

LRWC PRESS STATEMENT

Leisure and Resorts World Corporation

LRWC Managed a Difficult Year In spite of Regulatory Challenges Earnings slightly higher with a Net Income of **P1.055B** (or **P0.88 per share**)

Leisure & Resorts World Corporation (LRWC) is pleased to announce its Full Year 2016 Financial Performance. LRWC reported its **2016** Consolidated Net Income (NI) of **P1.055B** (net of P83.6M provisions for impairment of assets in closed sites and bad debts) which is **slightly better than** 2015's Net Income of P1.030B. This was achieved, in spite of the dramatic changes in the regulatory environment particularly in the last quarter of 2016 which affected the operations of the Company's subsidiaries.

LRWC's 2016 Q4 net income declined by P57MM or 25% to 166MM as against P223MM in the same period last year. EBITDA for 2016 improved by 17% from P1.669B to P1.959B for an increase of P290MM over 2015.

LRWC's three main business divisions reported better results (except for the PROPERTY and INVESTMENTS division as explained below):

1. CASINO DIVISION. P170MM net income contribution. This includes:
 - a. Prime Investment Korean Inc. (PIKI) – 100% owned. Has an authority to engage in junket operations including supplementary operations of junket tables equipped with high definition video camera and appropriate voice telephony facilities (eJunket) at Midas Hotel and Casino.
 - b. Blue Chip Gaming and Leisure Corporation (BCGLC) – 100% owned. Facilities provider for PAGCOR VIP Slot Arcades.
 - c. Hotel Enterprises Philippines Inc. (HEPI) – 51% owned. HEPI owns the property and hotel that runs the Midas Hotel and has a contract with the Philippine Amusement and Gaming Corporation (PAGCOR) for the Casino.

The CASINO division's 2016 contribution was P170MM vs 2015 of P85MM. PIKI's 2016 NI contribution was P19MM versus 2015's P33MM. PIKI's revenues in 2016 was affected by the events leading to the Bangladesh Bank heist. HEPI brought in P45MM for the 2016 compared to P38MM in 2015. The contribution of the slot arcade business of Blue Chip was P106MM. This was up by P92MM (+665%) from 2015 largely on account of the full year income of newly acquired sites that operated for six months only last year.

2. ONLINE DIVISION. Up 21% to P 624MM. This includes:
 - a. First Cagayan Leisure and Resorts Corp (First Cagayan) - 69.68% owned. Master licensor for online gaming in the Cagayan Freeport and Special Economic Zone.
 - b. First Cagayan Converge Data Center, Inc. (FCCDCI) - 60% owned by First Cagayan on a Joint Venture with IP Converge to provide bandwidth, co-location, telecommunication and other IT managed services to online gaming operators.

For the ONLINE division, First Cagayan contributed bulk of the revenues or about 40% of LRWC's total business divisions' net income. First Cagayan's net income expanded 20% (or P91MM) from P464MM in 2015 to P555MM in 2016. FCCDCI contributed P69MM to LRWC's total net income. Going forward, the company assumes that First Cagayan's revenues will be affected by PAGCORs adoption of the Rules and Regulations for Philippine Offshore Gaming Operations in 01 September 2016.

3. RETAIL DIVISION. 2016 NI up **24%** to P318MM. This includes the following subsidiaries:

- a. AB Leisure Exponent (ABLE) – 100% owned. Manages bingo halls and electronic bingo boutiques.
- b. Total Game Zone Xtreme (TGXI)– 100% owned. Manages eCasino outlets.

The 2016 net income of the RETAIL division grew by **24%** from P256MM to P318MM over 2015. The biggest contributor was ABLE's bingo operations that was up P110M (45%) from 2015 of P244MM to P354M. TGXI's eCasino outlets lost P35MM (inclusive of P21M after tax impairment of assets in closed sites). TGXI performance was affected by the new distance regulations for gaming venues adopted by the Philippine Amusement and Gaming Corporation and the non-renewal of one of its provider, PhilWEB Corporation. However, ABLE's electronic bingo games (EBG) machines continued to drive the growth in its earnings. ABLE has over 9,700 EBG machines installed all over the country while TGXI has in excess of 1,650 eCasino terminals installed.

4. PROPERTY & INVESTMENTS DIVISION. P293MM net income contribution.

- a. AB Leisure Global Inc. – 100% owned. ABLGI had a 30% economic benefit in the City of Dreams, Manila (COD). AB Global's 2016 net income amounted to P270MM. This amount includes LRWC'S 30% share of the net lease payments to Belle Corporation from COD as well as a share in the gaming revenues remittance from COD to Premium Leisure and Amusement, Inc. (PLAI).
- b. On 04 November 2016, ABLGI, LRWC, Belle, PLAI and Belle Grande signed a Termination Agreement whereby the parties, for a total consideration to be paid to ABLGI in the amount of P5.090 billion, agreed to terminate their respective obligations under the said agreements. Pursuant to the said Termination Agreement, ABLGI/LRWC will receive a total of P5.090 billion, with P1.018 billion paid on 03 November 2016 and the balance on 31 March 2017. ABLGI continued to share in the net lease income and gaming revenue of Belle Group from November 2016 to March 2017. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.
- c. LR Land Developers, Inc. (LRLDI) B100% owned. Leases land and a Cyberpark building to online gaming operators in Sta. Ana, Cagayan and has an interest in the Lallo Airport. LR Land brought in P8MM for 2016 (before P56MM provision for bad debts). LR land, a 100% owned company of LRWC, has a 50% equity in TechZone Philippines, Inc., (TPI) the joint venture company with Total Consolidated Asset and Management, Inc. TPI's contribution was P70MM for 2016. TPI has built a world class-32-storey BPO building along Buendia (Gil Puyat Ave) in Makati. TPI tenants are in various stages of moving into these offices. TPI will have recurring rental income in the next few years. TPI has a GFA of approximately 43,000 sqm.

The various divisions contributed a total Php1.405B. After deducting LRWC's expenses, the consolidated net income totals Php1.055B for 2016. LRWC's 2016 Consolidated Revenues totaled P11.165B vs P9.511B for the same period last year, representing a 17% growth.

In spite of the slowdown in the gaming sector, LRWC's core businesses continue to show very robust growth and management believes in being able to continue this in the future.

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About LRWC:

Leisure and Resorts World Corporation was incorporated in 10 October 1957. As part of the corporate restructuring of the Company in 1996, the Company's primary purpose was amended in October 1999 to engage in realty development focusing on leisure business. The Company approved Agreements with the shareholders of AB Leisure Exponents (ABLE) to acquire the entire outstanding capital stock and ABLE became a wholly-owned subsidiary of the Company. LRWC functions as a holding company and the Group's primary purpose is to engage in the leisure business which includes general amusement and recreation, bingo parlors, hotel and gaming facilities.

Today the Company is involved in managing bingo parlors as well as an operator of eGames outlets, slot arcades, junket operations, hotel, real estate and other gaming facilities. Its First Cagayan subsidiary works with the Cagayan Economic Zone Authority to provide a jurisdiction for online gaming.

LRWC

2016 NET INCOME

| | % owned | % contr | 2016 | PY | Grw | % |
|---|---------|---------|--------------|--------------|-----------|-----------|
| CONSOLIDATED | | | 1,055 | 1,030 | 25 | 2% |
| CASINO  | | 12% | 170 | 85 | 85 | 100% |
| ONLINE  | | 44% | 624 | 516 | 108 | 21% |
| RETAIL  | | 23% | 318 | 256 | 62 | 24% |
| PROPERTY  | | 21% | 293 | 353 | (60) | -17% |
| PARENT | | | (349) | (179) | (170) | -95% |

FY 2016

**PRESS
RELEASE**

| | | | | | | | |
|-------|--------------|------|----|-----|----|------|------|
| PIKI | Junket | 100% | 1% | 19 | 33 | (14) | -44% |
| BCGLC | Arcade | 100% | 8% | 106 | 14 | 92 | 665% |
| HEPI* | Hotel/Casino | 51% | 3% | 45 | 38 | 7 | 19% |

| | | | | | | | |
|--------|----------------|-----|-----|-----|-----|----|-----|
| FCLRC | Hosting fees | 70% | 40% | 555 | 464 | 91 | 20% |
| FCCDCI | Infra services | 42% | 5% | 69 | 51 | 17 | 34% |

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|------|---------|------|-----|------|-----|------|-------|
| ABLE | Bingo | 100% | 25% | 354 | 244 | 110 | 45% |
| TGXI | eCasino | 100% | -3% | (35) | 12 | (47) | -395% |

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|-------|-----------------|------|-----|------|-----|-------|-------|
| ABLGI | City of Dreams | 100% | 19% | 270 | 142 | 128 | 91% |
| LRLDI | Comm Space | 100% | -3% | (48) | 77 | (125) | -162% |
| TPI* | Office building | 50% | 5% | 70 | 134 | (64) | -48% |

*equity share in associate/joint venture



2016 EBITDA

| | % owned | % contr | 2016 | PY | Grw | % |
|---------------------|---------|---------|--------------|--------------|--------------|--------------|
| CONSOLIDATED | | | 1,918 | 1,669 | 249 | 15% |
| CASINO | | 10% | 225 | 124 | 101 | 82% |
| ONLINE | | 32% | 738 | 594 | 144 | 24% |
| RETAIL | | 32% | 753 | 564 | 188 | 33% |
| PROPERTY | | 27% | 620 | 581 | 39 | 7% |
| PARENT | | | (417) | (195) | (223) | -114% |

FY 2016

**PRESS
RELEASE**

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|-------|--------------|------|----|-----|----|------|------|
| PIKI | Junket | 100% | 1% | 25 | 50 | (24) | -49% |
| BCGLC | Arcade | 100% | 7% | 155 | 36 | 118 | 328% |
| HEPI* | Hotel/Casino | 51% | 2% | 45 | 38 | 7 | 19% |

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|--------|----------------|-----|-----|-----|-----|-----|-----|
| FCLRC | Hosting fees | 70% | 29% | 669 | 543 | 126 | 23% |
| FCCDCI | Infra services | 42% | 3% | 69 | 51 | 17 | 34% |





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|------|---------|------|-----|-----|-----|------|-------|
| ABLE | Bingo | 100% | 33% | 762 | 527 | 236 | 45% |
| TGXI | eCasino | 100% | 0% | (9) | 38 | (47) | -125% |

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|-------|-----------------|------|-----|------|-----|-------|-------|
| ABLGI | City of Dreams | 100% | 26% | 597 | 365 | 232 | 63% |
| LRLDI | Comm Space | 100% | -2% | (48) | 82 | (130) | -158% |
| TPI* | Office building | 50% | 3% | 70 | 134 | (64) | -48% |

*equity share in associate/joint venture



2016 REVENUE

| | % owned | % contr | 2016 | PY | Grw | % |
|---|---------|---------|---------------|--------------|--------------|------------|
| CONSOLIDATED | | | 11,165 | 9,511 | 1,654 | 17% |
| CASINO  | | 11% | 1,276 | 1,227 | 48 | 4% |
| ONLINE  | | 17% | 1,867 | 1,602 | 265 | 17% |
| RETAIL  | | 66% | 7,392 | 6,278 | 1,114 | 18% |
| PROPERTY  | | 6% | 630 | 403 | 227 | 56% |
| PARENT | | | - | - | - | 0% |

FY 2016

**PRESS
RELEASE**

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|-------|--------------|------|----|-----|-------|-------|------|
| PIKI | Junket | 100% | 8% | 894 | 1,046 | (152) | -14% |
| BCGLC | Arcade | 100% | 3% | 381 | 182 | 200 | 110% |
| HEPI* | Hotel/Casino | 51% | 0% | - | - | - | 0% |

| | | | | | | | |
|--------|----------------|-----|-----|-------|-------|-----|-----|
| FCLRC | Hosting fees | 70% | 17% | 1,867 | 1,602 | 265 | 17% |
| FCCDCI | Infra services | 42% | 0% | - | - | - | 0% |

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|------|---------|------|-----|-------|-------|-------|------|
| ABLE | Bingo | 100% | 64% | 7,135 | 5,983 | 1,151 | 19% |
| TGXI | eCasino | 100% | 2% | 257 | 295 | (38) | -13% |

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|-------|-----------------|------|----|-----|-----|------|------|
| ABLGI | City of Dreams | 100% | 6% | 621 | 383 | 239 | 62% |
| LRLDI | Comm Space | 100% | 0% | 8 | 20 | (12) | -59% |
| TPI* | Office building | 50% | 0% | - | - | - | 0% |

*equity share in associate/joint venture