness to Related Parties | <u>6</u> |
| F. Guarantees of Securities of Other Issuers - <i>(nothing to report)</i> | <u>7</u> |
| G. Capital Stock | <u>8</u> |

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023
(Amounts in thousands)

| Name of Issuing Entity and Association of Each Issue | Number of shares or Principal Amount of Bonds and Notes | Amount Shown in the Statements of Financial Position | Value Based on Market Quotations at End of Reporting Period | Income Received and Accrued |
|---|--|---|--|------------------------------------|
| Cash and cash equivalents * | P - | P473,242 | P473,242 | P1,387 |
| Receivables | - | 965,196 | 965,196 | - |
| Notes receivable | - | 267,553 | 267,553 | 8,578 |
| Short-term investments | - | 1,278 | 1,278 | - |
| Due from related parties | - | 6,161,398 | 6,161,398 | 134,314 |
| Equity securities - at FVOCI | 136,710 | 70,256 | 70,256 | - |
| Other noncurrent assets ** | - | 50,060 | 50,060 | - |
| | P136,710 | P7,988,983 | P7,988,983 | P144,279 |

*Excluding cash on hand

**Excluding advances to contractors

See Notes 4, 5, 7, 8 and 10 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2023
(Amounts in thousands)

| Name and Designation of Debtor | Balance at Beginning of Period | Additions | Amounts Collected | Amounts Written Off | Current | Noncurrent | Balance at End of Period |
|---|--------------------------------|-----------|-------------------|---------------------|----------|------------|--------------------------|
| The Wellex Group, Inc. | P1,047,279 | P - | P148,180 | P - | P899,099 | P - | P899,099 |
| Pacific Rehouse Corporation | 595,223 | 10,651 | - | - | 605,874 | - | 605,874 |
| Crisanta Realty Development Corporation | 638,822 | 20,772 | - | - | 100,653 | 558,941 | 659,594 |
| Westland Pacific Properties Corporation | 631,075 | 22,400 | - | - | - | 653,475 | 653,475 |
| Rexlon Realty Group, Inc. | 692,500 | 42,000 | - | - | 542,000 | 192,500 | 734,500 |
| Philippine Estates Corporation | 92,054 | 2,124 | - | - | 94,178 | - | 94,178 |
| Others | - | - | - | - | - | - | - |
| Forum Holdings Corporation | 62,093 | 2,124 | - | - | 64,217 | - | 64,217 |
| Plastic City Industrial Corporation | 1,546 | - | - | - | 1,546 | - | 1,546 |
| Acesite Leisure and Entertainment Corporation | 248,727 | 20,171 | - | - | 268,898 | - | 268,898 |

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in thousands)

| Name and Designation of Debtor | Balance at Beginning of period | Additions | Amounts Collected | Amounts Written Off | Current | Noncurrent | Balance at End of Period |
|--|--------------------------------|-----------|-------------------|---------------------|-----------|------------|--------------------------|
| Acesite (Phils.) Hotel Corp. | P187,219 | P731 | P - | P - | P 187,950 | P - | P187,950 |
| Waterfront Hotel Management Corp. | 204,253 | - | - | - | 204,253 | - | 204,253 |
| Mayo Bonanza, Inc. | 4,750 | 64 | - | - | 4,814 | - | 4,814 |
| Waterfront Wellness Group, Inc. | 2,061 | - | - | - | 2,061 | - | 2,061 |
| Waterfront Food Concepts, Inc. | 1,937 | - | - | - | 1,937 | - | 1,937 |
| Waterfront Iloilo Hotel Inc. | 444 | 84 | - | - | 528 | - | 528 |
| Waterfront Puerto Princesa Hotel, Inc. | 387 | 64 | - | - | 451 | - | 451 |

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023

| <u>Title of Issue and Type of Obligation</u> | <u>Amount Authorized by Indenture</u> | <u>Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position</u> | <u>Amount Shown Under Caption "Long-Term Debt" in Related Statement of Financial Position</u> |
|--|---|--|---|
| Philippine Bank of Communications Loans Payable | P2,775,000,000 | P340,000,000 | P2,435,000,000 |
| Social Security System Loans Payable | 375,000,000 | 375,000,000 | - |

See Notes 13 and 26 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2023

| <u>Name of Related Party</u> | <u>Balance at Beginning of Period</u> | <u>Balance at End of Period</u> |
|--|---------------------------------------|---------------------------------|
| Acesite Leisure and Entertainment Corporation | P - | P - |

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

| <u>Name of Issuing Entity of Securities of Securities Guaranteed by the Company for which this Statement is Filed</u> | <u>Title of Issue of each Class of Securities Guaranteed</u> | <u>Total Amount Guaranteed and Outstanding</u> | <u>Amount Owned by Person for which Statement is Filed</u> | <u>Nature of Guarantee</u> |
|---|--|--|--|----------------------------|
| | | <hr/> | <hr/> | |
| | | <hr/> | <hr/> | |

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

| <u>Description</u> | <u>Number of Shares authorized</u> | <u>Number of Shares Issued and Outstanding Shown Under Related Statement of Financial Position Caption</u> | <u>Treasury Shares</u> | <u>Number of Shares Held by Related Parties</u> | <u>Directors, Officers and Employees</u> | <u>Others</u> |
|--------------------|--|--|----------------------------|---|--|---------------|
| Common shares | 5,000,000,000 | 2,498,991,753 | - | 1,128,466,800 | 40,352,530 | 1,330,172,423 |

See Note 16 to the Consolidated Financial Statements.



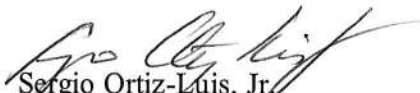
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**


The Management of **Waterfront Philippines, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2023**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2023** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Waterfront Philippines, Inc.**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **Waterfront Philippines, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:


Sergio Ortiz-Luis, Jr.
Chairman of the Board


Kenneth T. Gatchalian
President


Evangelina B. Soliveres
Corporate Finance Director


Elvira A. Ping
Treasurer

Signed this 24th day of APR 24 2024 2024


ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in Cebu City, this APR 24 2024 day of April, 2024, personally appeared known to me as the same person who executed the foregoing Acknowledgement, which they acknowledged before me as her free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and in the place above written.

Doc. No. 306
Page No. 67
Book No. 32
Series of 2024.




ATTY. AARON L. TAMPON
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 33-15 UNTIL DEC. 31, 2024
LOWER LEVEL WATERFRONT HOTEL, LAHUG, CEBU CITY
ROLL OF ATTORNEYS 56453
PTR NO. 2465546 / JAN. 5, 2024 / CEBU CITY
IRP NO. 323757 / DEC. 1, 2023 / PASIG CITY



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.


The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

R.G. Manabat & Co., appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:


Sergio Ortiz-Luis, Jr.
Chairman of the Board


Evangelina E. Soliveres
Corporate Finance Director


Kenneth T. Gatchalian
President


Elvira A. Ting
Treasurer

APR 24 2024

Signed this ___th day of _____ 20__

ACKNOWLEDGMENT


APR 24 2024

BEFORE ME, a Notary Public for and in Cebu City, this _____ day of April, 2024, personally appeared known to me as the same person who executed the foregoing Acknowledgement, which they acknowledged before me as her free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and in the place above written.

Doc. No. 307
Page No. 67
Book No. 32
Series of 2024.




ATTY. AARON L. TAMPON
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 3375 UNTIL DEC. 31, 2024
LOWER LEVEL WATERFRONT HOTEL, LAHUG, CEBU CITY
ROLL OF ATTORNEYS 56453
PTR NO. 2465546 / JAN. 5, 2024 / CEBU CITY
IBP NO. 323757 / DEC. 1, 2023 / PASIG CITY

WATERFRONT PHILIPPINES, INCORPORATED

SEPARATE FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Waterfront Philippines, Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 18 to the basic separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

May 9, 2024

Makati City, Metro Manila



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS
FOR FILING WITH THE BUREAU OF INTERNAL REVENUE**

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company) as at and for the year ended December 31, 2023, on which we have rendered our report dated May 9, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the manager, president, members of the board of directors or principal stockholders of the Company.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10075206
Issued January 2, 2024 at Makati City

May 9, 2024
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF FINANCIAL POSITION

| December 31 | | | |
|--|-------------|-----------------------|----------------|
| | <i>Note</i> | 2023 | 2022 |
| ASSETS | | | |
| Current Assets | | | |
| Cash in banks | 4, 14 | P64,764,063 | P64,306,188 |
| Due from related parties - current portion | 6, 14 | 1,495,065,977 | 1,741,347,799 |
| Other current assets | | 3,205,559 | - |
| Total Current Assets | | 1,563,035,599 | 1,805,653,987 |
| Noncurrent Assets | | | |
| Equity securities - at fair value through other comprehensive income | 6, 14 | 50,000,000 | 50,000,000 |
| Investments and advances to subsidiaries | 5, 14 | 4,833,058,757 | 4,831,960,008 |
| Due from related parties - noncurrent portion | 6, 14 | 1,212,415,914 | 1,269,897,119 |
| Deferred tax asset | 11 | 182,968,953 | 182,968,953 |
| Other noncurrent assets | | 23,579,319 | 22,962,070 |
| Total Noncurrent Assets | | 6,302,022,943 | 6,357,788,150 |
| | | P7,865,058,542 | P8,163,442,137 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accrued expenses and other payables | 8 | P774,728,660 | P769,156,504 |
| Due to related parties - current portion | 6, 14 | 1,196,561,488 | 1,269,330,212 |
| Loans payable - current portion | 9, 14, 16 | 715,000,000 | 595,000,000 |
| Income tax payable | | - | 755,924 |
| Total Current Liabilities | | 2,686,290,148 | 2,634,242,640 |
| Noncurrent Liabilities | | | |
| Loans payable - net of current portion | 9, 14, 16 | 2,435,000,000 | 2,775,000,000 |
| Due to related parties - noncurrent portion | 6, 14 | 482,517,884 | 233,044,029 |
| Total Noncurrent Liabilities | | 2,917,517,884 | 3,008,044,029 |
| Total Liabilities | | 5,603,808,032 | 5,642,286,669 |
| Equity | | | |
| Capital stock | 13 | 2,498,991,753 | 2,498,991,753 |
| Additional paid-in capital | | 706,364,357 | 706,364,357 |
| Accumulated deficit | | (944,105,600) | (684,200,642) |
| Net Equity | | 2,261,250,510 | 2,521,155,468 |
| | | P7,865,058,542 | P8,163,442,137 |

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

| | | Years Ended December 31 | | |
|--|----------|-------------------------|---------------|---------------|
| | Note | 2023 | 2022 | 2021 |
| REVENUE | | | | |
| Interest income | 4, 6 | P69,255,625 | P75,614,188 | P60,156,108 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Representation and entertainment | | 16,810,218 | 560,000 | 2,119,976 |
| Taxes and licenses | | 13,916,422 | 6,486,963 | 321,730 |
| Professional fees | | 2,432,944 | 1,509,595 | 1,435,675 |
| Annual meeting expenses | | 293,649 | 177,075 | 178,386 |
| Impairment losses | 5 | - | 308,514 | - |
| Others | 10 | 11,882,934 | 8,406,205 | 8,527,997 |
| | | 45,336,167 | 17,448,352 | 12,583,764 |
| INCOME BEFORE OTHER EXPENSE (INCOME) AND INCOME TAX BENEFIT | | | | |
| | | 23,919,458 | 58,165,836 | 47,572,344 |
| OTHER EXPENSE (INCOME) | | | | |
| Interest expense | 6, 9, 16 | 294,012,146 | 163,906,498 | 62,634,746 |
| Reversal of accrual | 9 | - | - | (415,669,632) |
| Miscellaneous income | | (11,226,564) | (9,806,544) | (8,571,566) |
| | | 282,785,582 | 154,099,954 | (361,606,452) |
| (LOSS) INCOME BEFORE INCOME TAX BENEFIT | | | | |
| | | (258,866,124) | (95,934,118) | 409,178,796 |
| INCOME TAX BENEFIT | 11 | 1,038,834 | (4,402,321) | (102,371,265) |
| NET (LOSS) INCOME/TOTAL COMPREHENSIVE (LOSS) INCOME | | | | |
| | | (P259,904,958) | (P91,531,797) | P511,550,061 |

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CHANGES IN EQUITY

| | | Years Ended December 31 | | |
|-----------------------------------|-------------|--------------------------------|----------------|-----------------|
| | <i>Note</i> | 2023 | 2022 | 2021 |
| CAPITAL STOCK | 13 | P2,498,991,753 | P2,498,991,753 | P2,498,991,753 |
| ADDITIONAL PAID-IN CAPITAL | | 706,364,357 | 706,364,357 | 706,364,357 |
| ACCUMULATED DEFICIT | | | | |
| Balance at beginning of year | | (684,200,642) | (592,668,845) | (1,104,218,906) |
| Net (loss) income for the year | | (259,904,958) | (91,531,797) | 511,550,061 |
| Balance at end of year | | (944,105,600) | (684,200,642) | (592,668,845) |
| | | P2,261,250,510 | P2,521,155,468 | P2,612,687,265 |

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CASH FLOWS

| | | Years Ended December 31 | | |
|--|----------|-------------------------|------------------------|--------------------|
| | Note | 2023 | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| (Loss) income before income tax benefit | | (P258,866,124) | (P95,934,118) | P409,178,796 |
| Adjustments for: | | | | |
| Interest expense | 6, 9, 16 | 114,688,147 | 163,906,498 | 62,634,746 |
| Impairment losses | 5 | - | 308,514 | - |
| Reversal of accrual | 9 | (95,390,203) | - | (415,669,632) |
| Depreciation | 7 | - | - | 183,991 |
| Interest income | 4, 6 | (69,255,625) | (75,614,188) | (60,156,108) |
| | | (308,823,805) | (7,333,294) | (3,828,207) |
| Changes in: | | | | |
| Accrued expenses and other payables | | 5,572,156 | (114,932,543) | 7,048,848 |
| | | (303,251,649) | (122,265,837) | 3,220,641 |
| Interest received | | - | 21,837 | - |
| Income taxes paid | | (1,392,767) | (2,607,976) | (3,367,002) |
| Net cash used in operating activities | | (304,644,416) | (124,851,976) | (146,361) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Deposits for future stock subscription in subsidiaries | | - | (2,304,252,800) | - |
| Changes in: | | | | |
| Equity securities - at fair value through other comprehensive income | | - | - | - |
| Other current assets | | (3,205,559) | | |
| Other noncurrent assets | | (1,019,240) | (3,592,771) | (6,401,476) |
| Total cash used in investing activities | | (4,224,799) | (2,307,845,571) | (6,401,476) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from loan availment | 16 | - | 3,050,000,000 | - |
| Net advances to related parties | 5, 6 | 529,327,090 | (498,034,765) | 6,565,198 |
| Loan payments | 16 | (220,000,000) | (55,000,000) | - |
| Net cash provided by financing activities | | 309,327,090 | 2,496,965,235 | 6,565,198 |
| NET INCREASE (DECREASE) IN CASH IN BANK | | 457,875 | 64,267,688 | 17,361 |
| CASH IN BANK AT BEGINNING OF YEAR | | 64,306,188 | 38,500 | 21,139 |
| CASH IN BANK AT END OF YEAR | 4, 14 | P64,764,063 | P64,306,188 | P38,500 |

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

Waterfront Philippines, Incorporated (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company. The Company is listed on the Philippine Stock Exchange (PSE) and is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Company in its subsidiaries as at December 31, 2023 and 2022 are as follows:

| | Percentage of Ownership | |
|---|--------------------------------|-----------------|
| | Direct | Indirect |
| Hotels and Resorts | | |
| Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI) | 100 | - |
| Waterfront Mactan Casino Hotel, Incorporated (WMCHI) | 100 | - |
| Waterfront Iloilo Hotel Inc. (WIHI) | 100 | - |
| Waterfront Puerto Princesa Hotel, Inc. (WPPHI) | 100 | - |
| Davao Insular Hotel Company, Inc. (DIHCI) | 98 | - |
| Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino) (APHC) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| Acesite Realty, Inc. (ARI) (through direct ownership in APHC) | - | 56 |
| Fitness Gym | | |
| Waterfront Wellness Group, Inc. (WWGI) | 100 | - |
| International Marketing and Promotion of Casinos | | |
| Waterfront Promotion Limited (WPL) | 100 | - |
| Mayo Bonanza, Inc. (MBI) | 100 | - |
| Club Waterfront International Limited (CWIL) (through direct ownership in WPL) | - | 100 |
| Pastries Manufacturing | | |
| Waterfront Food Concepts, Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Hotel Management Corp. (WHMC) | 100 | - |
| Waterfront Horizon Corporation (WHC) | 100 | - |
| Pavillion Enterprises Corp. (through direct ownership in APHC) (PEC) | - | 56 |
| Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC) (PLEC) | - | 56 |
| Investment Holding Company | | |
| Waterfront Cebu Ventures, Inc. (WCVI) | 100 | - |

The Company and all of the above subsidiaries (collectively referred to as the Group) were incorporated in the Philippines, except for WPL and CWIL, which were registered in the Cayman Islands.

The Company's percentages of ownership for the above subsidiaries are the same in 2023, 2022 and 2021.

The registered office of the Company is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines.

Status of APHC Operation

On March 18, 2018, a fire broke out in the APHC's hotel property damaging the podium and hotel building and suspending its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire was declared and classified as "accidental in nature". APHC incurred casualty losses due to damages on to its inventories and hotel property. APHC filed for property damage and business insurance claims which were finalized in 2020 amounting to P1.72 billion.

APHC started in 2018 the reconstruction and restoration of the podium and the hotel buildings. Although, the project completion has been extended due to some delays, the construction activities have not been totally stopped and are still ongoing as of December 31, 2023, with 36.21% completed. The management expects to complete the Phase 1 of a reconstruction project by the 4th quarter of 2024. The Phase 1 of the project includes the public areas including the lobby, some food and beverage outlets, and the casino area at the ground floor level up to the third floor.

A related party, who has a long-term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long-term lease contract with APHC for the operation of a casino until 2025. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities, and the remaining rooms of the hotel building are expected to be completed in Phases 2 and 3 of the reconstruction project. Phase 2 is expected to be completed by the 2nd quarter of 2025 while Phase 3 is by the 4th quarter of 2025. These two latter phases will be funded by the cash flows generated by the operations of Phase 1 and, when necessary, bank borrowings.

2. Basis of Preparation

Basis of Accounting

These separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). They were authorized for issue by the Company's board of directors (BOD) on April 30, 2024.

In compliance with PFRS 10, *Consolidated Financial Statements*, the Company has prepared consolidated financial statements for the same periods in which it consolidates all investments in subsidiaries in accordance with the said standard. Such consolidated financial statements provide information about the economic activities of the Group of which the Company is the parent. Details of the Company's material accounting policies are included in Note 17.

Users of these separate financial statements should read them together with the consolidated financial statements as at and for the years ended December 31, 2023 and 2022 in order to obtain full information on the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its subsidiaries as a whole. The consolidated financial statements can be obtained from the SEC and from the website of the PSE (www.pse.com.ph).

Basis of Measurement

These separate financial statements have been prepared on the historical cost basis.

Functional and Presentation Currency

These separate financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these separate financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the separate financial statements is as follows:

Provisions and Contingencies

The Company is currently involved in certain cases. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Classifying Financial Instruments

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statement of financial position.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Fair Value Measurement of Financial Instruments

When the fair values of financial instruments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Further details on the carrying amount of financial instruments are disclosed in Note 14.

Provision for Expected Credit Losses on Financial Assets

The Company uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows expected to be received discounted at the original effective interest rate. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. The maturity of the Company's receivables is less than one (1) year so the lifetime ECL and the 12-month ECL are similar. In addition, management assessed the credit risk of the receivables and due from related parties as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

Further details on carrying amount of advances to subsidiaries and due from related parties are disclosed in Notes 5 and 6, respectively.

Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase depreciation and decrease the property and equipment account.

Further details on the carrying amount of property and equipment are disclosed in Note 7.

Impairment of Nonfinancial Assets

The Company's policy on estimating the impairment of nonfinancial assets is discussed in Note 17. The Company assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired. If such indication exists, the Company makes an estimate of the asset's recoverable amount. Though management believes that the assumptions used in the estimation of the recoverable amounts reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the results of operations of the Company.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As at December 31, 2023 and 2022, based on the assessment of the Company, there is no indication of impairment on its nonfinancial assets.

Deferred Tax Asset

The Company reviews its deferred tax asset at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred tax asset are disclosed in Note 11.

4. Cash in Banks

Cash in banks amounting to P64.76 million and P64.31 million in 2023 and 2022, respectively, is unrestricted and immediately available for use.

Interest income earned from cash in banks amounted to P0.06 million and P0.02 million in 2023 and 2022, respectively, is presented as part of "Interest income" account under "Revenue" in the separate statement of comprehensive (loss) income.

5. Investments and Advances to Subsidiaries

Investments and advances to subsidiaries consist of the following (amounts in thousands):

| | December 31, 2023 | | | | | | | | | | | | | |
|---------------------------------|-------------------|---------|----------|---------|----------|----------|-----------|----------|----------|---------|----------|------------|--------|------------|
| | WCCCHI | WMCHI | WIHI | WPPHI | DIHCI | APHC | GIRDI | WWGI | MBI | WFC | WHMC | WHC | WCVI | Total |
| Investment cost | P1,013,800 | P13,800 | P25,000 | P6,250 | P584,363 | P479,228 | P253,667 | P625 | P25 | P125 | P125 | P125 | P1,250 | P2,378,383 |
| Advances | - | - | 528 | 451 | - | 187,950 | - | 2,061 | 4,814 | 1,936 | 99,030 | - | 187 | 296,957 |
| Deposits for stock subscription | - | - | 125,000 | 90,620 | - | - | - | 13,000 | 35,000 | 6,000 | 204,253 | 2,100,000 | 100 | 2,573,973 |
| Total | 1,013,800 | 13,800 | 150,528 | 97,321 | 584,363 | 667,178 | 253,667 | 15,686 | 39,839 | 8,061 | 303,408 | 2,100,125 | 1,537 | 5,249,313 |
| Allowance for impairment losses | - | - | - | - | - | - | (253,667) | (15,686) | (39,771) | (8,065) | (99,065) | - | - | (416,254) |
| | P1,013,800 | P13,800 | P150,528 | P97,321 | P584,363 | P667,178 | P - | P - | P68 | (P4) | P204,343 | P2,100,125 | P1,537 | P4,833,059 |

| | December 31, 2022 | | | | | | | | | | | | | |
|---------------------------------|-------------------|---------|----------|---------|----------|----------|-----------|----------|----------|---------|----------|------------|--------|------------|
| | WCCCHI | WMCHI | WIHI | WPPHI | DIHCI | APHC | GIRDI | WWGI | MBI | WFC | WHMC | WHC | WCVI | Total |
| Investment cost | P1,013,800 | P13,800 | P25,000 | P6,250 | P584,363 | P479,228 | P253,667 | P625 | P25 | P125 | P125 | P125 | P1,250 | P2,378,383 |
| Advances | - | - | 444 | 387 | - | 187,218 | - | 2,061 | 4,746 | 1,940 | 98,940 | - | 122 | 295,858 |
| Deposits for stock subscription | - | - | 125,000 | 90,620 | - | - | - | 13,000 | 35,000 | 6,000 | 204,253 | 2,100,000 | 100 | 2,573,973 |
| Total | 1,013,800 | 13,800 | 150,444 | 97,257 | 584,363 | 666,446 | 253,667 | 15,686 | 39,771 | 8,065 | 303,318 | 2,100,125 | 1,472 | 5,248,214 |
| Allowance for impairment losses | - | - | - | - | - | - | (253,667) | (15,686) | (39,771) | (8,065) | (99,065) | - | - | (416,254) |
| | P1,013,800 | P13,800 | P150,444 | P97,257 | P584,363 | P666,446 | P - | P - | P - | P - | P204,253 | P2,100,125 | P1,472 | P4,831,960 |

Deposits to Subsidiaries

As part of the Company's continuing commitment and guarantee for the subsidiaries to continue as going concern entities, the Company and its subsidiaries agreed to set aside a portion of the Company's outstanding advances to the subsidiaries as deposits for future stock subscriptions. The amounts set aside will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries has materialized.

Advances to Subsidiaries

Advances to subsidiaries mainly represent funds provided to primarily support the subsidiaries' daily operations.

The advances to subsidiaries are annually renegotiated and repriced based on the agreement entered by the Company and subsidiaries.

Discussed below are the descriptions and the financial information of each subsidiary.

WCCCHI

WCCCHI was incorporated and registered with the SEC on September 23, 1994, primarily to own and operate hotels and other related businesses. The facilities of WCCCHI include an international convention center, an international casino building and a 561-room deluxe hotel at the former Lahug Airport, Cebu City. WCCCHI started operations in 1998.

The registered office of WCCCHI is at No. 1, Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

The significant information on the financial statements of WCCCHI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|-------------------|------------|
| Total current assets | P2,752,228 | P1,950,600 |
| Total assets | 6,696,090 | 6,162,416 |
| Total current liabilities | 884,210 | 658,660 |
| Total liabilities | 1,881,154 | 1,693,977 |
| Revenue | 1,176,659 | 964,671 |
| Net income | 278,418 | 156,014 |

WMCHI

WMCHI was incorporated and registered with the SEC on September 23, 1994, primarily to own and operate hotels and other related businesses. The facilities of WMCHI include an international casino and a 167-room deluxe hotel (Airport Hotel Project) at the Mactan Cebu International Airport. WMCHI started commercial operations in 1996.

The registered office of WMCHI is located at No. 1 Airport Road, Mactan Island, Lapu-Lapu City, Cebu.

The significant information on the financial statements of WMCHI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|-------------------|------------|
| Total current assets | P1,416,349 | P1,280,870 |
| Total assets | 2,560,706 | 2,331,049 |
| Total current liabilities | 156,227 | 175,094 |
| Total liabilities | 559,194 | 562,125 |
| Revenue | 362,503 | 295,326 |
| Net income | 107,407 | 64,673 |

WIHI

WIHI was incorporated and registered with the SEC on March 29, 2019, primarily to operate and manage a resort hotel and a restaurant that caters to the guests of the hotel.

As at December 31, 2023, WIHI has not yet started its commercial operations.

The registered office of WIHI is located at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

The significant information on the financial statements of WIHI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|----------------|---------|
| Total current assets | P71 | P70 |
| Total assets | 150,071 | 150,070 |
| Total current liabilities | 602 | 537 |
| Total liabilities | 125,602 | 125,537 |
| Net loss | (65) | (65) |

WPPHI

WPPHI was incorporated and registered with the SEC on May 15, 2017, primarily to acquire and hold real property such as lands, buildings and personal property of all kinds, to sell, lease, convey, mortgage, construct, improve and develop, contract for, manage, administer and or operate, alone or jointly with others any interest in real or personal property as well as in hotels, inns, lodging houses, resorts and all adjunct and accessories thereto, including restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusement and entertainment of all kinds; to invest in other corporations for the advancement of its interest or to grant concessions, rights or licenses to others to operate, manage or deal with the same, to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes.

As at December 31, 2023, WPPHI has not yet started its commercial operations.

The registered office of WPPHI is located at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

The significant information on the financial statements of WPPHI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|---------------|--------|
| Total current assets | P124 | P51 |
| Total assets | 96,994 | 96,921 |
| Total current liabilities | 5,335 | 4,946 |
| Total liabilities | 95,955 | 95,566 |
| Net loss | (316) | (82) |

DIHCI

DIHCI was incorporated and registered with the SEC in the Philippines on July 3, 1959 to engage primarily in the operation of hotel and hotel-related businesses.

The registered office of DIHCI is located at Waterfront Insular Hotel Davao, Km. 8000 Lanang, Davao City.

The significant information on the financial statements of DIHCI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|------------------|-----------|
| Total current assets | P237,789 | P200,145 |
| Total assets | 3,620,745 | 3,613,098 |
| Total current liabilities | 93,887 | 80,189 |
| Total liabilities | 925,425 | 919,389 |
| Revenue | 250,094 | 217,926 |
| Net income (loss) | 4,041 | 5,217 |

APHC

APHC was incorporated and registered with the SEC on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

APHC is the owner and operator of Waterfront Manila Hotel and Casino. The corporate life of APHC has been extended up to 2052. APHC's shares have been listed on the PSE since December 5, 1986.

APHC's subsidiaries consist of ARI, PEC and PLEC.

The registered office of APHC is located at 8th Floor, Waterfront Manila Hotel and Casino, United Nations Avenue corner Maria Orosa Street, Ermita, Manila.

The significant information on the consolidated financial statements of APHC is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|------------------|-----------|
| Total current assets | P455,206 | P563,465 |
| Total assets | 2,925,079 | 6,891,036 |
| Total current liabilities | 834,565 | 849,824 |
| Total liabilities | 1,136,430 | 2,116,739 |
| Net loss | (77,574) | (72,857) |

GIRDI

GIRDI was incorporated and registered with the SEC on December 18, 1990 to engage in the hotel and resort business.

The registered office of GIRDI is located at located at No. 37 Calayab, Laoag City, Ilocos Norte.

In 2000, GIRDI's BOD approved the cessation of its business operations. The Company has provided an allowance for impairment losses on its investment to GIRDI. The allowance for impairment losses on investment amounted to P253.67 million as at December 31, 2022 and 2021. Impairment losses recognized in the separate statement of comprehensive (loss) income amounted to nil in 2023, 2022 and 2021.

The significant information on the financial statements of GIRDI is as follows (in thousands):

| | 2023 | 2022 |
|-------------------|-----------------|----------|
| Total assets | P451,723 | P467,052 |
| Total liabilities | 1,029 | 37,717 |
| Net loss | (1,141) | (705) |

WWGI

WWGI was incorporated and registered with the SEC on January 26, 2006, to engage in, conduct and carry on the general business of sporting and other recreational activities. The facilities of WWGI, which commenced commercial operations on May 1, 2006, include a fitness gym with top-of-the line equipment and amenities. WWGI also offers in-house massage for guests staying in WCCCHI, a fellow subsidiary.

The registered office of WWGI is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

Due to accumulated losses which resulted to a capital deficiency of P50.56 million, the Company has provided an allowance for impairment losses on its investment in and advances to WWGI. The allowance for impairment losses on its investment and advances amounted to P15.69 million as at December 31, 2023 and 2022. Impairment losses recognized in the separate statement of comprehensive (loss) income amounted nil in 2023 and 2022.

The significant information on the financial statements of WWGI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|----------------|---------|
| Total current assets | P25,225 | P19,510 |
| Total assets | 40,949 | 41,577 |
| Total current liabilities | 58,495 | 53,708 |
| Total liabilities | 91,569 | 92,139 |
| Revenue | 11,345 | 6,572 |
| Net income (loss) | (107) | (1,118) |

WPL and CWIL

WPL and its wholly-owned subsidiary, CWIL, were incorporated in the Cayman Islands on March 6, 1995 and June 11, 1996, respectively.

WPL and CWIL's primary business purpose is to invite and organize groups of foreign casino players to play in Philippine casinos pursuant to certain agreements entered into with the PAGCOR under the latter's Foreign High-Roller Marketing Program (the Program). WPL and its subsidiary's participation with PAGCOR's Program, however, has been terminated in 2003 due to unfavorable economic conditions.

To support the Program, WPL and CWIL entered into several agreements with various junket operators to market and promote the Philippine casinos to foreign casino players. In consideration for marketing and promoting of the Philippine casinos, these operators receive certain incentives such as free hotel accommodations, free airfares, and rolling commissions from the Group. Due to the termination of the WPL and CWIL's participation with PAGCOR's Program, agreements with the junket operators were also terminated.

In 2023, WPL's BOD approved the cessation of its business operations.

The significant information on the consolidated financial statements of WPL is as follows (in thousands):

| | 2023 | 2022 |
|-------------------|----------------|---------|
| Total assets | \$3,946 | \$4,206 |
| Total liabilities | 1,435 | 1,444 |
| Net (loss) income | (251) | (132) |

MBI

MBI was incorporated and registered with the SEC on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement, entertainment, and recreation facilities for the use of the paying public. MBI entered into an agreement with the PAGCOR whereby the latter shall operate the former's slot machines outside of casinos in line with PAGCOR's slot machine arcade project.

The registered office of MBI is located at 27th Floor, Wynsum Corporate Tower, 22 Emerald Avenue, Ortigas Center, Pasig City.

Due to accumulated losses which resulted to a capital deficiency of P44.01 million, the Company has provided an allowance for impairment losses on its investment and advances to MBI. The allowance for impairment losses on its investment and advances amounted to P39.77 million as at December 31, 2023 and 2022. Impairment losses recognized in the separate statement of comprehensive (loss) income amounted to nil in 2023, 2022 and 2021.

In 2016, MBI's BOD approved the cessation of its business operations.

The significant information on the financial statements of MBI is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|---------------|--------|
| Total assets | P133 | P133 |
| Total current liabilities | 9,208 | 9,140 |
| Total liabilities | 44,208 | 44,140 |
| Net loss | (68) | (65) |

WFC

WFC was incorporated and registered with the SEC on January 26, 2004 to engage in the operation of restaurants and food outlets and to manufacture baked and unbaked desserts, breads and pastries supplied to in-store bakeries, coffee shops and food service channels.

The registered office of WFC is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

Due to accumulated losses which resulted to a capital deficiency of P59.75 million, the Company has provided an allowance for impairment losses on its investment in and advances to WFC. The allowance for impairment losses on its investment and advances amounted to P8.07 million as at December 31, 2023 and 2022. Impairment losses recognized in the separate statement of comprehensive (loss) income amounted to nil in 2023, 2022 and 2021.

The significant information on the financial statements of WFC is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|----------------|---------|
| Total current assets | P9,911 | P8,601 |
| Total assets | 13,068 | 14,735 |
| Total current liabilities | 68,791 | 60,936 |
| Total liabilities | 80,529 | 74,489 |
| Revenue | 769 | 1,373 |
| Net loss | (7,706) | (4,290) |

WHMC

WHMC was incorporated and registered with the SEC on March 31, 2003, to engage in the management and operation of hotels, except management of funds, portfolios, securities and other similar assets of the managed entities.

The registered office of WHMC is located at No.1 Salinas Drive, Lahug, Cebu City, Cebu.

In 2014, WHMC's BOD approved the cessation of its business operations. The Company has provided an allowance for impairment losses on its investment and advances to WHMC. The allowance for impairment losses on its investment and advances amounted to P99.07 million as at December 31, 2023 and 2022. Impairment losses recognized in the separate statement of comprehensive (loss) income amounted to nil in 2023, 2022 and 2021.

On February 17, 2022, the BOD approved the increase in the WHMC's authorized capital stock from P2.00 million divided into 2 million common stock with a par value of P1 per share to P300.00 million divided into 300 million common stock with par value P1 per share.

On the same date, the shareholders approved the amendment of the articles of incorporation to reflect the increase in authorized capital stock from P2.00 million divided into 2 million common stock with a par value of P1 per share to P300.00 million divided into 300 million common stock with par value P1 per share.

The significant information on the financial statements of WHMC is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|-----------------|----------|
| Total assets | P204,912 | P204,913 |
| Total current liabilities | 122,143 | 122,015 |
| Total liabilities | 326,396 | 326,269 |
| Net loss | (127) | (54) |

WHC

WHC was incorporated and registered with the SEC on August 13, 2003 to engage in the business of producing and co-producing concerts and shows.

The registered office of WHC is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

On February 17, 2022 the BOD authorized the Company to acquire an Option to Purchase (the Option Contract) four (4) hectares of reclaimed land in the Manila Waterfront City at an Option price of P50,000 per square meter and a strike price of P300,000 per square meter. In June 2022 the Company advanced P2.10 billion to WMPD for the Option Contract.

The significant information on the financial statements of WHC is as follows (in thousands):

| | 2023 | 2022 |
|---------------------------|------------------|-----------|
| Total current assets | P20,254 | P19,712 |
| Total assets | 2,123,172 | 2,125,534 |
| Total current liabilities | 14,188 | 14,028 |
| Total liabilities | 2,117,489 | 2,120,032 |
| Revenue | 3,443 | 3,443 |
| Net loss | (790) | (2,287) |

WCVI

WCVI was incorporated and registered with the SEC on August 24, 2018, primarily to carry on the business of an investment holding company. Provided, that WCVI will not engage in the business of being a broker/dealer in securities, transfer agent, commodity/financial futures exchange/broker/merchant, investment house, and an investment company adviser/mutual fund distributor of any investment company/mutual fund company.

As at December 31, 2023, WCVI has not yet started its commercial operations.

The registered office of WCVI is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City.

The significant information on the financial statements of WCVI is as follows (in thousands):

| | 2023 | 2022 |
|-------------------|---------------|--------|
| Total assets | P1,354 | P1,354 |
| Total liabilities | 361 | 296 |
| Net loss | (65) | (62) |

Total impairment losses on the abovementioned investments and advances to subsidiaries recognized in the separate statement of comprehensive (loss) income amounted to nil in 2023, 2022 and 2021.

6. Related Party Transactions

The Company's related party transactions include transactions with its subsidiaries enumerated in Notes 1 and 5, its key management personnel (KMP) and related parties enumerated in the table below.

| Related Party | Relationship |
|--|----------------------|
| TWGI | Parent |
| Pacific Rehouse Corporation (PRC) | Stockholder |
| Crisanta Realty Development Corporation (CRDC) | Under common control |
| Westland Pacific Properties Corporation (WPPC) | Under common control |
| Pacific Wide Realty Development Corp. (PWRDC) | Stockholder |
| Acesite Leisure and Entertainment Corporation (ALEC) | Under common control |
| Waterfront Manila Premier Development, Inc. (WMPD) | Under common control |
| Philippine Estates Corporation (PHES) | Under common control |
| Forum Holdings Corporation (FHC) | Stockholder |
| Plastic City Industrial Corporation (PCIC) | Under common control |
| East Asia Oil & Mining Company, Inc. (East Asia) | Stockholder |

Significant Transactions with Related Parties

The Company's transactions with related parties consist of (in thousands):

| Category/ Transaction | Year | Note | Amount of the Transaction | Outstanding Balance | | | | | | Investment and Advances to Subsidiaries | Terms and Conditions |
|---|------|------|---------------------------------|-----------------------------|----------------|------------------------------------|------------------------|----------------|-----|--|-------------------------|
| | | | | Due from Related Parties | | Equity Securities - at FVOCI | Due to Related Parties | | | | |
| | | | | Current | Non current | | Current | Non current | | | |
| Parent | | | | | | | | | | | |
| ▪ TWGI | | | | | | | | | | | |
| Advances, | 2023 | 6a | (P27,053) | P754,559 | P - | P - | P - | P - | P - | Secured; interest-bearing; due in one year subject to renewal; net of allowance for impairment | |
| interest and | 2022 | 6a | 45,166 | 781,614 | - | - | - | - | - | | |
| settlement | 2021 | 6a | (28,757) | 736,448 | - | - | - | - | - | | |
| Stockholders/ Under Common Control | | | | | | | | | | | |
| ▪ PRC | | | | | | | | | | | |
| Advances, | 2023 | 6a | 10,652 | 605,874 | - | - | - | - | - | Secured; interest-bearing; due in one year subject to renewal; not impaired | |
| interest and | 2022 | 6a | 10,651 | 595,222 | - | - | - | - | - | | |
| settlement | 2021 | 6a | 10,651 | 584,571 | - | - | - | - | - | | |
| ▪ CRDC | | | | | | | | | | | |
| Advances and | 2023 | 6a | 20,771 | 100,652 | 558,941 | - | - | - | - | Unsecured; interest-bearing; due in five years; not impaired | |
| interest | 2022 | 6a | 215,792 | - | 638,822 | - | - | - | - | | |
| | 2021 | 6a | 10,660 | - | 423,030 | - | - | - | - | | |
| ▪ WPPC | | | | | | | | | | | |
| Advances and | 2023 | 6a | 22,400 | - | 653,475 | - | - | - | - | Unsecured; interest-bearing; due in five years; not impaired | |
| interest | 2022 | 6a | 22,400 | - | 631,075 | - | - | - | - | | |
| | 2021 | 6a | 22,400 | - | 608,675 | - | - | - | - | | |
| ▪ PWRDC | | | | | | | | | | | |
| Advances | 2023 | 6b | - | - | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired | |
| | 2022 | 6b | - | - | - | - | - | - | - | | |
| | 2021 | 6b | - | - | - | - | - | - | - | | |
| ▪ ALEC | | | | | | | | | | | |
| Advances and | 2023 | 6d | - | - | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand | |
| settlement | 2022 | 6d | - | - | - | - | - | - | - | | |
| | 2021 | 6d | 4,465 | - | - | - | - | - | - | | |
| ▪ WMPD | | | | | | | | | | | |
| Equity | 2023 | 6g | - | - | - | 50,000 | - | - | - | Unsecured; not impaired | |
| securities - at | 2022 | 6g | - | - | - | 50,000 | - | - | - | | |
| FVOCI | 2021 | 6g | - | - | - | 50,000 | - | - | - | | |
| ▪ Other | | | | | | | | | | | |
| Advances and | 2023 | 6b | - | 93,600 | - | - | - | - | - | Unsecured; noninterest-bearing; due on demand; not impaired | |
| interest | 2022 | 6b | - | 93,599 | - | - | - | - | - | | |
| | 2021 | 6b | - | 93,599 | - | - | - | - | - | | |

Forward

| Category/ Transaction | Year | Note | Outstanding Balance | | | | | | Advances and Deposits to Subsidiaries | Terms and Conditions |
|----------------------------|------|-------|---------------------------------|-----------------------------|----------------|------------------------------------|------------------------|----------------|--|--|
| | | | Amount of the Transaction | Due from Related Parties | | Equity Securities - at FVOCI | Due to Related Parties | | | |
| | | | | Current | Non current | | Current | Non current | | |
| Subsidiaries | | | | | | | | | | |
| ▪ WCCCHI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6c | (P156,746) | P - | P - | P - | P484,337 | P482,503 | P - | Unsecured; interest-bearing; due in three years |
| | 2022 | 5, 6c | (260,831) | 330,532 | - | - | 560,024 | 233,029 | - | |
| | 2021 | 5, 6c | (10,220) | - | - | - | - | 723,352 | - | |
| ▪ WMCHI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6d | (6,154) | - | - | - | 305,882 | - | - | Unsecured; noninterest- bearing; due on demand |
| | 2022 | 5, 6d | 1,702 | - | - | - | 299,728 | - | - | |
| | 2021 | 5, 6d | 15,700 | - | - | - | 298,026 | - | - | |
| ▪ DIHCI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6d | - | - | - | - | 14,053 | 15 | - | Unsecured; noninterest- bearing; due on demand |
| | 2022 | 5, 6d | (15) | - | - | - | 14,053 | 15 | - | |
| | 2021 | 5, 6d | - | - | - | - | 14,053 | - | - | |
| ▪ APHC | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | 731 | - | - | - | - | - | 187,950 | Unsecured; noninterest- bearing; due on demand; not impaired |
| | 2022 | 5, 6e | 872 | - | - | - | - | - | 187,219 | |
| | 2021 | 5, 6e | (5,076) | - | - | - | - | - | 186,347 | |
| ▪ GIRDI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6d | 3,120 | - | - | - | 193,066 | - | - | Unsecured; noninterest- bearing; due on demand |
| | 2022 | 5, 6d | (58) | - | - | - | 196,186 | - | - | |
| | 2021 | 5, 6d | (3,004) | - | - | - | 196,244 | - | - | |
| ▪ WWGI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | - | - | - | - | - | - | 2,061 | Unsecured; noninterest- bearing; due on demand; fully impaired |
| | 2022 | 5, 6e | - | - | - | - | - | - | 2,061 | |
| | 2021 | 5, 6e | - | - | - | - | - | - | 2,061 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 13,000 | |
| | 2022 | 5, 6f | - | - | - | - | - | - | 13,000 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | 13,000 | |
| ▪ MBI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | 64 | - | - | - | - | - | 4,814 | Unsecured; noninterest- bearing; due on demand; fully impaired |
| | 2022 | 5, 6e | - | - | - | - | - | - | 4,746 | |
| | 2021 | 5, 6e | - | - | - | - | - | - | 4,746 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 35,000 | |
| | 2022 | 5, 6f | - | - | - | - | - | - | 35,000 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | 35,000 | |
| ▪ WIHI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | 85 | - | - | - | - | - | 528 | Unsecured; noninterest- bearing; not impaired |
| | 2022 | 5, 6e | 58 | - | - | - | - | - | 444 | |
| | 2021 | 5, 6e | 64 | - | - | - | - | - | 386 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 125,000 | |
| | 2022 | 5, 6f | - | - | - | - | - | - | 125,000 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | 125,000 | |
| ▪ WPPHI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | 64 | - | - | - | - | - | 451 | Unsecured; noninterest- bearing; not impaired |
| | 2022 | 5, 6e | 58 | - | - | - | - | - | 387 | |
| | 2021 | 5, 6e | 279 | - | - | - | - | - | 329 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 90,620 | |
| | 2022 | 5, 6f | - | - | - | - | - | - | 90,620 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | 90,620 | |
| ▪ WCVI | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | 64 | - | - | - | - | - | 187 | Unsecured; noninterest- bearing; not impaired |
| | 2022 | 5, 6e | 57 | - | - | - | - | - | 122 | |
| | 2021 | 5, 6e | 65 | - | - | - | - | - | 65 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 100 | |
| | 2022 | 5, 6f | - | - | - | - | - | - | 100 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | 100 | |
| ▪ WFC | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | (5) | - | - | - | 5 | - | 1,937 | Unsecured; noninterest- bearing; due on demand; fully impaired |
| | 2022 | 5, 6e | - | - | - | - | - | - | 1,940 | |
| | 2021 | 5, 6e | - | - | - | - | - | - | 1,940 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 6,000 | |
| | 2022 | 5, 6f | - | - | - | - | - | - | 6,000 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | 6,000 | |
| ▪ WHMC | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6e | 90 | - | - | - | - | - | 99,030 | Unsecured; noninterest- bearing; due on demand; fully impaired |
| | 2022 | 5, 6e | - | - | - | - | - | - | 98,940 | |
| | 2021 | 5, 6e | - | - | - | - | - | - | 98,940 | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 204,253 | |
| | 2022 | 5, 6f | 204,253 | - | - | - | - | - | 204,253 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | - | |
| ▪ WHC | | | | | | | | | | |
| Advances and settlement | 2023 | 5, 6d | (8) | - | - | - | 4,835 | - | - | Unsecured; noninterest- bearing; due on demand |
| | 2022 | 5, 6d | 10 | - | - | - | 4,827 | - | - | |
| | 2021 | 5, 6d | 815 | - | - | - | 4,817 | - | - | |
| Deposit | 2023 | 5, 6f | - | - | - | - | - | - | 2,100,000 | |
| | 2022 | 5, 6f | 2,100,000 | - | - | - | - | - | 2,100,000 | |
| | 2021 | 5, 6f | - | - | - | - | - | - | - | |

Forward

| Category/ Transaction | Year | Note | Amount of the Transaction | Outstanding Balance | | | | | Advances and Deposits to Subsidiaries | Terms and Conditions |
|---------------------------------------|-------------|-------|---------------------------------|-----------------------------|-------------------|------------------------------------|------------------------|-----------------|--|---|
| | | | | Due from Related Parties | | Equity Securities - at FVOCI | Due to Related Parties | | | |
| | | | | Current | Non current | | Current | Non current | | |
| ▪ WPL Advances and settlement | 2023 | 5, 6d | P129 | P - | P - | P - | P194,383 | P - | P - | Unsecured; noninterest- bearing; due on demand |
| | 2022 | 5, 6d | (115) | - | - | - | 194,512 | - | - | |
| | 2021 | 5, 6d | (129) | - | - | - | 194,627 | - | - | |
| Allowance for impairment losses | 2023 | 6i | | (59,619) | - | - | - | - | (416,255) | |
| | 2022 | 6i | | (59,619) | - | - | - | - | (161,689) | |
| | 2021 | 6i | | (59,619) | - | - | - | - | (161,689) | |
| TOTAL | 2023 | | | P1,495,066 | P1,212,416 | P50,000 | P1,196,561 | P482,518 | P2,454,676 | |
| TOTAL | 2022 | | | P1,741,348 | P1,269,897 | P50,000 | P1,269,330 | P233,044 | P2,078,143 | |

a. Interest-bearing Advances to Related Parties

The Company granted interest-bearing advances to TWGI, PRC, CRDC and WPPC.

TWGI and PRC

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Company. These advances are due in one (1) year, subject to renewal. The advances to TWGI charge interest at 4% per annum in 2023 and 2022, while the advances to PRC charge interest at 2% per annum in 2023 and 2022. TWGI paid nil in 2023 and 2022, respectively, while PRC made no payments in 2023 and 2022.

In a Resolution dated February 5, 2015, the Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

On January 6, 2021, the Company, TWGI, PRC and PWRDC made amendments to the previously issued amended MOU to exclude PWRDC since its outstanding liability was already paid in full in 2020. All other terms and conditions shall remain unchanged.

As at December 31, 2023 and 2022, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P7.76 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

On December 9, 2019, WIHI and PRC entered into a Memorandum of Agreement (MOA) whereby PRC agreed to sell WIHI certain parcels of land to settle the advances as indicated in the MOU. In 2020, WIHI made partial payments amounting to P150.00 million for the purchase of certain parcels of land.

Interest receivable from TWGI amounted to P300.44 million and P277.87 million as at December 31, 2023 and 2022, respectively, while interest receivable from PRC amounted to P130.36 million and P119.71 million as at December 31, 2023 and 2022, respectively. Interest income recognized in the separate statement of comprehensive (loss) income amounted to P29.66 million, P28.71 million, P30.64 million in 2023, 2022 and 2021, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2023 and 2022.

CRDC

On December 21, 2015, the Company granted advances to CRDC with an interest of 2% per annum and maturity on December 21, 2020. At the end of 2020, the Company extended the maturity of the advances for a period of 5 years up to December 31, 2025 at an increased rate of 2.55% per annum.

On June 9, 2022, the Company granted additional advances to CRDC with an interest of 9% per annum and maturity on June 9, 2027.

Interest receivable from CRDC amounted to P100.65 million and P79.88 million as at December 31, 2023 and 2022, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Interest income recognized in the separate statement of comprehensive (loss) income amounted to P19.54 million, P26.88 million, P9.52 million in 2023, 2022 and 2021, respectively while accretion income amounted to nil in 2023, 2022 and 2021.

WPPC

On June 1, 2018, the Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021.

On December 31, 2018, the Company granted additional advances to WPPC amounting to P33.83 million for general corporate purposes which was also paid in 2019. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity. WPPC made no payment in 2022 and 2021.

In 2020, the Company extended the maturity of the advances for a period of 5 years up to December 21, 2025 at a decreased rate of 4% per annum.

Interest receivable from WPPC amounted to P153.48 million and P131.08 million as at December 31, 2023 and 2022, respectively. Interest income recognized in the separate statement of comprehensive (loss) income amounted to P20.00 million in 2023, 2022 and 2021.

b. Noninterest-bearing Advances to Related Parties

The Company granted noninterest-bearing advances to PWRDC, PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due and demandable at anytime.

PWRDC

On July 5, 2018, the Company granted noninterest-bearing, collateral-free advances to PWRDC which are due on demand. PWRDC paid the full amount in 2020.

PHES, FHC, PCIC and East Asia

The Company has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due on demand.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by TWGI, representing the majority stockholder.

c. Interest-bearing Advances from a Related Party

On June 1, 2018, the Company received advances from WCCCHI with an interest of 7.5% per annum and maturity on June 1, 2021. In 2021, WCCCHI extended the maturity of the advances for a period of 2.5 years up to December 31, 2023. Accrued interest payable to WCCCHI amounted to P227.03 million and P205.42 million as at December 31, 2023 and 2022, respectively. Interest expense related to the advances recognized in the separate statement of comprehensive (loss) income amounted to P19.30 million, P19.30 million and P42.00 million in 2023, 2022 and 2021, respectively.

d. Noninterest-bearing Advances from Related Parties

In the ordinary course of business, the Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes. The above advances are due and demandable at anytime.

e. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations (see Note 5).

f. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries has materialized (see Note 5).

g. Equity Securities - at Fair Value through Other Comprehensive Income (FVOCI)

The Company has investment in shares of stocks in WMPD amounting to P12.50 million consisting of 12.50 million shares with par value of P1.00 per share as at December 31, 2019. Additional investment was made in 2020 amounting to P37.50 million consisting of 37.50 million shares. This investment is measured at cost due to the lack of reliable estimates of unobserved inputs, less impairment, if any.

h. KMP

Currently, the Company is being managed by its subsidiaries' KMP. Hence, there is no key management compensation and benefits being recorded by the Company.

- i. Details of the allowance for impairment losses related to due from and advances to related parties are as follows:

| | 2023 | 2022 |
|------|---------------------|--------------|
| WHMC | P98,940,208 | P98,940,208 |
| TWGI | 59,619,429 | 59,619,429 |
| MBI | 39,746,418 | 39,746,418 |
| WWGI | 15,061,497 | 15,061,497 |
| WFC | 7,940,491 | 7,940,491 |
| | P221,308,043 | P221,308,043 |

The outstanding balances of related party transactions are generally settled in cash.

Total interest income on the abovementioned advances recognized in the separate statement of comprehensive (loss) income amounted to P69.20 million, P75.59 million and P60.16 million in 2023, 2022 and 2021, respectively.

7. Property and Equipment

Movements in this account are as follows:

| | <i>Note</i> | For the Year Ended December 31, 2023 | | |
|-------------------------------------|-------------|---|---|-------------------|
| | | Leasehold Improvements | Furniture, Fixtures and Equipment | Total |
| Cost | | P4,815,980 | P1,767,795 | P6,583,775 |
| Accumulated Depreciation | | | | |
| Beginning balance | | 4,815,980 | 1,767,795 | 6,583,775 |
| Depreciation | 10 | - | - | - |
| Ending balance | | 4,815,980 | 1,767,795 | 6,583,775 |
| Carrying Amount | | P - | P - | P - |

| | <i>Note</i> | For the Year Ended December 31, 2022 | | |
|--------------------------|-------------|---|---|------------|
| | | Leasehold Improvements | Furniture, Fixtures and Equipment | Total |
| Cost | | P4,815,980 | P1,767,795 | P6,583,775 |
| Accumulated Depreciation | | | | |
| Beginning balance | | 4,815,980 | 1,767,795 | 6,583,775 |
| Depreciation | 10 | - | - | - |
| Ending balance | | 4,815,980 | 1,767,795 | 6,583,775 |
| Carrying Amount | | P - | P - | P - |

8. Accrued Expenses and Other Payables

This account consists of:

| | <i>Note</i> | 2023 | 2022 |
|--------------------------------|-------------|---------------------|--------------|
| Accrued interest and penalties | 9 | P729,841,010 | P731,875,813 |
| Others | | 44,887,650 | 37,280,691 |
| | 14 | P774,728,660 | P769,156,504 |

9. Loans Payable

Social Security System Loan

On October 28, 1999, the Company obtained a 5-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a 1-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by Wellex Industries, Inc. (WII), a related party and by the assignment of 200 million common shares of the Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Company owned by TWGI and shares of stock of WII totaling 235 million and 80 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Company for the collection of the total outstanding loan obligation before the Regional Trial Court (RTC) of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond was posted. Thus on September 16, 2004 and September 17, 2004, the Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of 15 days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of 30 days within which to post the said property bond. On March 7, 2005, the Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Company's petition and granted SSS the 30 days extension to post the said attachment bond. Accordingly, on August 25, 2005, the Company filed a Motion for Reconsideration (MR).

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

On February 22, 2006, the CA granted the Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

The Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Company only on February 27, 2017 after the specified time of the meeting. The Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the CA rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021 the SC rendered a favorable decision in favor of the Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999 to June 30, 2013, and 6% legal interest from July 1, 2013 until full payment; and

- SSS to return to the Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013 until full payment.

As a result of the SC decision, the Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as “Reversal of accrual” in the separate statement comprehensive (loss) income.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. On May 4, 2022, The Company filed a Comment to Respondent’s Motion for Reconsideration with Motion to Admit.

On September 21, 2022, the SC issued a resolution denying SSS’ Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company is hereby ordered to:

- a. submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
- b. provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. submit a report to the trial court on each party's compliance with the execution of the SC decision.

On March 13, 2023, the Company filed a motion praying to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by the Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule of Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision. As at date of the issuance of the separate financial statements, the RTC of Quezon City and the SSS has yet to comment on the motion.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2023 and 2022. Interest expense related to the SSS loan recognized in the separate statement of comprehensive (loss) income amounted to nil in 2023 and P20.63 million in 2022 and 2021. Accrued interest and penalties presented under “Accrued expenses and other payables” account in the separate statement of financial position amounted to P729.84 million and P731.88 million as at December 31, 2023 and 2022, respectively (see Note 8).

10. Other General and Administrative Expenses

This account consists of:

| | <i>Note</i> | 2023 | 2022 | 2021 |
|--------------|-------------|--------------------|------------|------------|
| Depreciation | 7 | P - | P - | P183,991 |
| Others | | 11,882,934 | 8,406,205 | 8,344,006 |
| | | P11,882,934 | P8,406,205 | P8,527,997 |

Others include expenses on employees' allowances, postal services and other miscellaneous expenses.

11. Income Taxes

The Company's current income tax expense in 2023, 2022 and 2021 represents regular corporate income tax being the higher amount compared to minimum corporate income tax.

The components of the income tax benefit are as follows:

| | 2023 | 2022 | 2021 |
|-------------------------------------|-------------------|--------------|----------------|
| Recognized in Profit or Loss | | | |
| Current tax expense: | | | |
| Current year | P1,038,834 | P755,924 | P3,893,711 |
| Impact of change in tax rate | - | - | (431,406) |
| | 1,038,834 | 755,924 | 3,462,305 |
| Deferred tax benefit: | | | |
| Current year | - | (5,158,245) | (117,829,760) |
| Impact of change in tax rate | - | - | 11,996,190 |
| | - | (5,158,245) | (105,833,570) |
| | P1,038,834 | (P4,402,321) | (P102,371,265) |

The reconciliation of the income tax benefit computed at the statutory tax rate to the actual income tax benefit presented in the separate statement of comprehensive (loss) income is as follows:

| | 2023 | 2022 | 2021 |
|---|-----------------------|---------------|----------------|
| (Loss) income before income tax benefit | (P258,866,124) | (P95,934,118) | P409,178,796 |
| Statutory tax rate for income tax expense | 25.00% | 25.00% | 25.00% |
| Income tax (benefit) expense | (P64,716,531) | (P23,983,530) | P102,294,699 |
| Additions to (reductions in) income tax resulting from the tax effects of: | | | |
| Unrecognized deferred tax | 61,570,788 | 19,368,174 | - |
| Nondeductible expenses | 4,202,555 | 218,494 | 358,175 |
| Income not subjected to income tax | (17,978) | (5,459) | (103,917,408) |
| Change in tax rate | - | - | 11,564,784 |
| Recognition of previously unrecognized deferred tax asset on accrued interest | - | - | (112,671,515) |
| | P1,038,834 | (P4,402,321) | (P102,371,265) |

On March 26, 2021, the President of the Philippines approved the Corporate Recovery and Tax Incentives for Enterprises or CREATE Act, with nine provisions vetoed by the President. Below are the salient feature of the CREATE Act that is relevant to the Company.

- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020; and
- Minimum corporate income tax rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

On April 8, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing Revenue Regulations (RR) that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act (R.A.) No. 11534, or the CREATE Act, to the National Internal Revenue Code (NIRC) of 1997, As Amended, Relative to the Final Tax on Certain Passive Income;*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of R.A. No. 11534, Otherwise Known as the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended;*
- BIR RR No. 4-2021, *Implementing the Provisions on VAT and Percentage Tax Under R.A. No. 11534, Otherwise Known as the CREATE Act, Which Further Amended the NIRC of 1997, As Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended; and*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to R.A. No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997, As Amended.*

The corporate income tax rate was lowered from 30% to 25% for large corporations on which the Company qualified, effective July 1, 2020.

The deferred tax asset recognized as at December 31, 2023 and 2022 amounting to P182.97 million and P182.97 million, respectively, pertains to the tax effect on the accrued interest expense (see Notes 8 and 9).

12. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Company the right to provide venue for land-based casinos. By virtue of this right, the Company's subsidiaries, namely WCCCHI and WMCHI, have existing lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The leases were renewed on February 15, 2018, for a period of 1 year. On May 29, 2019, the leases were further renewed until the year 2032.

In 2008, the Company file an application for a license of its planned integrated resort, *Grand Waterfront Casino and Hotel*, in Expo Pilipino Entertainment City, commonly known as Entertainment City.

However, PAGCOR failed to respond to the application, and the Company filed legal action in 2015 which Manila RTC ruled in favor of the Company. In 2018, CA upheld the decision, and it ordered PAGCOR to issue the Company a license similar to that of the integrated resorts currently existing in Entertainment City.

In February 2020, the Supreme Court denied the petition of PAGCOR for review and in October 2020, the Company received the notice that the decision has become final and executory.

13. Equity

Capital Stock

Details of capital stock as at December 31, 2023 and 2022 are as follows:

| | Number of Common Shares | Amount |
|------------------------------------|--|-----------------------|
| Authorized capital stock: | | |
| Common shares at P1 par value each | 5,000,000,000 | P5,000,000,000 |
| Issued and outstanding | 2,498,991,753 | P2,498,991,753 |

A summary of the Company's securities registration is as follows:

| Date of Registration/Listing | Securities |
|---|--|
| March 17, 1995 (Initial Public Offering) | 112.50 million shares On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Company to P450.00 million divided into 450 million shares with a par value of P1 per share, out of which, 337.50 million shares were already subscribed. |
| April 18, 1996 | 944.97 million shares On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Company to P2.00 billion divided into 2 billion shares with a par value of P1 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project. |
| December 15, 1999 | 888.47 million shares On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Company to P5.00 billion divided into 5 billion shares with a par value of P1 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Company with an offer price of P2.03 per share. |

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Company to P10.00 billion with 10 billion shares at par value of P1 per share. This resolution was ratified by the Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Company. As at December 31, 2022, the Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

The Company has not sold any unregistered securities for the past 3 years. As at December 31, 2023 and 2022, the Company has 2.50 billion shares listed on the PSE and has a total of 429 shareholders and 431 shareholders, respectively.

Capital Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Company's overall strategy remains unchanged from 2023 and 2022.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2023 and 2022.

For purposes of the Company's capital management, capital includes all equity items that are presented in the separate statement of changes in equity.

The Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the Omnibus Loan and Security Agreement (the Agreement) (see Note 16). Breaches in meeting the financial covenants would permit the bank to immediately call the loans. As at December 31, 2023 and 2022, the Company did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement (see Note 16).

14. Financial Instruments - Fair Values and Risk Management

Risk Management Structure

BOD

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Company's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash in bank, advances to subsidiaries, due from related parties, equity securities - at FVOCI, accrued expenses and other payables, loan payable and due to related parties. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Company are credit risk and liquidity risk. The Company's management reviews and approves policies for managing each of these risks, which are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from related parties. There has been no change to the Company's exposure to credit risks or the manner in which it manages and measures the risk since prior financial year.

The table below shows the credit quality of the Company's financial assets based on their historical experience with the corresponding debtors and subsidiaries (in thousands):

| | 2023 | | | |
|-----------------------|--------------------------|-------------------------|---|---|
| | At Amortized Cost | | | |
| | FVOCI | 12-month ECL | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |
| Grade A | P50,000 | P3,433,598 | P - | P - |
| Grade B | - | 2,047,888 | - | - |
| Grade C | - | 221,311 | - | - |
| Gross carrying amount | 50,000 | 5,702,797 | - | - |
| Loss allowance | - | 221,311 | - | - |
| Carrying amount | 50,000 | P5,481,486 | P - | P - |

| | 2022 | | | |
|-----------------------|--------------------------|-------------------------|---|---|
| | At Amortized Cost | | | |
| | FVOCI | 12-month ECL | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |
| Grade A | P50,000 | P3,411,269 | P - | P - |
| Grade B | - | 2,372,423 | - | - |
| Grade C | - | 221,311 | - | - |
| Gross carrying amount | 50,000 | 6,005,003 | - | - |
| Loss allowance | - | 221,311 | - | - |
| Carrying amount | P50,000 | P5,783,692 | P - | P - |

The credit grades used by the Company in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the separate statement of financial position (or in the detailed analysis provided in the notes to the separate financial statements), as summarized below:

| | Note | 2023 | 2022 |
|------------------------------|-------------|-----------------------|----------------|
| Cash in bank | 4 | P64,764,063 | P64,306,188 |
| Advances to subsidiaries | 5 | 2,870,931,926 | 2,869,833,177 |
| Due from related parties | 6 | 2,767,101,320 | 3,070,864,347 |
| Equity securities - at FVOCI | 6 | 50,000,000 | 50,000,000 |
| | | P5,752,797,309 | P6,055,003,712 |

Except for the impaired advances to subsidiaries amounting to P161.69 million and due from related parties amounting to P59.62 million, management believes that all its financial assets are of standard grade and of good credit quality. Standard grade financial assets are those past due but not impaired receivables and with fair collection status. This category includes credit grades 4-5. The standard grade category includes those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

The following table summarizes the aging and credit quality of the Company's financial assets as at December 31 (in thousands):

| 2023 | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | Impaired |
|------------------------------|-------------------|--------------------------------------|----------------------------------|---------------------|---------------------|--------------------|-----------------|
| | | | <30 Days | 31 - 60 Days | 61 - 90 Days | >90 Days | |
| Cash in bank | P64,764 | P64,764 | P - | P - | P - | P - | P - |
| Advances to subsidiaries | 2,870,932 | 2,709,241 | - | - | - | - | 161,691 |
| Due from related parties | 2,767,101 | 659,593 | - | - | - | 2,047,888 | 59,620 |
| Equity securities - at FVOCI | 50,000 | 50,000 | - | - | - | - | - |
| | P5,752,798 | P5,531,487 | P - | P - | P - | P - | P221,311 |

| 2022 | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | Impaired |
|------------------------------|--------------|--------------------------------------|----------------------------------|---------------------|---------------------|--------------------|-----------------|
| | | | <30 Days | 31 - 60 Days | 61 - 90 Days | >90 Days | |
| Cash in bank | P64,306 | P64,306 | P - | P - | P - | P - | P - |
| Advances to subsidiaries | 2,869,833 | 2,708,142 | - | - | - | - | 161,691 |
| Due from related parties | 3,070,864 | 638,821 | - | - | - | 2,372,423 | 59,620 |
| Equity securities - at FVOCI | 50,000 | 50,000 | - | - | - | - | - |
| | P6,055,003 | P5,833,692 | P - | P - | P - | P - | P221,311 |

Allowance for impairment losses of P221.31 million on the Company's advances to subsidiaries and due from related parties was recognized by the Company as at December 31, 2023 and 2022, respectively (see Notes 5 and 6).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding. The Company's exposure to liquidity risk arises primarily from mismatches of the financial assets and financial liabilities. There has been no change to the Company's exposure to liquidity risks or the manner in which it manages and measures the risk since prior financial year.

The Company monitors and maintains a level of cash deemed adequate by the management to finance its activities. Additional short-term funding is obtained from related party advances and bank loans, when necessary.

The financial liabilities of the Company at the reporting date include accrued expenses and other payables, current portion of due to related parties and loan payable which are all short-term in nature and are payable within one (1) year from the reporting date. In order to meet its maturing financial obligations, the Company will use the cash collections from its related parties.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, based on contractual undiscounted payments (in thousands):

| 2023 | Note | Total Carrying Amount | Contractual Undiscounted Payments | | | | |
|-------------------------------------|------|-----------------------|-----------------------------------|-------------------|-----------------|-------------------|------------|
| | | | Total | On Demand | < 1 Year | 1 to 5 Years | > 5 Years |
| Accrued expenses and other payables | 8 | P774,729 | P774,729 | P781,807 | P - | P - | P - |
| Loan payable | 9 | 3,150,000 | 3,150,000 | 375,000 | 340,000 | 2,435,000 | - |
| Due to related parties | 6 | 1,679,079 | 1,679,079 | 1,679,079 | - | - | - |
| | | P5,603,808 | P5,603,808 | P2,828,808 | P340,000 | P2,435,000 | P - |

Excluding statutory payables

| 2022 | Note | Total Carrying Amount | Contractual Undiscounted Payments | | | | |
|-------------------------------------|------|-----------------------|-----------------------------------|-------------------|-----------------|--------------|------------|
| | | | Total | On Demand | < 1 Year | 1 to 5 Years | > 5 Years |
| Accrued expenses and other payables | 8 | P769,157 | P769,157 | P769,157 | P - | P - | P - |
| Loan payable | 9,16 | 3,370,000 | 3,370,000 | 3,370,000 | - | - | - |
| Due to related parties | 6 | 1,502,374 | 1,502,374 | 942,350 | 560,024 | - | - |
| | | P5,641,531 | P5,641,531 | P5,081,507 | P560,024 | P - | P - |

Fair Value of Financial Instruments

The carrying amount of cash, advances to subsidiaries, noninterest-bearing due from related parties, accrued expenses and other payables and due to related parties approximate their fair values due to the short-term maturity of these instruments.

The equity securities - at FVOCI are not actively traded in organized financial markets, thus, its fair value cannot be determined reliably. In effect, the investment is carried at cost less impairment loss, if any.

The fair value of interest-bearing due from related parties and loan payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date, thus, the carrying amount approximates fair value.

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at December 31, 2023 and 2022 (in thousands):

| | 2023 | | 2022 | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Carrying Amounts | Fair Values | Carrying Amounts | Fair Values |
| Financial Assets | | | | |
| Cash in bank | P64,764 | P64,764 | P64,306 | P64,306 |
| Advances to subsidiaries - net | 2,709,241 | 2,709,241 | 2,708,142 | 2,708,142 |
| Due from related parties - net | 2,707,482 | 2,707,482 | 50,000 | 50,000 |
| Equity securities - at FVOCI | 50,000 | 50,000 | 3,011,244 | 3,011,244 |
| | P5,531,487 | P5,531,487 | P5,833,692 | P5,833,692 |

| | 2023 | | 2022 | |
|-------------------------------------|-------------------|-------------------|------------------|-------------|
| | Carrying Amounts | Fair Values | Carrying Amounts | Fair Values |
| Financial Liabilities | | | | |
| Accrued expenses and other payables | P774,729 | P774,729 | P769,157 | P769,157 |
| Loan payable | 3,150,000 | 3,150,000 | 3,370,000 | 3,370,000 |
| Due to related parties | 1,679,079 | 1,679,079 | 1,502,374 | 1,502,374 |
| | P5,603,808 | P5,123,528 | P5,641,531 | P5,641,531 |

Excluding statutory payables

The approximation of the fair values of the Company's financial assets and liabilities are based on Level 3, except for equity securities - at FVOCI which is based on Level 1 of the fair value hierarchy.

15. BIR Assessment

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

On December 8, 2009, the Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

The Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only.

Management and its legal counsels believe that the position of the Company is sustainable, and accordingly, believe that the Company does not have a present obligation (legal or constructive) with respect to the assessment.

Subsequently, the Company received on February 14, 2023, a notice dated December 7, 2022, whereby the SC required the Company and the BIR to submit their respective memoranda. On March 15, 2023, the Company submitted its memorandum to the SC.

As at the date of the authorization for issue of the separate financial statements, the Company is still awaiting SC's decision.

16. Omnibus Loan and Security Agreement

Original Loan Agreement

On December 21, 2017, the Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with Philippine Bank of Communications (PBCOM) for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion.

The Loan Facilities consists of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) six (6) months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of 42 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of 70 hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by Mactan Cebu International Airport Authority (MCIAA) on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

1. Debt to Equity Ratio of not higher than 2.5:1;
2. Debt Service Coverage Ratio of at least 1.25x;
3. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations; and
4. Negative covenants which prohibit each of the Borrowers to:
 - Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;
 - Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;
 - Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;
 - Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);
 - File any legal action to question any corporate act or transaction;
 - Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and
 - Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

All drawdowns from the Loan Facilities (2017) were fully paid as of December 31, 2023 and 2022.

Supplemental Loan Agreement

On March 22, 2022, the Borrowers entered into a Supplemental Loan Agreement to the Agreement with PBCOM granting the Borrowers additional multiple loan facilities (the New Loan Facilities) for the following purposes: (1) refinancing the outstanding loan obligation; (2) payment of any and all fees, stamps, and other taxes to the execution and delivery of the loan documents in order to implement the refinancing; and, (3) general corporate requirements, in the maximum aggregate amount of P3.05 billion.

The New Loan Facilities are secured by the chattel and real estate mortgages and other security interests under the Agreement as well as the following: additional chattel and real mortgages over various operating assets of WMCHI; pledge of movable assets consisting of machinery and equipment owned by WCCCHI, WMCHI and DIHCI; new chattel and real estate mortgages over various operating assets of CRDC and PRC; assignment over leasehold rights on the land owned by MCIAA on which WMCHI stands; pledge of shares of stocks representing ownership of the Company in WCCCHI, WMCHI and DIHCI; assignment of all rental receivables of WCCCHI and WMCHI from PAGCOR; and assignment of the cash collateral peso-denominated interest-bearing account Debt Service Reserve Account.

Each of the Borrowers are required to comply the same covenants set forth under the Agreement.

The New Loan Facilities consists of the following:

New Facility 1 - represents secured term loan facility in the amount of P550.00 million to re-finance the payment of the Facility 3 of the Original Loan Agreement available through maximum of two (2) drawdowns within September 2022 with term of 30 months from the initial drawdown date. The loan principal for this facility is payable in equal monthly installments to commence one month from the drawdown date. Interest is charged at the higher of three (3)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

New Facility 2 - represents secured term loan facility in the amount of P1.00 billion available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 3 - represents secured term loan facility in the amount of P600.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 4 - represents secured term loan facility in the amount of P900.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

The loan principals for New Facilities 2, 3 and 4 are payable on equal monthly installments to commence at the end of twenty-fourth (24th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of five (5)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

All drawdowns were made by the Company. As at December 31, 2023, the Company did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. While there was such non-compliance, the Agreement provides a process including notifications between the Company and PBCOM prior to a declaration of default. In relation to this, the Company notified PBCOM of the said breach which was subsequently waived by the latter. Thus, the noted breach did not result in an event of default and did not have the effect of rendering the loans immediately due and demandable.

The outstanding balances of the loans under the Loan Facilities are presented in the financial position of the Company as follows:

| Loan Facility | Current Portion | Noncurrent Portion | Outstanding Balance |
|----------------------|------------------------|---------------------------|----------------------------|
| New Facility 1 | P220,000,000 | P55,000,000 | P275,000,000 |
| New Facility 2 | 48,000,000 | 952,000,000 | 1,000,000,000 |
| New Facility 3 | 28,800,000 | 571,200,000 | 600,000,000 |
| New Facility 4 | 43,200,000 | 856,800,000 | 900,000,000 |
| | P340,000,000 | P2,435,000,000 | P2,775,000,000 |

The drawdowns and payments made by the Company under the New Loan Facilities are presented below:

2023

| Loan Facility | Drawdown Date | Maturity Date | Payment Terms | Monthly Amortization | Principal | Principal Payments | Outstanding Balance |
|----------------|---------------|---------------|---------------|-----------------------|-----------------------|---------------------|-----------------------|
| New Facility 1 | 9/13/2022 | 3/13/2025 | 30 months | P18,333,333.33 | P495,000,000 | P275,000,000 | P275,000,000 |
| New Facility 2 | 6/16/2022 | 6/4/2027 | 60 months | 8,000,000 | 1,000,000,000 | - | 1,000,000,000 |
| New Facility 3 | 6/6/2022 | 6/4/2027 | 60 months | 4,800,000 | 600,000,000 | - | 600,000,000 |
| New Facility 4 | 6/8/2022 | 6/4/2027 | 60 months | 7,200,000 | 900,000,000 | - | 900,000,000 |
| | | | | | P2,995,000,000 | P275,000,000 | P2,775,000,000 |

2022

| Loan Facility | Drawdown Date | Maturity Date | Payment Terms | Monthly Amortization | Principal | Principal Payments | Outstanding Balance |
|----------------|---------------|---------------|---------------|----------------------|-----------------------|--------------------|-----------------------|
| New Facility 1 | 9/13/2022 | 3/13/2025 | 30 months | P18,333,333 | P550,000,000 | P55,000,000 | P495,000,000 |
| New Facility 2 | 6/16/2022 | 6/4/2027 | 60 months | 8,000,000 | 1,000,000,000 | - | 1,000,000,000 |
| New Facility 3 | 6/6/2022 | 6/4/2027 | 60 months | 4,800,000 | 600,000,000 | - | 600,000,000 |
| New Facility 4 | 6/8/2022 | 6/4/2027 | 60 months | 7,200,000 | 900,000,000 | - | 900,000,000 |
| | | | | | P3,050,000,000 | P55,000,000 | P2,995,000,000 |

Total interest incurred by the Company arising for the New Loan Facilities amounted to P274.714 million in 2023.

17. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements.

Adoption of Amendments to Standards and Interpretations

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of amendments to standards and interpretations as part of PRFS. The following standard is relevant to the Company and has been adopted starting January 1, 2023. Unless otherwise stated, the adoption of the amendments did not have a material effect to the financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

- The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.
- *Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from January 1, 2023.

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

Standards Issued but Not Yet Adopted

A number of amended standards are effective for annual periods beginning after January 1, 2023 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these are expected to have a significant effect on the financial statements.

The Company will adopt the following amended standards on the respective effective dates:

Effective January 1, 2024

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases). The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Effective January 1, 2025

- PFRS 17 Insurance Contracts replaces the interim standard, PFRS 4 Insurance Contracts. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.
- Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 Financial Instruments on or before the date of initial application of PFRS 17.

Financial Instruments

Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Debt Instruments

Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Included in this category are the Company's cash in bank, advances to subsidiaries, and due from related parties.

FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

There is no financial asset that is a debt instrument measured at FVOCI as at December 31, 2023 and 2022.

FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2023 and 2022.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations*, applies. This election is made on an instrument-by-instrument basis.

Included in this category are the Company's equity securities - at FVOCI.

Equity Securities - at FVOCI

Equity securities - at FVOCI are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. Changes in the fair value of such assets are accounted for as other comprehensive income (OCI) and included in the fund balance. These financial assets are classified as noncurrent assets unless there is intention to dispose of such assets within 12 months from the reporting date.

The fair value of equity securities - at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business of the reporting date. For equity securities - at FVOCI where there is no active market, fair value is determined using valuation techniques. However, when fair value cannot be determined reliably, the investment is accounted for at cost less impairment loss, if any.

The Company's financial assets measured at FVOCI pertain to equity securities carried at cost.

Equity securities at cost represent investment holdings that the Company originally intended to hold for long-term strategic purposes. The Company recognized this investment at cost because these investments do not have a quoted market price in an active market, and its fair value cannot be measured reliably. An assessment for impairment is undertaken at least each reporting date whether or not there is objective evidence that the financial asset is impaired.

Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Company's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instruments. This includes assessing whether the financial asset contains contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified asset.

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial Liabilities

Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

As at December 31, 2023 and 2022, other financial liabilities at amortized cost include accrued expenses and other payables, due to related parties and loan payable (see Notes 6, 8 and 9). There are no financial liabilities measured at FVTPL.

Derecognition of Financial Instruments

Financial Asset

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the separate statement of financial position.

As at December 31, 2023 and 2022, only due to/from related party transactions were offset in the separate financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the market values, being the estimated amount for which assets could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Impairment of Financial Assets

At the date of initial application of PFRS 9, the Company uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application. Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECL are discounted at the effective interest rate of the financial assets.

Credit-impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Presentation of Allowance for ECL in the Separate Statement of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt investments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Investments in Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity if, and only if, the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 3 elements of control.

The Company carries its investments in shares of stock of its subsidiaries under the cost method of accounting for investments. Under this method, investments are carried at cost less impairment losses. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Measurement at Recognition

Upon recognition, items of property and equipment are measured at cost which comprises the purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Recognition

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent Costs

Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of furniture, fixtures and equipment ranging from 5 to ten (10) years. Leasehold improvements are depreciated using the straight-line method over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

The estimated useful lives and the depreciation method are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use, no further charges for depreciation are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of the Company's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses on assets recognized at cost are recognized in the profit or loss. However, impairment losses on revalued assets are recognized in the statement of changes in equity as a reduction of revaluation surplus to the extent that the impairment losses do not exceed the amount in the revaluation surplus.

The recoverable amount is the higher of the asset's fair value less costs of disposal and value-in-use (VIU). Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the carrying amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Equity

Capital stock is classified as equity and is determined using the nominal value of share that have been issued. Capital stock is recognized at par value for all issued shares. Consideration received in excess of par value is recognized as additional paid-in capital net of incremental costs that are directly attributable to the issuance of new shares.

Accumulated deficit includes accumulated results of operations as reported in the separate statement of comprehensive (loss) income less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Revenue Recognition

Revenue from Contracts with Customers

The Company's business is primarily engaged in holding equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

Interest income is recognized as it accrues using the effective interest method.

Miscellaneous Income

Other Income is recognized when earned.

Determination of whether the Company is Acting as a Principal or an Agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the goods and services;
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Company has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Company assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Expense Recognition

Expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

Income Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that they relate to items recognized in equity or OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if and only if it has a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the separate financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the End of the Reporting Date

The Company identifies post-year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any post-year-end events that provide additional information about the Company's separate financial position or performance at the end of a reporting period (adjusting events) are recognized in the separate financial statements. Events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

18. Supplementary Information Required Under RR No. 15-2010 of the BIR

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the basic separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. The following are the supplementary tax information required for the taxable year ended December 31, 2023.

A. Withholding Taxes

During the year, the Company withheld expanded withholding tax amounting to P3,338,834.

B. All Other Taxes (Local and National)

***Other taxes paid during the year recognized as
"Taxes and licenses" under General and
Administrative Expenses***

| | |
|------------------------|--------------------------------|
| Gross receipt tax | P13,734,735 |
| License and other fees | 168,920 |
| Documentary stamp tax | 12,767 |
| | <hr/> P13,916,422 <hr/> |

C. Deficiency Tax Assessments

As at December 31, 2023, the Company is still awaiting SC's decision on its appeal related to the VAT assessment for taxable year 2006.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

| | |
|-------------------------------------|---------------------------------------|
| TIN | : 003-978-254-000 |
| Name | : WATERFRONT PHILIPPINES INCORPORATED |
| RDO | : 080 |
| Form Type | : 1702 |
| Reference No. | : 462400059478422 |
| Amount Payable (Over Remittance) | : -1,392,767.00 |
| Accounting Type | : C - Calendar |
| For Tax Period | : 12/31/2023 |
| Date Filed | : 04/30/2024 |
| Tax Type | : IT |



Republic of the Philippines
 Department of Finance
 Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

| | | | | | |
|--|--|--|--|---|--|
| BIR Form No. 1702-RT January 2018(ENCS) Page 1 | | Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i> | | 1702-RT 01/18ENCS P1 | |
| 1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal | 3 Amended Return? <input type="radio"/> Yes <input type="radio"/> No | 4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No | 5 Alphanumeric Tax Code (ATC) | | |
| 2 Year Ended (MM/20YY) 12/2023 | | | IC055 <input type="checkbox"/> Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> | | |
| | | | | IC010 <input checked="" type="checkbox"/> DOMESTIC CORPORATION IN GENERAL <input checked="" type="checkbox"/> | |

| Part I - Background Information | | | | | |
|---|-----------------------|------------|---------------------------------|------------|--|
| 6 Taxpayer Identification Number (TIN) | 003 - 978 - 254 - 000 | 7 RDO Code | 080 | | |
| 8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) | | | | | |
| WATERFRONT PHILIPPINES INCORPORATED | | | | | |
| 9A Registered Address (Indicate complete registered address) | | | | | |
| IPT BLDG.PRE-DEP AREA MCIAA MACTAN LAPULAPU CITY | | | | | |
| 9B Zipcode 6015 | | | | | |
| 10 Date of Incorporation/Organization (MM/DD/YYYY) | | | | 09/23/1994 | |
| 11 Contact Number | | | 12 Email Address | | |
| 3404888 | | | p.maambong@waterfronthotels.net | | |

13 Method of Deductions Itemized Deductions [Section 34 (A-J), NIRC] Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

| Part II - Total Tax Payable | | (Do NOT enter Centavos) |
|--|---|-------------------------|
| 14 Total Income Tax Due (Overpayment) (From Part IV Item 43) | | 1,038,834 |
| 15 Less: Total Tax Credits/Payments (From Part IV Item 55) | | 2,431,601 |
| 16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56) | | (1,392,767) |
| Add Penalties | | |
| 17 Surcharge | 0 | |
| 18 Interest | 0 | |
| 19 Compromise | 0 | |
| 20 Total Penalties (Sum of Items 17 to 19) | 0 | |
| 21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20) | | (1,392,767) |
| If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) | | |
| <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="radio"/> To be carried over as tax credit next year/quarter | | |

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)

| | | | | |
|--|-----|--|-----|--------------------------|
| Signature over printed name of President/Principal Officer/Authorized Representative | | Signature over printed name of Treasurer/Assistant Treasurer | | 22 Number of Attachments |
| Title of Signatory | TIN | Title of Signatory | TIN | 4 |

| Part III - Details of Payment | | | | |
|-------------------------------|--------------------|--------|-------------------|--------|
| Particulars | Drawee Bank/Agency | Number | Date (MM/DD/YYYY) | Amount |
| 23 Cash/Bank Debit Memo | | | | 0 |
| 24 Check | | | | 0 |
| 25 Tax Debit Memo | | | | 0 |
| 26 Others (Specify Below) | | | | 0 |

| | |
|---|--|
| Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank) | Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial) |
|---|--|

| | |
|---|-------------------------------------|
| Taxpayer Identification Number (TIN) | Registered Name |
| 003 - 978 - 254 - 000 | WATERFRONT PHILIPPINES INCORPORATED |

| Part IV - Computation of Tax (Do NOT enter Centavos) | |
|---|------------|
| 27 Sales/Receipts/Revenues/Fees | 80,424,661 |
| 28 Less: Sales Returns, Allowances and Discounts | 0 |
| 29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28) | 80,424,661 |
| 30 Less: Cost of Sales/Services | 0 |
| 31 Gross Income from Operation (Item 29 Less Item 30) | 80,424,661 |
| 32 Add: Other Taxable Income Not Subjected to Final Tax | 0 |
| 33 Total Taxable Income (Sum of Items 31 and 32) | 80,424,661 |

| | |
|---|-------------|
| Less: Deductions Allowable under Existing Law | |
| 34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18) | 322,552,476 |
| 35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5) | 0 |
| 36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8) | 0 |
| 37 Total Deductions (Sum of Items 34 to 36) | 322,552,476 |

| | |
|---|---|
| OR [in case taxable under Sec 27(A) & 28(A)(1)] | |
| 38 Optional Standard Deduction (40% of Item 33) | 0 |

| | |
|--|---------------|
| 39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38) | (242,127,815) |
|--|---------------|

| | |
|-------------------------------|-----|
| 40 Applicable Income Tax Rate | 25% |
|-------------------------------|-----|

| | |
|--|---|
| 41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40) | 0 |
|--|---|

| | |
|-----------------------------|-----------|
| 42 MCIT Due (2% of Item 33) | 1,038,834 |
|-----------------------------|-----------|

| | |
|--|-----------|
| 43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14) | 1,038,834 |
|--|-----------|

| | |
|--|-----------|
| Less: Tax Credits/Payments (attach proof) | |
| 44 Prior Year's Excess Credits Other Than MCIT | 715,058 |
| 45 Income Tax Payment under MCIT from Previous Quarter/s | 0 |
| 46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s | 0 |
| 47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4) | 0 |
| 48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307 | 1,248,405 |
| 49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter | 468,138 |
| 50 Foreign Tax Credits, if applicable | 0 |
| 51 Tax Paid in Return Previously Filed, if this is an Amended Return | 0 |
| 52 Special Tax Credits (To Part V Item 58) | 0 |
| Other Credits/Payments (Specify) | |
| 53 | 0 |
| 54 | 0 |

| | |
|--|-----------|
| 55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15) | 2,431,601 |
|--|-----------|

| | |
|--|-------------|
| 56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16) | (1,392,767) |
|--|-------------|

| Part V - Tax Relief Availment | |
|--|---|
| 57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate) | 0 |
| 58 Add: Special Tax Credits (From Part IV Item 52) | 0 |
| 59 Total Tax Relief Availment (Sum of Items 57 and 58) | 0 |

| | |
|---|-------------------------------------|
| Taxpayer Identification Number (TIN) | Registered Name |
| 003 978 254 000 | WATERFRONT PHILIPPINES INCORPORATED |

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

| | |
|--|-------------|
| 1 Amortizations | 0 |
| 2 Bad Debts | 0 |
| 3 Charitable Contributions | 0 |
| 4 Depletion | 0 |
| 5 Depreciation | 0 |
| 6 Entertainment, Amusement and Recreation | 0 |
| 7 Fringe Benefits | 0 |
| 8 Interest | 294,026,527 |
| 9 Losses | 0 |
| 10 Pension Trust | 0 |
| 11 Rental | 0 |
| 12 Research and Development | 0 |
| 13 Salaries, Wages and Allowances | 8,489,160 |
| 14 SSS, GSIS, Philhealth, HDMF and Other Contributions | 0 |
| 15 Taxes and Licenses | 13,916,422 |
| 16 Transportation and Travel | 2,282,970 |
| 17 Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below; Add additional sheet(s), if necessary]</i> | |
| a Janitorial and Messengerial Services | 0 |
| b Professional Fees | 1,892,944 |
| c Security Services | 0 |
| d MISCELLANEOUS | 832,461 |
| e MANAGEMENT AND CONSULTANCY FEES | 540,000 |
| f OTHER OUTSIDE SERVICES | 549,867 |
| g MEETING EXPENSES | 15,000 |
| h SUPPLIES | 6,905 |
| i COMMUNICATION | 220 |
| ☺ | |
| 18 Total Ordinary Allowable Itemized Deductions <i>(Sum of Items 1 to 17) (To Part IV Item 34)</i> | |
| 322,552,476 | |

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

| Description | Legal Basis | Amount |
|--|-------------|--------|
| 1 | | 0 |
| 2 | | 0 |
| 3 | | 0 |
| 4 | | 0 |
| ☺ | | |
| 5 Total Special Allowable Itemized Deductions <i>(Sum of Items 1 to 4) (To Part IV Item 35)</i> | | 0 |

| | |
|---|-------------------------------------|
| Taxpayer Identification Number (TIN) | Registered Name |
| 003 -978 -254 -000 | WATERFRONT PHILIPPINES INCORPORATED |

| Schedule III - Computation of Net Operating Loss Carry Over (NOLCO) | |
|--|---------------|
| 1 Gross Income (From Part IV Item 33) | 80,424,661 |
| 2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18) | 322,552,476 |
| 3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A) | (242,127,815) |

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down: 50 or more round up)

| Net Operating Loss | | B) NOLCO Applied Previous Year |
|--------------------|-------------|--------------------------------|
| Year Incurred | A) Amount | |
| 4 2023 | 242,127,815 | 0 |
| 5 2022 | 74,449,001 | 0 |
| 6 | 0 | 0 |
| 7 | 0 | 0 |

Continuation of Schedule IIIA (Item numbers continue from table above)

| C) NOLCO Expired | D) NOLCO Applied Current Year | E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)] |
|---|-------------------------------|---|
| 4 0 | 0 | 242,127,815 |
| 5 0 | 0 | 74,449,001 |
| 6 0 | 0 | 0 |
| 7 0 | 0 | 0 |
| 8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36) | 0 | |

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

| Year | A) Normal Income Tax as adjusted | B) MCIT | C) Excess MCIT over Normal Income Tax |
|------|----------------------------------|---------|---------------------------------------|
| 1 | 0 | 0 | 0 |
| 2 | 0 | 0 | 0 |
| 3 | 0 | 0 | 0 |

Continuation of Schedule IV (Item numbers continue from table above)

| D) Excess MCIT Applied/Used in Previous Years | E) Expired Portion of Excess MCIT | F) Excess MCIT Applied this Current Taxable Year | G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)] |
|--|-----------------------------------|--|---|
| 1 0 | 0 | 0 | 0 |
| 2 0 | 0 | 0 | 0 |
| 3 0 | 0 | 0 | 0 |
| Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47) | | 0 | |

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)

| | |
|---|---------------|
| 1 Net Income/(Loss) per books | (258,866,123) |
| Add: Non-deductible Expenses/Taxable Other Income | |
| 2 REPRESENTATION EXPENSE | 16,810,218 |
| 3 INTEREST EXPENSE | 1 |
| 4 Total (Sum of Items 1 to 3) | (242,055,904) |
| Less: A) Non-Taxable Income and Income Subjected to Final Tax | |
| 5 INTEREST INCOME | 57,529 |
| 6 OTHERS | 14,382 |
| B) Special Deductions | |
| 7 | 0 |
| 8 | 0 |
| 9 Total (Sum of Items 5 to 8) | 71,911 |
| 10 Net Taxable Income/(Loss) (Item 4 Less Item 9) | (242,127,815) |



Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: WPIEAFS20@gmail.com
Cc: WPIEAFS20@gmail.com

Thu, May 9, 2024 at 7:02 PM

Hi WATERFRONT PHILIPPINES, INC.,

Valid files

- EAFS003978254RPTTY122023.pdf
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Transaction Code: **AFS-0-69A977CL07AGE9KE6P1QPR11402YPMNX1R**
Submission Date/Time: **May 09, 2024 07:02 PM**
Company TIN: **003-978-254**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

| Company Details | |
|--|---|
| Name of Organization | WATERFRONT PHILIPPINES, INC. |
| Location of Headquarters | Cebu City, Philippines |
| Location of Operations | Outlined in page 11 to 16 of this report |
| Report Boundary: Legal entities (e.g. subsidiaries) included in this report* | Outlined in Item 2. Properties from page 19 to 20 |
| Business Model, including Primary Activities, Brands, Products, and Services | WPI is a holding company for hotel, leisure and tourism businesses. |
| Reporting Period | For the year ended December 31, 2023 |
| Highest Ranking Person responsible for this report | COMPLIANCE OFFICER - MR. RICHARD RICARDO |

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

| Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹ |
|--|
| <p>WPI has set out in its initial submission of this Sustainability Report to provide information identified as material topics based on its relevance to the operations of the Corporation and the Hotels on the basis of the Sustainability Accounting Standards Board (SASB) Materiality Map, specifically, for the Hotels & Lodging industry. The SASB Materiality Map is referenced in the SEC Memorandum Circular No. 4, Series of 2009 on the Sustainability Reporting Guidelines for Publicly-Listed Companies.</p> <p>Per assessment, the Corporation identifies the following issues as most likely to affect the economic, environmental and social impacts of the Corporation:</p> <ol style="list-style-type: none">1. Environmental - Energy Management, Waste and Wastewater Management2. Social - Labour Practices, Product and/or Service Quality and Safety3. Economic - Supply Chain Management |

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

| Disclosure | Amount | Units |
|--|---------------|-------|
| Direct economic value generated (revenue) | 1,803,586,373 | PhP |
| Direct economic value distributed: | | |
| a. Operating costs | 1,143,632,602 | PhP |
| b. Employee wages and benefits | 160,124,546 | PhP |
| c. Payments to suppliers, other operating costs | | PhP |
| d. Dividends given to stockholders and interest payments to loan providers | | PhP |
| e. Taxes given to government | 107,627,968 | PhP |
| f. Investments to community (e.g. donations, CSR) | | PhP |

| | | |
|--|---|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| The impact is seen in the creation of job opportunities for individuals who would like to pursue a career in the hotel and food & beverage industry. | Employees, Local Community | The hotel regularly monitors the manpower needed as new events and new clients are booked and signed. The hotel then hires employees based on the requirement of the properties involved. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Despite the growing population of jobseekers, some are not equipped to readily undertake delivering services to the clientele of the Company. | Employees | The Company coordinates with various avenues including schools, online job websites like LinkedIn and accredited head-hunters in finding people suitable for the tasks. Once hired, the Company also provides in-house training for skills specific to the standards observed by the hotels in the group. |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| There is an opportunity to provide holistic improvement to the employees, thereby promoting efficiency and effectivity at work | Employees | The Group's Human Resource Department continually provides trainings for its employees including trainings for skills, language improvement, handling of stress, etc. |

Climate-related risks and opportunities²

This year, the Group cannot provide relevantly sufficient information to evaluate in full any climate-related risks and opportunities. The Group is currently in the process of crafting certain metrics to assess the risks as well as the opportunities at this stage.

| Governance | Strategy | Risk Management | Metrics and Targets |
|--|---|---|--|
| Disclose the organization's governance around climate-related risks and opportunities | Disclose the actual and potential impacts ³ of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material | Disclose how the organization identifies, assesses, and manages climate-related risks | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material |
| Recommended Disclosures | | | |
| a) Describe the board's oversight of climate-related risks and opportunities | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term | a) Describe the organization's processes for identifying and assessing climate-related risks | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. | b) Describe the organization's processes for managing climate-related risks | b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets |
| | c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | |

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

³ For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

| Disclosure | Quantity | Units |
|--|----------|-------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | 95 | % |

| | | |
|---|---|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Majority of the suppliers in the Group's supply chain are local establishments. This allows the Group to take advantage of delivery cost savings, shorter delivery time and generally, higher quality of goods. | Local Industry Suppliers | The Procurement Departments of the various hotels under the Group are observing the practice of preferring local suppliers. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Some of the goods and services needed by the Group might not be readily available | Guests | The Group follows an inventory monitoring procedures that take into account the delivery lead time per item per supplier |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| There is an opportunity to improve the local supply chain as well as subscribe to locally-sustainable, readily available products that are sold at an affordable price range. | Suppliers, Government | The Group chooses three suppliers where the needed items will be sourced from regularly. One of the factors considered is the proximity of the supplier to the location of the hotel. |

Anti-corruption

Training on Anti-corruption Policies and Procedures

| Disclosure | Quantity | Units |
|--|----------|-------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to | 100 | % |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | 100 | % |
| Percentage of directors and management that have received anti-corruption training | 100 | % |
| Percentage of employees that have received anti-corruption training | 100 | % |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Incidents of Corruption

| Disclosure | Quantity | Units |
|--|-----------------|--------------|
| Number of incidents in which directors were removed or disciplined for corruption | NIL | # |
| Number of incidents in which employees were dismissed or disciplined for corruption | NIL | # |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | NIL | # |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

ENVIRONMENT

Resource Management

[Energy consumption within the organization:](#)

| Disclosure | Quantity | Units |
|--|------------|-------|
| Energy consumption (renewable sources) | N/A | GJ |
| Energy consumption (gasoline) | N/A | L |
| Energy consumption (LPG) | 178,900 | Kg |
| Energy consumption (diesel) | 591,327 | L |
| Energy consumption (electricity) | 21,596,223 | kWh |

[Reduction of energy consumption](#)

| Disclosure | Quantity | Units |
|--------------------------------|----------|-------|
| Energy reduction (gasoline) | N/A | GJ |
| Energy reduction (LPG) | N/A | GJ |
| Energy reduction (diesel) | N/A | GJ |
| Energy reduction (electricity) | N/A | kWh |
| Energy reduction (gasoline) | N/A | GJ |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Water consumption within the organization

| Disclosure | Quantity | Units |
|---------------------------|----------|--------------|
| Water withdrawal | | Cubic meters |
| Water consumption | 557,095 | Cubic meters |
| Water recycled and reused | 317,995 | Cubic meters |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Materials used by the organization

The group currently does not have sufficient information to assess risks and opportunities under this category.

| Disclosure | Quantity | Units |
|---|----------|-----------|
| Materials used by weight or volume | | |
| • renewable | N/A | kg/liters |
| • non-renewable | N/A | kg/liters |
| Percentage of recycled input materials used to manufacture the organization's primary products and services | N/A | % |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |

| | | |
|---|---|----------------------------|
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

The group currently does not have sufficient information to assess risks and opportunities under this category.

| Disclosure | Quantity | Units |
|---|-----------------|--------------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | - | |
| Habitats protected or restored | - | |
| IUCN ⁴ Red List species and national conservation list species with habitats in areas affected by operations | - | |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

⁴ International Union for Conservation of Nature

Environmental impact management

The group currently does not have sufficient information to assess risks and opportunities under this category.

Air Emissions

GHG

| Disclosure | Quantity | Units |
|---|----------|--------------------------|
| Direct (Scope 1) GHG Emissions | - | Tonnes CO ₂ e |
| Energy indirect (Scope 2) GHG Emissions | - | Tonnes CO ₂ e |
| Emissions of ozone-depleting substances (ODS) | - | Tonnes |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Air pollutants

The group currently does not have sufficient information to assess risks and opportunities under this category.

| Disclosure | Quantity | Units |
|--------------------------------------|----------|-------|
| NO _x | - | kg |
| SO _x | - | kg |
| Persistent organic pollutants (POPs) | - | kg |
| Volatile organic compounds (VOCs) | - | kg |
| Hazardous air pollutants (HAPs) | - | kg |
| Particulate matter (PM) | - | kg |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Solid and Hazardous Wastes

The group currently does not have sufficient information to assess risks and opportunities under this category.

Solid Waste

| Disclosure | Quantity | Units |
|-----------------------------|-----------------|--------------|
| Total solid waste generated | | kg |
| Reusable | - | kg |
| Recyclable | 11,026 | kg |
| Composted | - | kg |
| Incinerated | - | kg |
| Residuals/Landfilled | 756,721 | kg |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Hazardous Waste

| Disclosure | Quantity | Units |
|---|----------|-------|
| Total weight of hazardous waste generated | 6,035 | kg |
| Total weight of hazardous waste transported | 2,274 | kg |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

Effluents

The group currently does not have sufficient information to assess risks and opportunities under this category

| Disclosure | Quantity | Units |
|----------------------------------|----------|--------------|
| Total volume of water discharges | 426,255 | Cubic meters |
| Percent of wastewater recycled | 100 | % |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| N/A | | |

Environmental compliance

The group currently does not have sufficient information to assess risks and opportunities under this category.

Non-compliance with Environmental Laws and Regulations

| Disclosure | Quantity | Units |
|--|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | - | PhP |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations | - | # |
| No. of cases resolved through dispute resolution mechanism | - | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| N/A | | |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| N/A | | |

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

| Disclosure | Quantity | Units |
|--|----------|-------|
| Total number of employees ⁵ | 407 | # |
| a. Number of female employees | 180 | # |
| b. Number of male employees | 227 | # |
| Attrition rate ⁶ | 25.66% | rate |
| Ratio of lowest paid employee against minimum wage | 1.1 | ratio |

Employee benefits

| List of Benefits | Y/N | % of female employees who availed for the year | % of male employees who availed for the year |
|---|-----|--|--|
| SSS | Y | 48% | 52% |
| PhilHealth | Y | 49% | 51% |
| Pag-ibig | Y | 41% | 59% |
| Parental leaves | Y | 57% | 43% |
| Vacation leaves | Y | 44% | 56% |
| Sick leaves | Y | 44% | 56% |
| Medical benefits (aside from PhilHealth)) | Y | 44% | 56% |
| Housing assistance (aside from Pag-ibig) | N | 0% | 0% |
| Retirement fund (aside from SSS) | Y | 33% | 67% |
| Further education support | N | 0% | 0% |
| Company stock options | N | 0% | 0% |
| Telecommuting | N | 0% | 0% |
| Flexible-working Hours | N | 0% | 0% |
| (Others) | N | 0% | 0% |

⁵ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁶ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

| | |
|---|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| The availability of these benefits for the employees provide them with a sense of security for when additional funds are needed in cases of sickness, etc. The benefits being provided by the company to the employees provide them also with fulfilment in the tasks that they do. | The Group follows a comprehensive Employee Handbook which outlines, enumerates and explains the benefits being provided for by the company to its employees. Said handbook also provides for the limitations and guidelines for the availment of these benefits as well. |
| What are the Risk/s Identified? | Management Approach |
| If the benefits are not sufficient, the employees can become dissatisfied and subsequently, unproductive. | Management has given employees with a vast number of benefits and privileges that they can avail of. |
| What are the Opportunity/ies Identified? | Management Approach |
| The minimal cost of the benefits causing employees to be more productive and motivated. | Continuous learning through trainings is being offered by Management. |

Employee Training and Development

| | |
|---|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| This improves the overall competence of the employees including the skills necessary for their jobs as well as improvement of their knowledge pertaining to the hotel and leisure industry. | Each supervisor appraises the employee twice a year and identifies which trainings the employee needs to do his/her job well. |
| What are the Risk/s Identified? | Management Approach |
| Because of limited funding, not everyone could get external training. | Management exercises an echo training program wherein employees sent on outside trainings will be tasked to echo what they've learned from their trainings through mini-learning sessions with their peers. |
| What are the Opportunity/ies Identified? | Management Approach |
| Continuous and sustained trainings will ensure quality of work. | Each department are evaluated every period for the number of training hours that the department has undertaken. |

Labor-Management Relations

Of the entire group, only one subsidiary, Davao Insular Hotel Corporation, have an existing Collective Bargaining Agreement with its employees.

| Disclosure | Quantity | Units |
|---|----------|-------|
| % of employees covered with Collective Bargaining Agreements | 10% | % |
| Number of consultations conducted with employees concerning employee-related policies | N/A | # |

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| N/A | |
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Diversity and Equal Opportunity

The group currently does not have an adequate number of employees from the vulnerable sector to make an assessment of impacts, risks and opportunities under this category.

| Disclosure | Quantity | Units |
|---|----------|-------|
| % of female workers in the workforce | 44% | % |
| % of male workers in the workforce | 56% | % |
| Number of employees from indigenous communities and/or vulnerable sector* | N/A | # |

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| N/A | |
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

| Disclosure | Quantity | Units |
|--------------------------------|-----------|-----------|
| Safe Man-Hours | 1,090,958 | Man-hours |
| No. of work-related injuries | N/A | # |
| No. of work-related fatalities | N/A | # |
| No. of work related ill-health | 0 | # |
| No. of safety drills | 19 | # |

| | |
|--|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| The impact lies in the overall safety of the employees when they are performing their tasks. | Management provides for policies that ensure that the workplace is a safe environment for its employees. |
| What are the Risk/s Identified? | Management Approach |
| Violations of the existing standard workplace conditions will result into penalties levied by the Department of Labour and Employment. | Each of the hotel properties have an established safety and security committee that ensures compliance with the standards set by the respective regulatory agencies. |
| What are the Opportunity/ies Identified? | Management Approach |
| To improve on the safety and security measures. | Regular evaluation of safety procedures including drills and trainings. |

Labor Laws and Human Rights

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of legal actions or employee grievances involving forced or child labor | 0 | # |

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

| Topic | Y/N | If Yes, cite reference in the company policy |
|--------------|-----|--|
| Forced labor | Y | |
| Child labor | Y | Policy on allowable age for hiring |
| Human Rights | Y | Policy on Anti Sexual Harassment |

| | |
|--|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| This directly impacts the welfare of the employees. The organization can provide safety nets to ensure that employees are protected. | The Employee Company Policy set in the Employee Handbook provides in detail what are the rights of the employees whilst employed by the organization. |

| What are the Risk/s Identified? | Management Approach |
|--|--|
| Possibility of aired grievances and lawsuits | Management provides for a process to ensure that rights of employees are protected. |
| What are the Opportunity/ies Identified? | Management Approach |
| If the policies are religiously followed, a harmonious work environment can be achieved. | Consultation with legal counsel is always done before performing any activities that will affect employee welfare. |

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

I. POLICY

It is the policy of the Waterfront Hotels & Casinos to ensure that the Standard Operating Procedure (SOP) on accrediting suppliers is strictly observed.

II. OBJECTIVE

1. To provide guidelines and standard procedures in accrediting suppliers in order to:
 1. Ensure that the three Hotel Properties have one and the same accredited suppliers for all standard hotel amenities;
 2. Ensure good buy/price of supplies through volume purchases of the three properties from the accredited suppliers; and,
 3. Ensure good supply, quantity and quality-wise of goods and services.

III. CONCEPT

Hotel properties maintain the same standards and qualities of amenities and services. Suppliers must be accredited by the hotel to uphold the criterion being implemented.

IV. RESPONSIBILITY

- For Purchasing Head:
 1. Informs the accredited suppliers that the three (3) hotel properties are independent from each other.
- For Concerned employees:
 1. Ensure the full compliance to these policies and maintain good business relationships with suppliers with the end objective of benefit for the company.
- For Department End Users:
 1. Gives feedback to the department regarding the performance of suppliers. Performance of suppliers would mean quality of product or service, promptness of delivery, etc.

V. GUIDELINES AND PROCEDURES

- All suppliers of the company undergo an accreditation process before any transaction is made with said supplier.
 1. The supplier must submit a duly accomplished Supplier's Information Sheet (*refer to Forms Manual*) together with other supporting documents required prior to accreditation.
 2. The supporting documents are any of the following:
 - For Partnerships and Corporations:
 1. Securities and Exchange Commission Certificate of registration;
 2. Articles of Incorporation;
 3. List of Trade references; and
 4. Audited Financial Statements for the last three years
 - For Single Proprietorship
 1. Department of Trade and Industry Registration of Trade Name;
 2. Local Government (Mayor's) Permit;
 3. List of trade references; and
 4. Audited Financial Statements for the last three years
- The Head of Purchasing Department of each property reviews and evaluates initially all suppliers' information using the following criteria among others.
 1. Quality of the product/items/services;
 2. Track record of the supplier. Standing of the supplier/contractor in the industry that they belong to;
 3. Price of the product/goods and/or services;
 4. Adequacy of supply;
 5. Reliability in delivery;
 6. Premium or other additional services to be offered;
 7. After sales services;
 8. Credit terms being extended;
- After reviewing and evaluating the supplier's information, make and give recommendations to the Finance Department Head for approval.
- The Purchasing Department of each property must keep a master file of all Suppliers' Information Sheet and an updated price listing of products/services being offered.
- The Purchasing Department submits to the Finance Department Head, Hotel Manager and the EVP-Hotel Operations a monthly profile of all accredited suppliers with the corresponding credit terms being extended to the company.
- Three (3) accredited suppliers of similar products are maintained to avoid loss of supplies in case one supplier's products are out of stock or unavailable.
- The Finance Department Head takes control on accrediting suppliers.
 1. The Finance Department Head is the only officer of the company who has the authority to

revoke the accreditation and blacklisting of a supplier. Department or unit heads with problems and/or difficulties with suppliers must course their written complaints to the Purchasing Head.

- The Purchasing Head investigates and evaluates the complaint within twenty four (24) hours from receipt of the written complaint.
- Purchasing Head evaluates the complaints and recommends to the Finance Department Head for proper disposition.

Do you consider the following sustainability topics when accrediting suppliers?

| Topic | Y/N | If Yes, cite reference in the supplier policy |
|---------------------------|-----|---|
| Environmental performance | N | |
| Forced labor | N | |
| Child labor | N | |
| Human rights | N | |
| Bribery and corruption | N | |

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| During the reporting period, the relevant sustainability topics mentioned above are not taken into consideration when accrediting suppliers. | |
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Relationship with Community

Significant Impacts on Local Communities

The group currently does not have an adequate number of employees from the vulnerable sector to make an assessment of impacts, risks and opportunities under this category.

| Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations) | Location | Vulnerable groups (if applicable)* | Does the particular operation have impacts on indigenous people (Y/N)? | Collective or individual rights that have been identified that or particular concern for the community | Mitigating measures (if negative) or enhancement measures (if positive) |
|--|----------|------------------------------------|--|--|---|
| | | | | | |

| | | | | | |
|------------|----------------|-----|----|-----|--|
| 1. TOURISM | CEBU CITY | N/A | NO | N/A | |
| 2. TOURISM | CITY OF MANILA | N/A | NO | N/A | |
| 3. TOURISM | DAVAO CITY | N/A | NO | N/A | |
| 4. TOURISM | LAPU-LAPU CITY | N/A | NO | N/A | |
| | | | | | |

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

| Certificates | Quantity | Units |
|----------------------------------|----------|-------|
| FPIC process is still undergoing | - | # |
| CP secured | - | # |

| | |
|---|----------------------------|
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Customer Management

Customer Satisfaction

| Disclosure | Score | Did a third party conduct the customer satisfaction study (Y/N)? |
|--|-------|--|
| Customer satisfaction Revinatate Reviews | | Y |

| | |
|--|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| Customer satisfaction helps improve the processes of the hotel and generates a steady source of revenue. | Whenever there are dissatisfied customers, the management sets out to undertake measures to ensure that the concerns of the client or guests are addressed. |
| What are the Risk/s Identified? | Management Approach |

| | |
|--|--|
| Possibility of lawsuits and complaints | Management checks for the reviews provided by the clients to identify if there have been problems during the stay of the guests. |
| What are the Opportunity/ies Identified? | Management Approach |
| Having a customer satisfaction review helps the organization assess its processes. | Each hotel room or food and beverage outlet has a set of customer satisfactions forms that the customer can fill out. |

Health and Safety

The group currently does not have sufficient information to assess risks and opportunities under this category.

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on product or service health and safety* | | # |
| No. of complaints addressed | | # |

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| N/A | |
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Marketing and labelling

The group currently does not have sufficient information to assess risks and opportunities under this category.

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on marketing and labelling* | | # |
| No. of complaints addressed | | # |

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| N/A | |
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Customer privacy

| Disclosure | Quantity | Units |
|--|-----------------|--------------|
| No. of substantiated complaints on customer privacy* | 0 | # |
| No. of complaints addressed | 0 | # |
| No. of customers, users and account holders whose information is used for secondary purposes | 0 | # |

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| | |
|--|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| This impacts the confidentiality of customer information. | Management follows a set of strict procedures that safeguards the information provided by customers. |
| What are the Risk/s Identified? | Management Approach |
| Risks that customer information might get leaked. | Management has provided both manual and technological safety nets to protect customer information from getting leaked. |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

Data Security

The group currently does not have sufficient information to assess risks and opportunities under this category.

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of data breaches, including leaks, thefts and losses of data | - | # |

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| N/A | |
| What are the Risk/s Identified? | Management Approach |
| N/A | |
| What are the Opportunity/ies Identified? | Management Approach |
| N/A | |

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| Key Products and Services | Societal Value / Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact |
|---|--|--|---|
| Hotel and Leisure Food and Beverage Service | Generation of jobs for the population while providing quality service to clientele | Opportunities to offer jobs to the vulnerable sector are scarce. | Management can assess procedures and existing policies to find more opportunities to provide for the vulnerable sector. |
| | | | |
| | | | |

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

COVER SHEET

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SEC Registration Number

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| W | A | T | E | R | F | R | O | N | T | P | H | I | L | I | P | P | I | N | E | S | , | I | N | C | . |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

(Company's Full Name)

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

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

| |
|-----------------------|
| MS. IRISH CHARA LAWAS |
|-----------------------|

Contact Person

| |
|-----------|
| 855-90129 |
|-----------|

Company Telephone Number

| | | | |
|---|---|---|---|
| 1 | 2 | 3 | 1 |
|---|---|---|---|

Month Day

| |
|--------|
| I-ACGR |
|--------|

FORM TYPE

| | | | |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
|---|---|---|---|

Month Day
Annual Meeting

| |
|--|
| |
|--|

Secondary License Type, If Applicable

| | | |
|--|--|--|
| | | |
|--|--|--|

Dept. Requiring this Doc.

| |
|--|
| |
|--|

Amended Articles Number/Section

| |
|-----|
| 429 |
|-----|

Total No. of Stockholders

Total Amount of Borrowings

| |
|--|
| |
|--|

Domestic

| |
|--|
| |
|--|

Foreign

To be accomplished by SEC Personnel concerned

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

File Number

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Document I.D.

Cashier

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Remarks = pls. use black ink for scanning purposes



SEC MEMORANDUM CIRCULAR NO. 15
Series of 2017

TO : PUBLICLY-LISTED COMPANIES
SUBJECT : INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT (I-ACGR)

To facilitate the disclosure of publicly-listed companies' (PLCs) compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for PLCs and to harmonize the corporate governance requirements of the Commission and the Philippine Stock Exchange, the Commission, pursuant to its regulatory and supervisory power under Section 5 of the Securities Regulation Code, mandates all companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) subject to the following:

1. All companies already listed in the PSE by 31 December of a given year shall submit three (3) copies of a fully accomplished I-ACGR **on May 30 of the following year for every year that the company remains listed in the PSE;**
2. The I-ACGR shall cover all relevant information from January to December of the given year. It is expected that companies, regardless of listing dates, would already have Corporate Governance practices in place. Hence, they can already submit their I-ACGR by May 30 of the following year;
3. At least one (1) complete copy of the I-ACGR filed with the Commission shall be duly notarized and shall bear **original and manual** signatures of the following required signatories:
 - a. Chairman of the Board;
 - b. Chief Executive Officer or President;
 - c. All Independent Directors;
 - d. Compliance Officer; and
 - e. Corporate Secretary;
4. The I-ACGR with accessible links shall be posted on the company website within five (5) business days from submission to the SEC;
5. The companies shall no longer be required to file updates and changes on their I-ACGR within five (5) days from the occurrence of the reportable changes;
6. The companies shall no longer be required to file a Consolidated Changes in the ACGR within ten (10) days from the end of the year;
7. The imposable penalties are as follows:

| VIOLATION | BASIC PENALTY | MONTHLY PENALTY |
|----------------------|---------------|-----------------|
| Non/Late Submission | Php50,000.00 | Php5,000.00 |
| <i>Disclosure(s)</i> | | |

| | | |
|--|---------------|--------------|
| a. Incomplete (i.e. no explanation provided; no alternative practices to achieve over-all principle) | Php25,000.00 | Php2,500.00 |
| b. Misrepresentation/Misinformation | Php100,000.00 | Php10,000.00 |
| <i>Signatory(ies)</i> | | |
| a. Incomplete | Php10,000.00 | Php1,000.00 |
| b. Incorrect | | |

For General Instructions in answering the I-ACGR, please see attached SEC Form I-ACGR.

Any previous Orders, Issuances and Circulars which are inconsistent with the provisions of this Circular are hereby repealed accordingly.

This Memorandum Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Pasay City, Philippines, 15 December 2017.

For the Commission:



TERESITA J. HERBOSA
Chairperson

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SECForm shall be used as a tool to disclose Publicly-Listed Companies’ compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

| RECOMMENDED CG PRACTICE/POLICY | COMPLIANT/ NON-COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
|--|--|---|---|
| <p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) “Recommendations” – derived from the CG Code for PLCs;</p> <p>(2) “Supplement to Recommendation”– derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) “Additional Recommendations”–CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) “Optional Recommendation”– practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</p> | <p>The company shall indicate compliance or non-compliance with the recommended practice.</p> | <p>The company shall provide additional information to support their compliance with the recommended CG practice</p> | <p>The PLCs shall provide the explanations for any non-compliance, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*“Not Applicable” or “None” shall not be considered as sufficient explanation</p> |

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2023**

2. SEC Registration Number **AS094-8678** .

3. BIR Tax Identification No. **080-003-978-254**

4. Exact name of THE issuer as specified in its charter **Waterfront Philippines, Incorporated**

5. Province, Country or other jurisdiction of **Cebu, Philippines**
incorporation or organization

6. Address of Principal Office **No. 1 Waterfront Drive Off Salinas Drive Lahug, Cebu City**

7. Postal Code **6000**

8. Issuer's telephone number, including area code **02-559-0130**

9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.

10. Industry Classification Code (For SEC's use only)

| INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT | | | |
|---|---------------------------------|--|-------------|
| | COMPLIANT/ NON- COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
| The Board's Governance Responsibilities | | | |
| Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders. | | | |
| Recommendation 1.1 | | | |
| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. | Compliant | Every year, the Board is requested to submit their updated resume and trainings attended. References: * Manual on Corporate Governance – Internal Controls of the/Responsibilities of the Company Section 6.0 ; Section 1.0 Communication and Training Process *Annual Report – SEC Form 17A 2023 | |
| 2. Board has an appropriate mix of competence and expertise. | Compliant | | |
| 3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. | Compliant | | |
| Recommendation 1.2 | | | |
| 1. Board is composed of a majority of non-executive directors. | Compliant | *Annual Report – SEC Form 17A 2023 | |
| Recommendation 1.3 | | | |
| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | Compliant | * Manual on Corporate Governance – Section 6.0 ; Section 1.0 Communication and Training Process | |
| 2. Company has an orientation program for first time directors. | Compliant | * Manual on Corporate Governance – Section 6.0 ; Section 1.0 Communication and Training Process | |
| 3. Company has relevant annual continuing training for all directors. | Compliant | | |
| 4. | | | |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity. | Compliant | Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board. | |

| Optional: Recommendation 1.4 | | | |
|---|-----------|---|--|
| 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. | Compliant | Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives. | |
| Recommendation 1.5 | | | |
| 1. Board is assisted by a Corporate Secretary. | Compliant | * SEC 201S-Definitive under Directors and Executive Officers | |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | Compliant | | |
| 3. Corporate Secretary is not a member of the Board of Directors. | Compliant | | |
| 4. Corporate Secretary attends training/s on corporate governance. | Compliant | * Please see attached attendance on November 07, 2023 | |
| Optional: Recommendation 1.5 | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | Compliant | Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting | |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliant Officer. | Compliant | * SEC 201S-Definitive under Directors and Executive Officers * The Compliance Officer, Richard Ricardo signs all SEC reportorial together with the Corporate Secretary. * General Information Sheet under Directors/Officers | |
| 2. Compliant Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | Compliant | | |
| 3. Compliant Officer is not a member of the board. | Compliant | | |
| 4. Compliance Officer attends training/s on corporate governance. | Compliant | * Please see attached attendance on November 07, 2023 | |
| Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders. | | | |
| Recommendation 2.1 | | | |
| 1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. | Compliant | * This is duly observed during regular meetings by the board of directors. | |

| Recommendation 2.2 | | | |
|--|-----------|---|--|
| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | Compliant | BOD Meeting: <ul style="list-style-type: none"> August 31, 2023 | |
| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | Compliant | | |
| Supplement to Recommendation 2.2 | | | |
| 1. Board has a clearly defined and updated vision, mission and core values. | Compliant | * http://www.waterfronthotels.com.ph/about/mission-and-vision/ *ACGR 2017 | |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | Compliant | *Manual on Corporate Governance Section 4.0 | |
| Recommendation 2.3 | | | |
| 1. Board is headed by a competent and qualified Chairperson. | Compliant | * SEC 201S-Definitive under Directors and Executive Officers | |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | Compliant | **Manual on Corporate Governance, Section 9.2, page 16 covers the succession planning for directors | |
| 2. Board adopts a policy on the retirement for directors and key officers. | Compliant | *Manual on Corporate Governance, Section 5b, covers the succession planning for management and key officers. * The Directors have no retirement plan but the key officers have | |
| Recommendation 2.5 | | | |

| | | | |
|---|---------------|---|--|
| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | Compliant | <p>*The Compensation and Remuneration Committee has made sure that the compensation of the key officers and executives of the Company is in line with the culture and policies of the Company. The Committee has also developed a system regarding disclosure of all the incoming officers as to their business interests which might be in conflict with that of the Company.</p> <p>* None of the Directors received compensation. The President has no remuneration benefit.</p> | |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | Compliant | The Compensation and Remuneration Committee has developed a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors and officers. | |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration. | Compliant | No director or officer has been allowed to decide on his own remuneration and has provided annual reports, information and proxy statements on the disclosure of the compensation for the executives and officers of the Company. | |
| Optional: Recommendation 2.5 | | | |
| 1. Board approves the remuneration of senior executives. | Non-Compliant | Provide proof of board approval | *The remuneration of senior executives is only approved by the President or CEO. |
| 2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses. | Compliant | * No director received bonuses or profit-sharing plans. | |
| Recommendation 2.6 | | | |

| | | | |
|--|-----------|--|--|
| 1. Board has a formal and transparent board nomination and election policy. | Compliant | * SEC 2015 Definitive Item 4, 18 and 19. Prior to Annual Stockholders' Meeting, notices and definitive reports will be distributed to all stockholders for them to be guided during the meeting. | |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | Compliant | * The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. | |
| 3. Board nomination and election policy includes how the company accepted nominations from minority shareholders. | Compliant | Said Committee has also considered the disqualifications specifically enumerated. The Committee shall evaluate and screen nominees for directors vis-à-vis the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulations while ensuring that said qualifications are in line with the strategic objectives of the Company. | |
| 4. Board nomination and election policy includes how the board shortlists candidates. | Compliant | | |
| 5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | Compliant | | |
| 6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company. | Compliant | | |
| Optional: Recommendation to 2.6 | | | |
| 1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors. | Compliant | The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders or the Board, as the case may be. In the search of | |

| | | | |
|---|-----------|---|--|
| | | potential nominees, the Committee may use external sources, such as professional search firms, director databases and/or other reputable external sources to further enhance the search for and widen the base of potential nominees. | |
| Recommendation 2.7 | | | |
| 1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. | Compliant | * Manual on Corporate Governance page 21 (9.7). The Related Party Transactions Committee is in-charge of the overall monitoring of the group-wide related party transactions. | |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. | Compliant | | |
| 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | Compliant | | |
| Supplement to Recommendations 2.7 | | | |
| 1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | Compliant | * Manual on Corporate Governance page 21 (9.7). *The company shall disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report. Likewise, related party that need prior shareholder approval The aggregate amount of RPT within any transaction are disclosed to the external auditors and twelve (12) month period should be considered for purposes of | |

| | | | |
|--|-----------|--|--|
| | | applying the reported in the financial statement. | |
| 2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings. | Compliant | * All placements with directors and/or related parties are disclosed and approved by the required parties and stockholders, including the majority of the minority shareholders | |
| Recommendation 2.8 | | | |
| 1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliant Officer and Chief Audit Executive). | Compliant | *The Board approves the selection and assesses the performance of the Management led by the CEO, and control functions led by their respective heads functions (Chief Risk Officer, Chief Compliant Officer and Chief Audit Executive). In the absence of the Compliant Officer, the Corporate Secretary acts in behalf. | |
| 2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliant Officer and Chief Audit Executive). | Compliant | | |
| Recommendation 2.9 | | | |
| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | Compliant | *Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance. * At the end of the year, performance evaluation thru PAF (Performance Appraisal Form) is conducted and rated. | |
| 2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management. | Compliant | | |
| Recommendation 2.10 | | | |
| 1. Board oversees that an appropriate internal control system is in place. | Compliant | *Manual on Corporate Governance, Section 9.4 on Audit Committee states that the Audit Committee is responsible for monitoring and evaluating the adequacy and effectiveness of the organization's internal control system, including financial | |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of | Compliant | | |

| | | | |
|--|-----------|--|--|
| interest of the Management, members and shareholders. | | reporting control and information technology security. | |
| 3. Board approves the Internal Audit Charter. | Compliant | * Periodically reviews the internal audit charter and presents it to Senior Management and the Board Audit Committee for Approval. | |
| Recommendation 2.11 | | | |
| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. | Compliant | http://www.waterfronthotels.com.ph/whc/enterprise-risk-management/ | |
| 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | Compliant | | |
| Recommendation 2.12 | | | |
| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role. | Compliant | *Section 7.3 of the Manual For Corporate Governance outlines the duties and responsibilities of a director and serves as a framework in the performance of its fiduciary role. | |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | Compliant | | |
| 3. Board Charter is publicly available and posted on the company's website. | Compliant | | |
| Additional Recommendation to Principle 2 | | | |
| 1. Board has a clear insider trading policy. | Compliant | https://www.waterfronthotels.com.ph/wpi-company-policies/ | |
| Optional: Principle 2 | | | |
| 1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. | Compliant | * Granting loans to directors is not practiced. | |
| 2. Company discloses the types of decision requiring board of directors' approval. | Compliant | *Observe confidentiality. A director should observe the confidentiality of non-public | |

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| | | <p>information acquired by reason of his position as director. He should not disclose any information to any other person without the authority of the Board. Protecting confidential information - employees must ensure that confidential information is preserved and protected. Confidential information is that which is not generally known outside the Company and either gives or could give the Company a competitive advantage or disadvantage, or could lead to the loss of an existing competitive advantage, if it became known to others or became known in the public domain.</p> | |
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

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| <p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p> | <p>Compliant</p> | <p>* Section 9.0 on Board Committees states that the Board of Directors shall form Board Committees to aid in ensuring compliance with the principles of good corporate governance. The members of such Committees shall be appointed by the Board of Directors annually. All established committees shall have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees. It should be fully disclosed on the company's website.</p> | |
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Recommendation 3.2

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| 1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. | Compliant | * Manual on Corporate Governance, section 9.4 | |
| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | Compliant | *Members of the Audit Committee can be found here: | |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | Compliant | https://www.waterfronthotels.com.ph/wpi-board-committees/ | |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | Compliant | | |
| Supplement to Recommendation 3.2 | | | |
| 1. Audit Committee approves all non-audit services conducted by the external auditor. | Compliant | <p>* Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or will pose as a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report.</p> <p>* The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.</p> | |

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| <p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p> | <p>Compliant</p> | <p>*To meet regularly as possible with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year without management present, to discuss their remit and any issues arising from the half year and final audits and the intervening quarterly reviews, and any matters the auditor may wish to discuss (in the absence of management where necessary). To review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team. To review the findings of the audit with the external auditor. This shall include but not be limited to the following: - a discussion of major issues which arose during the audit; - key accounting and audit judgments; and - levels of error identified during the audit. *To review the effectiveness of the audit, review any representation letter requested by the external auditor before they are signed by management, review the external auditor's management letter and management's response to this and the letter of representation.</p> | |
| <p>Optional: Recommendation 3.2</p> | | | |
| <p>1. Audit Committee meets at least four times during the year.</p> | <p>Compliant</p> | <p>* See attached list of meetings per committee.</p> | |
| <p>2. Audit Committee approves the appointment and removal of the internal auditor.</p> | <p>Compliant</p> | <p>* Part of the Audit Committee's specific functions.</p> | |
| <p>Recommendation 3.3</p> | | | |
| <p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were</p> | <p>Compliant</p> | <p>Manual on Corporate Governance, Section 9.2</p> | |

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| formerly assigned to a Nomination and Remuneration Committee. | | | |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | Compliant | *Members of the Corporate Governance Committee can be found here: https://www.waterfronthotels.com.ph/wpi-board-committees/ | |
| 3. Chairman of the Corporate Governance Committee is an independent director. | Compliant | | |
| Optional: Recommendation 3.3. | | | |
| 1. Corporate Governance Committee meets at least twice during the year. | Compliant | * See attached list of meetings per committee. | |
| Recommendation 3.4 | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. | Compliant | *Members of the BROC can be found here: https://www.waterfronthotels.com.ph/wpi-board-committees/ | |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | Compliant | The committee chairman and member, Mr. Renato C. Francisco & Mr. Ruben Torres are independent directors. | |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | Compliant | The chairman of the BROC is Mr. Ruben Torres while the Chairman of the Board is Mr. Sergio Ortiz-Luis, Jr. | |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | Compliant | SEC 17-A 2023 Item 9 Directors and Executive Officers of the Registrant outlines the credentials of the directors forming part of the committee. | |
| Recommendation 3.5 | | | |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. | Compliant | *Members of the RPT Committee can be found here: https://www.waterfronthotels.com.ph/wpi-board-committees/ | |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | Compliant | Both the committee chairman, Mr. Ruben Torres and member, Mr. Sergio Ortiz-Luis, Jr. are independent directors. | |
| Recommendation 3.6 | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | Compliant | * Manual on Corporate Governance, Section 9.0 | |

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| 2. Committee Charters provide standards for evaluating the performance of the Committees. | Compliant | | |
| 3. Committee Charters were fully disclosed on the company's website. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. | | | |
| Recommendation 4.1 | | | |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission. | Compliant | * See attached list of attendance of Board of Directors for the meeting. | |
| 2. The directors review meeting materials for all Board and Committee meetings. | Compliant | *As part of its specific functions. | |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | Compliant | *As part of its specific functions. | |
| Recommendation 4.2 | | | |
| 1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company. | Compliant | <p>*The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company.</p> <p>The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to</p> | |

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| | | diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised. | |
| Recommendation 4.3 | | | |
| 1. The directors notify the company's board before accepting a directorship in another company. | Compliant | *Disclosed in SEC 20IS Definitive. | |
| Optional: Principle 4 | | | |
| 1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | Non-Compliant | *Disclosed in SEC 20IS Definitive. | *Disclosed in SEC 20IS Definitive. |
| 2. Company schedules board of directors' meetings before the start of the financial year. | Compliant | *SEC 20IS-Definitive Other matters | |
| 3. Board of directors meets at least six times during the year. | Compliant | *ACGR 2017 page 25. | |
| 4. Company requires as minimum quorum of at least 2/3 for board decisions. | Compliant | *SEC 20IS Definitive Item 19 | |
| Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs | | | |
| Recommendation 5.1 | | | |
| 1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher. | Compliant | *SEC 20IS Definitive Item 5 | |
| Recommendation 5.2 | | | |
| 1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions. | Compliant | *Manual on Corporate Governance, Section 6 | |
| Supplement to Recommendation 5.2 | | | |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | Compliant | *Manual on Corporate Governance pages 3-5. | |
| Recommendation 5.3 | | | |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012). | Compliant | *As a rule, independent directors may serve for a maximum of nine consecutive years reckoned from 2012, making sure however that the shareholders' legal right to vote and be voted directors remains inviolable. | |

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| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | Compliant | *If the company wants to retain an independent director who has served for nine consecutive years, the Board should provide meritorious justification and advise the shareholders of such justification during the annual shareholders' meeting. | |
| 3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting. | Compliant | *Should be part of the proposed action and approved during the Annual Stockholder's meeting. | |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | Compliant | *Chairman of the Board – Mr. Sergio Ortiz-Luis, Jr.; CEO/President – Mr. Kenneth T. Gatchalian | |
| 2. The Chairman of the Board and Chief Executive Officer has clearly defined responsibilities. | Compliant | *The responsibilities of the Chairman are provided for in Section 4.6 of the Manual on Corporate Governance. The responsibilities of the President are mentioned in Section 10.0 of the same manual. | |
| Recommendation 5.5 | | | |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | Compliant | *SEC 201S - Definitive | |
| Recommendation 5.6 | | | |
| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction. | Compliant | *The fundamental principle to be observed is that a director does not use his position to profit or gain some benefit or advantage for his/her related interests. | |
| Recommendation 5.7 | | | |
| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present. | Non-Compliant | Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings. | The NEDs currently do not hold meetings with the external auditor. The external and internal audit teams of the company, however, periodically meet with the Audit Committee. |
| 2. The meetings are chaired by the lead independent director. | Non-Compliant | | |
| Optional: Principle 5 | | | |

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| 1. None of the directors is a former CEO of the company in the past 2 years. | Compliant | *The existing directors have not been former CEOs of the company in the past 2 years. The position has been held by Mr. Kenneth T. Gatchalian during that period. | |
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Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

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| 1. Board conducts an annual self-assessment of its performance as a whole. | Compliant | *The Board annually conducts a self-evaluation using a process approved by the Corporate Governance/Nominating Committee. The Audit, Corporate Governance/Nominating, Compensation/ Human Resources and Finance Committees are each required by their written charters to conduct annual self-evaluations. | |
| 2. The Chairman conducts a self-assessment of his performance. | Compliant | | |
| 3. The individual members conduct a self-assessment of their performance. | Compliant | | |
| 4. Each committee conducts a self-assessment of its performance. | Compliant | | |
| 5. Every three years, the assessments are supported by an external facilitator. | Non-Compliant | Identify the external facilitator and provide proof of use of an external facilitator. | *The Board assumes the responsibilities. |

Recommendation 6.2

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| 1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. | Compliant | * Manual on Corporate Governance | |
| 2. The system allows for a feedback mechanism from the shareholders. | Compliant | | |

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

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| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | Compliant | *ACGR 2017 pages 16-21. | |
| 2. The Code is properly disseminated to the Board, senior management and employees. | Compliant | *Thru website, employees handbook and SOPs | |

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| 3. The Code is disclosed and made available to the public through the company website. | Compliant | *http://www.waterfronthotels.com.ph/wpi/ | |
| Supplement to Recommendation 7.1 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes. | Compliant | *Any discount, commission or any favor/advantage in any form obtained while transacting business shall be reverted back to the company and not your personal benefit. Directors have a duty to ensure that employees and contractors under their supervision are aware of and comply with this policy. Violation of this policy may subject the individual to disciplinary action, including dismissal and cessation of contract. | |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | Compliant | *ACGR 2017 pages 18. | |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | Compliant | | |
| Disclosure and Transparency | | | |
| Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. | | | |
| Recommendation 8.1 | | | |
| 1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. | Compliant | *Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20.3, C, iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws) | |
| Supplement to Recommendations 8.1 | | | |
| 1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within | Compliant | *http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=173 | |

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| forty-five (45) days from the end of the reporting period. | | | |
| 2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company. | Compliant | *SEC 17-A 2023 on Operational and Financial Information | |
| Recommendation 8.2 | | | |
| 1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days. | Compliant | *ACGR 2017 page 20. | |
| 2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. | Compliant | | |
| Supplement to Recommendation 8.2 | | | |
| 1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program). | Compliant | * SEC 17-A 2023 | |
| Recommendation 8.3 | | | |
| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | *SEC 17-A 2023, Item 9 Directors and Executive Officers | |
| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | *SEC 17-A 2023, Item 9 Directors and Executive Officers | |
| Recommendation 8.4 | | | |

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| 1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. | Compliant | *None of the Directors receive compensation for serving as Directors of the Company. The President has no remuneration benefit. | |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | Compliant | *Sec 17-A Item 10 Executive Compensation | |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | Compliant | *The members of the Board of Director are elected for a term of one year. Director per diem is at a rate of Php9,000.00 (net of ewt) per board meeting. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. | |
| Recommendation 8.5 | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. | Compliant | * At each meeting, the Committee will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to relevant Related Party. In determining whether to approve a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction: - whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party; - whether there are business reasons for the Company to enter into the Related Party Transaction; - whether the Related Party Transaction would impair the independence of an outside director; and - whether the Related Party Transaction would present an improper conflict of interests for any director or executive officer | |

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| | | of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant. | |
| 2. Company discloses material or significant RPTs reviewed and approved during the year. | Compliant | *Audited FS 2023 Note 8. | |
| Supplement to Recommendation 8.5 | | | |
| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. | Compliant | *Mr. Kenneth T. Gatchalian is the son of Ms. Dee Hua T. Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua T. Gatchalian and an aunt of Kenneth T. Gatchalian. | |
| Optional : Recommendation 8.5 | | | |
| 1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length. | Compliant | *ACGR 2017 | |
| Recommendation 8.6 | | | |
| 1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. | Compliant | http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=173 | |
| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | Compliant | * Appraisal of the certain real estate property. | |
| Supplement to Recommendation 8.6 | | | |
| 1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | Compliant | *Manual on Corporate Governance. | |
| Recommendation 8.7 | | | |

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| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | Compliant | https://drive.google.com/file/d/1Xc6d6XpgtOPpSDc9Y_CFxVEV6KLS-GT4/view | |
| 2. Company's MCG is submitted to the SEC and PSE. | Compliant | | |
| 3. Company's MCG is posted on its company website. | Compliant | https://www.waterfronthotels.com.ph/wpi-manual-governance/ | |
| Supplement to Recommendation 8.7 | | | |
| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | Compliant | https://drive.google.com/file/d/1Xc6d6XpgtOPpSDc9Y_CFxVEV6KLS-GT4/view | |
| Optional: Principle 8 | | | |
| 1. Does the company's Annual Report disclose the following information: | | *SEC 17-A 2023 in the following sections: | |
| a. Corporate Objectives | Compliant | - Business and General Information - Officers of the Registrant | |
| b. Financial performance indicators | Compliant | - Management's Discussion and Analysis or Plan of Operation | |
| c. Non-financial performance indicators | Compliant | - Key Variable and Other Qualitative and Quantitative Factors | |
| d. Dividend Policy | Compliant | - Business and General Information - Market for Registrant's Common Equity and Related Stockholder Matters | |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | Compliant | - Directors and Executive | |
| f. Attendance details of each director in all directors' meetings held during the year | Compliant | | |
| g. Total remuneration of each member of the board of directors | Compliant | | |

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| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and were there is non-compliance, identifies and explains reason for each such issue. | Compliant | *SEC 17-A KPMG | |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | Compliant | *The Board of Directors affix their signatures on the report to state is authenticity. | |
| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | Compliant | *SEC 20IS – Definitive stated the approval of audited FS wherein it states that BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions. | |
| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic). | Compliant | *SEC 17-A Financial Risk and Capital Management Objectives and Policies | |

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

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| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | Compliant | *Manual on Corporate Governance | |
| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by | Compliant | *Manual on Corporate Governance | |

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| the Audit Committee, approved by the Board and ratified by the shareholders. | | | |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | Compliant | *There were no changes in and disagreements with the accountants or with the current accounting firm related to accounting and financial disclosure. | |
| Supplement to Recommendation 9.1 | | | |
| 1. Company has a policy of rotating the lead audit partner every five years. | Compliant | *Mr. Oliver Bucao has been the lead audit partner starting 2023. | |
| Recommendation 9.2 | | | |
| 1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | Compliant | *Manual on Corporate Governance, page 17 (9.4) Audit Committee. Approving and recommending the appointment, reappointment, removal, and fees of the external auditor. Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. Prior to commencement of the audit, discuss with the external auditor the nature and scope of the audit. | |
| 2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. | Compliant | | |
| Supplement to Recommendations 9.2 | | | |
| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | Compliant | *Manual on Corporate Governance and ACGR 2017. | |

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| 2. Audit Committee ensures that the external auditor has adequate quality control procedures. | Compliant | *Manual on Corporate Governance and ACGR 2017. | |
| Recommendation 9.3 | | | |
| 1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. | Compliant | *ACGR 2017 Audit Control Policies and Procedures | |
| 2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. | Compliant | *ACGR 2017 Audit Control Policies and Procedures | |
| Supplement to Recommendation 9.3 | | | |
| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services. | Compliant | *ACGR 2017 pages 44-45. | |
| Additional Recommendation to Principle 9 | | | |
| 1. Company's external auditor is duly accredited by the SEC under Group A category. | Compliant | *R.G. Manabat and Co. SEC Accreditation no.- 0003- SEC Date issued – October 1, 2020 Date expired – September 30, 2024 Darwin P. Virocel SEC Accreditation no. 94495-SEC | |
| 2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). | Compliant | The external auditor, R.G. Manabat & Co., complied with the requirements of the SEC when it conducted in 2019 its inspection under the SEC Oversight Assurance Review (SOAR) Inspection Program. | |
| Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed. | | | |
| Recommendation 10.1 | | | |
| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | Compliant | The Company has adhered to the requirement of the SEC pertaining to Sustainability Reporting. Annex A of the SEC 17-A 2023 provides for the Sustainability Report of the organization for the year. | . |

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| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | Compliant | The Sustainability Accounting Standards Board Materiality Map specifically applicable to the operations of the Hotels and Lodging Industry has been utilized by the company for its sustainability reporting. | |
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

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| 1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
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Supplemental to Principle 11

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| 1. Company has a website disclosing up-to-date information on the following: | | * http://www.waterfronthotels.com.ph/wpi/ | |
| a. Financial statements/reports (latest quarterly) | Compliant | | |
| b. Materials provided in briefings to analysts and media | Compliant | | |
| c. Downloadable annual report | Compliant | | |
| d. Notice of ASM and/or SSM | Compliant | | * http://www.waterfronthotels.com.ph/wpi/ |
| e. Minutes of ASM and/or SSM | Compliant | | |
| f. Company's Articles of Incorporation and By-Laws | Compliant | | |

Additional Recommendation to Principle 11

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| 1. Company complies with SEC-prescribed website template. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

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| 1. Company has an adequate and effective internal control system in the conduct of its business. | Compliant | *The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information system, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules regulations and contracts | |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | Compliant | *Manual on Corporate Governance | |

Supplement to Recommendations 12.1

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| 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | Compliant | *SEC 201S-Definitive ; Manual on Corporate Governance | |
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Optional: Recommendation 12.1

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| 1. Company has a governance process on IT issues including disruption, cyber security, and disaster | Compliant | *Guided by the Company's Standard Operating Procedures. | |
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| recovery, to ensure that all key risks are identified, managed and reported to the board. | | | |
| Recommendation 12.2 | | | |
| 1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | Compliant | *Guided by the Company's Standard Operating Procedures. | |
| Recommendation 12.3 | | | |
| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board. | Compliant | Ms. Aiza Famador | |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. | Compliant | *Conducts quarterly audit or from time to time to ensure compliance of the SOPs. | |
| 3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity. | Compliant | | There is no outsourcing of internal audit activity. |
| Recommendation 12.4 | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | Compliant | *ACGR 2017 pages 36-40. | |
| Supplement to Recommendation 12.4 | | | |
| 1. Company seeks external technical support in risk management when such competence is not available internally. | Compliant | | |
| Recommendation 12.5 | | | |
| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | Compliant | *Chief Risk Officer - Renato C. Francisco | |

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| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | Compliant | *SEC 17-A 2023, Item 9 Directors and Executive Officers of the Registrant | |
| Additional Recommendation to Principle 12 | | | |
| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | Compliant | *For report completion, a report was given to the Chief Executive Officer by the Audit Executive thru company's registered email. | |
| Cultivating a Synergic Relationship with Shareholders | | | |
| Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. | | | |
| Recommendation 13.1 | | | |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| Supplement to Recommendation 13.1 | | | |
| 1. Company's common share has one vote for one share. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | Compliant | *SEC 20IS-Definitive | |
| 3. Board has an effective, secure, and efficient voting system. | Compliant | *Performed thru electronic voting. | |
| 4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | Compliant | *SEC 20IS-Definitive; SEC 17-A 2023 | |
| 5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | Compliant | *Thru minutes of the meeting, notices and other sources might be applicable. | |
| 6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders. | Compliant | *SEC 20IS-Definitive; SEC 17-A 2023; ACGR 2017 pages 39-40. | |
| 7. Company has a transparent and specific dividend policy. | Compliant | *The Company has not issue dividends since the year 2000. However, it promises to declare dividends once the deficit is offset | |

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| | | and the market for the coming years proper. | |
| Optional: Recommendation 13.1 | | | |
| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | Compliant | *http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=173 | |
| Recommendation 13.2 | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | Compliant | *Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20.3, C, iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws). | |
| Supplemental to Recommendation 13.2 | | | |
| 1. Company's Notice of Annual Stockholders' Meeting contains the following information: | | *Provide link or reference to the company's notice of Annual Shareholders' Meeting | |
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) | Compliant | *SEC 201S-Definitive contains all necessary information and references. | |
| b. Auditors seeking appointment/re-appointment | Compliant | *SEC 201S-Definitive contains all necessary information and references. | |
| c. Proxy documents | Compliant | *SEC 201S-Definitive contains all necessary information and references. | |
| Optional: Recommendation 13.2 | | | |
| 1. Company provides rationale for the agenda items for the annual stockholders meeting | Compliant | | |
| Recommendation 13.3 | | | |
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special | Compliant | *http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=173 | |

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| Shareholders' Meeting publicly available the next working day. | | | |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| Supplement to Recommendation 13.3 | | | |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | Compliant | *Representatives of said firm are expected to be present at the stockholders' meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. | |
| Recommendation 13.4 | | | |
| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | Compliant | * http://www.waterfronthotels.com.ph/wpi/ | |
| Recommendation 13.5 | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | Compliant | *Investor Relation Officer is Mr. Richard Ricardo. | |
| 2. IRO is present at every shareholder's meeting. | Compliant | the IRO has attended the ASM | |
| Supplemental Recommendations to Principle 13 | | | |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | Compliant | *Corporation's by-laws; Manual on Corporate Governance | |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market. | Compliant | * 53.22% as of May 28, 2024. | |
| Optional: Principle 13 | | | |

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| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting | Compliant | *Send notices and invitations. | |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | Compliant | *Online casting of votes/proxies. | |
| Duties to Stakeholders | | | |
| Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. | | | |
| Recommendation 14.1 | | | |
| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | Compliant | * http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=173 | |
| Recommendation 14.2 | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | Compliant | *Manual on Corporate Governance | |
| Recommendation 14.3 | | | |
| 1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights. | Compliant | *Manual on Corporate Governance | |
| Supplement to Recommendation 14.3 | | | |
| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | Compliant | *The Company makes sure that all complaints, suggestions, feedbacks and comments are properly addressed and acted upon immediately. | |
| Additional Recommendations to Principle 14 | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | Compliant | *SEC 201S-Definitive; ACGR 2017 | |

