

Philippine Stock Exchange index (PSEi)

5,832.58 ▼ 99.61 PTS. ▼ 1.67%

MONDAY, OCTOBER 10, 2022  
BusinessWorld

PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P610.00 -P20.00 -3.17%	<b>ACEN</b> ACEN Corp. P5.64 -P0.14 -2.42%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P54.60 -P2.00 -3.53%	<b>AGI</b> Alliance Global Group, Inc. P8.04 -P0.26 -3.13%	<b>ALI</b> Ayala Land, Inc. P23.00 -P0.40 -1.71%	<b>AP</b> Aboitiz Power Corp. P31.20 -P0.80 -2.50%	<b>BDO</b> BDO Unibank, Inc. P111.10 -P1.30 -1.16%	<b>BPI</b> Bank of the Philippine Islands P92.95 -P0.05 -0.05%	<b>CNVRG</b> Converge ICT Solutions, Inc. P12.20 -P0.80 -6.15%	<b>EMI</b> Emperador, Inc. P19.72 --
<b>GLO</b> Globe Telecom, Inc. P2,170.00 +P10.00 +0.46%	<b>GTCAP</b> GT Capital Holdings, Inc. P390.00 -P10.00 -2.50%	<b>ICT</b> International Container Terminal Services, Inc. P177.50 -P0.10 -0.06%	<b>JFC</b> Jollibee Foods Corp. P228.00 -P3.00 -1.30%	<b>JGS</b> JG Summit Holdings, Inc. P42.00 -P1.90 -4.33%	<b>LTG</b> LT Group, Inc. P7.81 -P0.30 -3.70%	<b>MBT</b> Metropolitan Bank & Trust Co. P48.50 -P1.60 -3.19%	<b>MEG</b> Megaworld Corp. P1.99 -P0.04 -1.97%	<b>MER</b> Manila Electric Co. P285.00 -P10.40 -3.52%	<b>MONDE</b> Monde Nissin Corp. P12.18 -P0.34 -2.72%
<b>MPI</b> Metro Pacific Investments Corp. P3.36 -P0.09 -2.61%	<b>PGOLD</b> Puregold Price Club, Inc. P26.90 -P0.10 -0.37%	<b>RLC</b> Robinsons Land Corp. P15.52 -P0.48 -3.00%	<b>SCC</b> Semirara Mining and Power Corp. P40.25 -P0.15 -0.37%	<b>SM</b> SM Investments Corp. P760.00 --	<b>SMC</b> San Miguel Corp. P98.05 -P2.95 -2.92%	<b>SMPH</b> SM Prime Holdings, Inc. P31.15 -P0.30 -0.95%	<b>TEL</b> PLDT, Inc. P1,450.00 -P60.00 -3.97%	<b>URC</b> Universal Robina Corp. P109.00 -P1.50 -1.36%	<b>WLCON</b> Wilcon Depot, Inc. P27.40 -P0.90 -3.18%

# Property market uptrend expected if POGOs stay

SEGMENTS of the property market are bound to maintain their uptrend as long as Philippine Offshore Gaming Operators (POGOs) are allowed to continue, Leechiu Property Consultants, Inc. said.

It also expects the demand for commercial properties to remain as jobs could be shifted to the country if a downturn happens globally, as what happened in the past.

"If the POGOs are allowed to continue, then we will establish a floor in the stock market, residential market, and office market," Leechiu Chief Executive Officer David Leechiu said during a media briefing on Monday.

Mr. Leechiu said that despite the US saying that interest rates will keep climbing for the next

12 months, the rise will be offset by the improvement in logistics, which in turn can ease costs.

"Yes, interest rates are going to climb but that will be partly offset by the drop in construction costs, drop in distribution costs, and by the drop in food prices," Mr. Leechiu added.

"Late next year, you're gonna see a lot of these stabilizing, and then it's gonna produce improved sentiment and that's when the stock market will go up. It's [also] gonna improve sentiment in the Philippines and that's when foreigners will start investing in Philippine property again," he said about rising interest rates and the depreciating peso.

Leechiu Director for Investment Sales Alvin Magat similarly

said that POGOs are important to the commercial segment to keep its uptrend next year.

"Yes, it will be positive for commercial properties considering that POGO will stay because if that will be gone right now, we will need to come up with a demand that will fill up all the supply that will be left out by the POGO industry," Mr. Magat said.

He added that demand for commercial properties will be maintained even if a recession happens in the US or globally because jobs will again shift to the Philippines, which he said happened during the global financial crisis of 2008.

"We should not forget the fact that the Philippines has its own competitive advantage compared to other BPO (business process out-

sourcing) countries like India and Vietnam, and that is the average age that we have for our BPO industry and the ability and fluency of [our] BPO employees," Mr. Magat said.

Meanwhile, Leechiu Director for Commercial Leasing Mikko Barranda said that the occupancy rate in the BPO sector is on an uptrend despite the work-from-home arrangement extending to next year and industry projects of hiring full-time employees (FTE).

"The uptick is seen; we see the uptrend. [And we give] a lot of emphasis to the BPO sector [by] them taking space despite the current working arrangements," Mr. Barranda said.

He added that projections from the IT and Business Process Association of the Philippines (IBPAP)

about the number of FTEs who will be hired in the next few years "gives us the confidence in terms of properties or real estate that the BPO sector will take."

The IBPAP roadmap shows that the information technology and business process management (IT-BPM) industry is projected to hire 1.1 million FTEs in the next six years, which translates to 476,000 square meters (sq.m.) of annual office space requirement until 2028.

"There is optimism if you look at the charts from 2020 at 380,000 sq.m., 540,000 sq.m. in 2021, and in the first nine months of 2022 at 694,000 sq.m.," Mr. Barranda said.

He said the BPO industry has a "multiplier effect" in which the hir-

ing of a single FTE has the potential to indirectly hire three or four FTEs.

"So, what a one million FTE count through six years [could mean] is actually three or four million added FTEs to the economy," Mr. Barranda added.

For the residential segment, Leechiu Director for Research and Consultancy Roy Amado Golez, Jr. said that the government's call to build a million houses per year could help the movement of the low-cost and affordable housing segments. — **Justine Irish D. Tabile**

**FULL STORY**  
Read the full story by scanning the QR code with your smartphone or by typing the link <<https://bit.ly/3yucU0k>>

# Macay set to acquire RC Global Beverages for \$21.4M

LISTED holding firm Macay Holdings, Inc. is set to acquire 100% of RC Global Beverages, Inc. (RCGBI) for \$21.4 million after the close of its share purchase agreement with RC Global Ventures, Inc.

"The acquisition by Macay of RCGBI provides Macay a global platform and foreign currency revenues in addition to the current peso revenues from its local operations," the firm said in a disclosure to the Philippine Stock Exchange on Monday.

RCGBI holds global licensing rights to RC Cola and associated brands in over 100 countries and has a wholly owned subsidiary, Royal Crown Cola International, LLC.

"The acquisition is also immediately financially accretive to Macay and will strengthen the food and beverage investments portfolio of Macay," it added.

If realized, Macay will acquire 100% voting and controlling interest in RCGBI. The acquisition will be through a

share purchase transaction and is expected to close not earlier than a month after the execution.

The acquisition also aims to enhance the synergies between Macay, the Philippine bottler of RC Cola, and RCGBI "as trademark owner and supplier of concentrates."

Macay said that the acquisition is a way to expand its business across other territories as it introduces new brands or products.

The acquisition is still subject to the fulfillment of closing conditions and is still subject to adjustments, the firm added.

According to the disclosure, both Macay and RCGBI are beneficially owned by the investment management firm Mazy's Capital, Inc.

On the stock market on Monday, shares in Macay closed unchanged at P4.59 apiece. — **Justine Irish D. Tabile**

# Alternergy gets RE 'inquiries' after DoJ opinion

ALTERNERGY Holdings Corp. has received inquiries from foreigners on renewable energy (RE) after the legal opinion of the Justice department that investments are not subject to foreign ownership restrictions, its chairman said.

"We have received inquiries from companies abroad. Alternergy, as a local renewable energy pioneer with projects that are already operational, under construction and in the pipeline, fully understands the permitting, political, local and environmental landscape as well as community engagements," Vicente S. Pérez, Jr., chairman of the power company, said in a media release.

Mr. Pérez said the legal opinion of the Department of Justice (DoJ) could spur investments that can hasten the development of local renewable sources.

"We expect that this will bring in increased capitalization to further accelerate the development of RE resources in the country," he said.

In a media release last week, the Energy department cited the DoJ legal opinion, which said exploration, development, and utilization of inexhaustible renewable sources are not subject to Section 2, Article 12 of the 1987 Constitution which limits foreign equity to 40% of an RE project.

The DoJ said that foreign ownership of natural resources only covers things that are "susceptible to appropriation," which excluded the sun, wind, and ocean.

Alternergy said that to date, several projects are being co-developed with foreign partners. The power company aims to develop up to 1,370 megawatts of additional wind, offshore wind, solar, and run-of-river hydro projects. — **Ashley Erika O. Jose**

# Private firms can build more homes if permitting is faster — 8990 chair

GOVERNMENT can support private entities by making it easier for them to get permits, the founder of listed developer 8990 Holdings, Inc. said in response to the administration's call for more housing units.

"It's very challenging to come up with a million houses 'cause we've never experienced building a million houses in the Philippines," 8990 Holdings Chairman and Co-founder Mariano D. Martinez, Jr. told *BusinessWorld* in an interview last week.

He was referring to the government's plea for the private sector to do its part in supporting the "Pambansang Pabahay Para sa Pilipino" program, which aims to build one million affordable and accessible homes in selected areas each year.

The program's goal is to clear a housing backlog of 6.5 million before the end of the Marcos administration.

"To achieve that, they really have to support the private sector, especially with regards to timetables because one of the hardest hurdles or longest hurdles is the permitting process," Mr. Martinez said.

He described the permitting process as passing through several government agencies for two years. "That needs to be addressed. I don't know how they are going to address that but if they want to achieve a million houses that should really [be a] number one [priority]," Mr. Martinez said.

He said that the government should be able to cut the length of time to secure permits to six months from 24 months.

Meanwhile, Mr. Martinez said that the next hurdle would be the implementation and construction of low-cost housing projects.

"It's no joke to fund a million houses neither is it a joke to make sure that the supplies or construction materials are [sufficient]," he said.

Given the hurdles, Mr. Martinez said that although 8990 Holdings will participate in the low-cost housing program, it might wait on the sidelines first.

"Of course, we will help but I'm really just doing a wait-and-see attitude on how the [government] plans to implement it," he said.

During the National Developers Convention 2022 last week, Department of Human Settlements and Urban Development Secretary Jose Rizalino L. Acuzar said that President Ferdinand R. Marcos, Jr. had given the directive to implement the program.

The department said the program will require P1 trillion to realize at a cost of P1 million per home, which the agency plans to subsidize. It also plans to tap private companies, developers, and banks to participate.

The agency said it proposed a budget of P36 billion yearly to be used as a subsidy to be able to achieve the expected preferential interest of 1% for home buyers. — **Justine Irish D. Tabile**

# CTA declines to review P&G claim

THE Court of Tax Appeals (CTA) has denied the plea of Procter & Gamble (P&G) International Operations Pte., Ltd. to review and to set aside its alleged excess input value-added tax (VAT) worth P51.74 million traced to zero-rated sales from July 1 to Dec. 31, 2015.

In a 39-page decision on Oct. 5 and made public on Oct. 7, the CTA First Division said the firm did not provide enough evidence to prove its claim for the VAT refund.

"It is indispensable that a claimant of tax refund must prove that the services it rendered to its foreign affiliates must have been performed or rendered in the Philippines and not abroad," Associate Justice Marian Ivy F. Reyes-Fajardo said in the ruling.

The tribunal noted that a claim for excess VAT is essentially a tax exemption, which requires the taxpayer to prove its entitlement with sufficient evidence.

Under the country's tax code, zero-rated sales are transactions made by VAT-

registered taxpayers that do not translate to any output tax.

If a sale is subject to 0% VAT, the term "zero-rated sale" must also be written on the company's official invoices.

The petitioner is the Philippine regional operation headquarters of a Switzerland-based multinational firm.

The firm argued that it engaged with foreign corporations doing business outside the country. It noted that the subject VAT was paid for in accordance with the law and had been properly substantiated.

The tax court also disallowed some of the receipts presented due to the firm's failure to prove that the transactions were paid in acceptable foreign currency and were accounted for with the central bank's rules.

"In view of petitioner's failure to prove that its alleged VAT zero-rated sales were performed in the Philippines, petitioner failed to show that it is entitled to the claim for refund or tax credit under the substantive law," the CTA pointed out. — **John Victor D. Ordoñez**

# EdgeConneX-Aboitiz first data center to start construction next year

US-BASED EdgeConneX and its local partner Aboitiz InfraCapital, Inc. (AIC) are set to build their first data center in Luzon next year, the former's managing director for Asia Pacific said.

"We expect construction to begin in 2023 and are initially looking at Luzon to serve growing business and industry around Metro Manila," Kelvin Fong, managing director for Asia Pacific at EdgeConneX, told *BusinessWorld* in an e-mail interview last week.

He said the partnership with AIC will grant EdgeConneX access to over 20 other potential land sites across the greater Manila area.

The country's data center industry is expected to be worth \$134 million in 2022

and to increase at a five-year compound annual growth rate of 25% through 2027, he also said, citing data from research and consulting firm Structure Research.

The global data center provider sees the Philippines as growing in importance, with most major cloud service providers and content delivery networks already having a presence.

"The Philippines is primed for the next wave of digital infrastructure deployments and investments in the Asia-Pacific region," Mr. Fong said, noting that the latest subsea cable developments also position the country well for connectivity.

"There is strong governmental support for the investment and deployment of digital infrastructure. The Philippines' Depart-

ment of Information and Communications Technology is said to be investing \$960 million in the next three years to improve the country's digital infrastructure," he added.

At the same time, the company sees a strong emphasis on the use of renewable energy, which helps position the EdgeConneX and Aboitiz InfraCapital joint venture to meet the underserved and high domestic data demand.

"The Department of Energy in the Philippines has set new renewable energy targets in its latest version of the National Renewable Energy Program," Mr. Fong said. "The program targets to achieve more than 35% renewable energy in the overall energy mix by 2030 and more than 50% by 2040." — **Arjay L. Balinbin**