

Philippine Stock Exchange index (PSEi)

6,833.53

▲ 124.19 PTS.

▲ 1.85%

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BusinessWorld

PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P732.00 +P24.50 +3.46%	<b>ACEN</b> ACEN Corp. P6.95 -P0.06 -0.86%	<b>AEV</b> Aboltiz Equity Ventures, Inc. P59.50 +P0.80 +1.36%	<b>AGI</b> Alliance Global Group, Inc. P11.96 +P0.04 +0.34%	<b>ALI</b> Ayala Land, Inc. P31.00 +P1.00 +3.33%	<b>AP</b> Aboltiz Power Corp. P36.10 +P0.20 +0.56%	<b>BDO</b> BDO Unibank, Inc. P114.00 +P4.10 +3.73%	<b>BPI</b> Bank of the Philippine Islands P103.10 +P1.80 +1.78%	<b>CNVRG</b> Converge ICT Solutions, Inc. P18.50 +P0.30 +1.65%	<b>EMI</b> Emperador, Inc. P20.15 ---
<b>GLO</b> Globe Telecom, Inc. P2,060.00 ---	<b>GTCAP</b> GT Capital Holdings, Inc. P462.00 +P16.60 +3.73%	<b>ICT</b> International Container Terminal Services, Inc. P203.00 +P3.00 +1.50%	<b>JFC</b> Jollibee Foods Corp. P242.00 +P0.40 +0.17%	<b>JGS</b> JG Summit Holdings, Inc. P56.70 +P1.60 +2.90%	<b>LTG</b> LT Group, Inc. P9.80 +P0.04 +0.41%	<b>MBT</b> Metropolitan Bank & Trust Co. P57.35 +P0.05 +0.09%	<b>MEG</b> Megaworld Corp. P2.15 +P0.06 +2.87%	<b>MER</b> Manila Electric Co. P300.00 +P3.80 +1.28%	<b>MONDE</b> Monde Nissin Corp. P13.38 +P0.42 +3.24%
<b>MPI</b> Metro Pacific Investments Corp. P3.79 -P0.05 -1.30%	<b>PGOLD</b> Puregold Price Club, Inc. P35.10 +P0.20 +0.57%	<b>RLC</b> Robinsons Land Corp. P15.02 ---	<b>SCC</b> Semirara Mining and Power Corp. P34.90 -P0.70 -1.97%	<b>SM</b> SM Investments Corp. P904.00 +P4.00 +0.44%	<b>SMC</b> San Miguel Corp. P95.50 +P0.45 +0.47%	<b>SMPH</b> SM Prime Holdings, Inc. P37.90 +P1.65 +4.55%	<b>TEL</b> PLDT, Inc. P1,405.00 -P15.00 -1.06%	<b>URC</b> Universal Robina Corp. P140.30 +P1.60 +1.15%	<b>WLCON</b> Wilcon Depot, Inc. P32.00 +P1.30 +4.23%

# REITs seen saddled by hybrid work, POGO exit

By Justine Irish D. Tabile  
Reporter

REAL estate investment trusts (REITs) are expected to benefit from the further reopening of the economy, but their growth could be tempered by flexible work arrangements and the departure of Philippine offshore gaming operators (POGO), analysts said.

“The economic reopening narrative would still be the important consideration for the business and sales and overall valuations of REITs,” Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

“This would be counterbalanced though by the continued work-from-home or hybrid arrangements for some BPOs (business process outsourcing) and some reduction in POGO business since the pandemic started

and also amid tighter regulations on POGOs in recent months,” Mr. Ricafort added.

The continuing hybrid work comes as the Fiscal Incentives Registration Board (FIRB), an inter-agency government body that grants tax incentives to registered business enterprises (RBEs), extended the validity of Resolution No. 026-22 until Jan. 31.

Before the extension, the FIRB noted that only about 40% of the affected RBEs in the information technology and business process management (IT-BPM) industry have submitted their transfer requirements on time or on the previous deadline of Dec. 31, 2022, with 640 RBEs not being able to submit.

With its extension, Resolution No. 026-22 will allow existing RBEs to transfer their registration from the investment promotion agency administering economic zones to the Board of Investments

until Jan. 31, which will allow them to adopt up to 100% work-from-home arrangement without the loss of incentives.

Meanwhile, China Bank Securities Corp. Research Director Rastine Mackie D. Mercado said that continued growth in economic activity could help buoy occupancy and rental rates of office and retail REITs.

“Apart from this, revenue growth could also be supported by annual rental escalation, and incremental revenues from asset infusions,” Mr. Mercado added.

Many REITs have posted three-year investment strategies in which they have expressed a positive outlook for the coming years. Philippine Stock Exchange, Inc. said it expects more REITs to list in 2023.

According to the bourse operator, it expects 14 maiden listings this year, 11 of which will be composed of companies and REITs that will list on the main board.

In its three-year investment strategy, DDMP REIT, Inc. (DD-MPR) said it is looking to diversify its tenant mix to include financial services, government agencies, and service sectors, banking on its properties’ prime location and government property locators.

Meanwhile, MREIT, Inc. said it is on track to increase its gross leasable area (GLA) to 500,000 square meters (sq.m.) by the end of 2024, while Ayala Land, Inc.-sponsored AREIT, Inc. is planning to grow its assets at an average of 100,000 sq.m. of GLA annually from 2023 to 2025.

Premiere Island Power REIT Corp. (PREIT) said it is working to grow and diversify its portfolio on power generation as it expects to maximize annual total investor return through new acquisitions.

However, most shares of REITs closed lower by end-2022 versus their offer prices with some continually declining as of Jan. 6.

In the REIT prices summary compiled by Philstocks Financial, Inc., AREIT and PREIT were the sole gainers over their offer prices.

AREIT shares closed five centavos or 0.14% higher on Friday to P35.20 apiece, while PREIT shares added a centavo or 0.63% to P1.50 each.

Meanwhile, Citicore Energy REIT Corp. lost one centavo or 0.44% on Friday to P2.28 apiece; MREIT shares went down by 30 centavos or 2.14% to P13.70 each.

RL Commercial REIT, Inc. also declined by 19 centavos or 3.2% on Friday to P5.75 apiece, which was what also happened with VistaREIT, Inc., which lost one centavo or 0.6% to P1.65 each.

Although DDMPR added a centavo on Friday, its closing price of P1.30 is still lower than its offer price of P2.25, while Filinvest REIT Corp. closed unchanged at P5.50 each, also lower than its offer price of P7.

Despite the decline, Mr. Ricafort said that REITs remain to be an integral part of the capital market as they help in diversifying fund sources and investment prospects related to real estate.

“More REITs that are looking to be a part of capital market development allow real estate or property companies to have more options in raising funds while giving more alternatives to the investing public to participate in the various REITs as alternatives to actual real estate or properties with rental income being managed outright,” Mr. Ricafort said.

Meanwhile, Mr. Mercado expects less downward pressure on REIT prices this year as policy rate hikes level off.

“Note that REIT prices typically have an inverse relationship with interest rates and benchmark yields. Prospective infusions could also serve as catalysts for positive price action,” Mr. Mercado said.

## Megaworld to bring Savoy hotel to San Vicente, Palawan

MEGAWORLD Corp. is bringing its Savoy hotel brand to Palawan in a move that will raise the listed property developer’s total hotel room keys to around 4,806 when the project is completed.

The 10-storey Savoy Palawan will offer 306 guest rooms and suites in varied layouts and will open its doors in a 462-hectare lot in Paragua Coastown in San Vicente, Palawan by 2028.

“As we continue to tap on the rising opportunities in Philippine tourism, we also hope to meet the demand for accommodations in San Vicente, which is known to have the longest beach line in the entire country,” Megaworld Hotels and Resorts Managing Director Cleofe C. Albiso.

Savoy Palawan will be a five-minute walk to the beach and will be beside the township’s Mangrove Reserve Park.

The hotel will have a swimming pool for adults and a separate kiddie pool, a pool deck at the third level, a fitness center, a spa with a wet and dry sauna, and a kid’s club.

Meanwhile, Savoy Palawan will house four food and beverage outlets: an all-day dining restaurant with an alfresco area, Zabana Bar & Lounge, Grill Bar with outdoor dining, and a specialty restaurant. It will also house a ballroom, smaller function rooms with pre-function areas, a business center and a meeting room.

Ms. Albiso said that the hotel will feature sustainability features as the company aims to make it a luxury green hotel.

“The hotel’s equipment and machines will be certified ‘energy-efficient’ and we will also be using recycled water for washing from our rain harvesting facility,” said Ms. Albiso.

Savoy Hotel will also have facilities for bikes as a part of the bike-friendly community of Paragua Coastown.

The hotel is the 17<sup>th</sup> hotel property launched by Megaworld Hotels and Resorts, the homegrown hotel operator of Megaworld.

To date, 12 of these 17 launched hotels are operational with the remaining

five currently in the pipeline including Savoy Palawan and Grand Westside Hotel in Parañaque City which the company said is poised to be the biggest hotel in the country.

The total operational hotel rooms of the company are around 4,500 in Richmond Hotel Ortigas, Eastwood Richmond Hotel, Richmond Hotel Iloilo, Savoy Hotel Newport, Savoy Hotel Boracay, Savoy Hotel Mactan Newtown, Belmont Hotel Manila, Belmont Hotel Boracay, Belmont Hotel Mactan, Kingsford Hotel Manila, Twin Lakes Hotel in Tagaytay and Hotel Lucky Chinatown in Binondo. — **Justine Irish D. Tabile**

## Converge backs Wilcon Depot in digital retailing

CONVERGE ICT Solutions, Inc. announced on Thursday its partnership with construction supplies and home improvement retailer Wilcon Depot, Inc. as the latter navigates the digital retailing model.

“In order to adapt to the new working environment and innovate towards a more digital retailing model, Wilcon Depot partnered with Converge ICT Solutions, Inc. with their enterprise-grade product, Direct Internet Access (DIA), which allows them to have a dedicated and secured internet service,” Converge said in an e-mailed statement.

Converge said its DIA enables a well-orchestrated operational process of virtual video conferences among departments, comprehensive data sharing, and coordinated logistical communication.

“Converge remains committed to supporting businesses as they adapt to new operating models to improve efficiency and increase productivity,” Converge Chief Operating Officer Jesus C. Romero said.

The company noted that it has been providing retail businesses such as Wilcon Depot with enterprise-grade fiber solutions.

“For the majority of its branches, Wilcon Depot is currently subscribed to the Converge iBiz product, a pure fiber internet plan created to provide businesses with quality connections at an affordable cost,” Converge noted.

“As the company evolves and expands with an increasing need for more bandwidth, they are hand in hand with Converge as they transition from iBiz to flexiBIZ—a business-grade connectivity solution designed for maximum efficiency during daytime business peak hours,” it added.

Wilcon Depot President and Chief Executive Officer Lorraine Belo-Cincochan said: “The IT infrastructure is very important to any growing company. Especially for us as a retailer, we need data very quickly. We need the data to be consolidated back at our head office.”

In a related development, Converge previously said that it had received the go-signal from the Singapore government to provide internet connectivity in that country, strengthening its international business.

Singapore’s Infocomm Media Development Authority, through its grant letter, said that it had approved the application of the firm’s subsidiary Converge ICT Singapore Pte. Ltd. for a facilities-based operations license.

With the approval, which took effect on Jan. 3, 2022, the internet provider will be able to build infrastructure in Singapore and provide international connectivity services. — **Arjay L. Balinbin**

## Alturas group to invest P25B in Panglao estate

PANGLAO, BOHOL — The tourism arm of Bohol-based Alturas group of companies is building an integrated mixed-use resort estate in which it plans to invest P25 billion for the initial phase.

The development, called Panglao Shores, will rise in a 50-hectare property and will be developed by the family-owned Panglao Bay Premiere Parks and Resorts Corp.

“I envision this to be an integrated community where people would like to live in,” said Hope Marie R. Uy, managing director of South Palms Resorts and Panglao Shores, during the press launch of Panglao Shores on Thursday.

Panglao Shores will have more than 1,000 residential units, six hotels and resorts, 37,000-square-meter retail and commercial area, and a medical facility.

Ms. Uy said the project has received help from international and local designers and experts in making the development sustainable. Most of these partners are companies from Singapore especially for the development’s architectural design, sustainability strategies, landscaping, interior designers and technology-based consultants.

“It was a group that did all of these,” Ms. Uy said.

The project’s major consultant is C9 Hotelworks, which is a hospitality and property consultancy service provider that has also worked with well-known developers.

“We chose to work with Panglao Shores because we liked the project. We are a small

group so we can choose our clients,” C9 Hotelworks Managing Director Bill Barnett said on the sidelines of the launch.

“We have expertise in the Philippines but I think this is a project that we are going to love. We started on a one-month engagement and we are here five years later,” Mr. Barnett added.

“Bill has seen how Phuket has developed, how Bali has developed. That was a best choice for us to have someone internationally aware of how masterplans pave the way,” Ms. Uy said.

The development of Panglao Shores is also aimed to answer the growing demand for accommodations and hotel services in Panglao.

“The opportunity of this beautiful beachfront needs to be maximized. I believe in the Philippines even globally, people would like to live in a community like this,” Ms. Uy.

“When we started to plan this, we did careful feasibility studies for us to see the demand. We saw the opportunity and we were guided by these studies on what to expect and what would be next,” she added.

Early next year, the company expects to complete its first hotel within the mixed-use estate, which according to Ms. Uy will be managed by an international company she did not disclose.

The first hotel is the expansion of the existing South Palms Resort, also located in Panglao, and will have 188 rooms inside a six-hectare property. — **Justine Irish D. Tabile**

## CTA rejects geothermal firm’s P13.6-million refund claim

THE Court of Tax Appeals (CTA) has denied Philippine Geothermal Production Co., Inc.’s (PGPCI) refund claim worth P13.62 million representing its excess input taxes traced to zero-rated sales for the 2015 fiscal year.

In a decision dated Jan. 9 and made public on Jan. 11, the CTA full court said that it did not commit an error in granting a reduced value-added tax (VAT) refund amount of P10.03 million in 2020.

“As a claim for refund, [it] must establish its claim by quantum of evidence and not by assumption,” Associate Justice Erlinda P. Uy said in the ruling.

The Bureau of Internal Revenue (BIR) partially granted PGPCI’s claim in the amount of P3.59 million, which prompted the appeal.

The firm argued that the CTA made an error in deducting the amount approved by the BIR from its original refund claim, which the court disagreed with.

The court said it had already thoroughly considered and evaluated the entire refund claim when assessing the eligibility for zero-rated sales.

Under the law, taxpayers that engage in transactions with foreign corporations doing business outside the Philippines are entitled to zero-rated sales that do not translate to output tax.

The term “zero-rated sale” must be written on the company’s official invoices.

The CTA also denied the commissioner of internal revenue’s (CIR) petition to dismiss the overturn of its decision to refund P10.03 million.

The CIR argued that PGPCI did not prove that its taxes were “creditable and directly attributable” to its products. It also said the firm did not present a certificate of endorsement from the Department of Energy (DoE) to qualify for tax refunds.

The tax tribunal noted that input tax receipts do not have to always be directly attributable to a taxpayer’s final products.

“Hence it is not required that the claimed input tax be directly attributable to zero-rated sales in order to be creditable.”

Citing the DoE’s rules, the court said a taxpayer does not need to submit a certificate of endorsement to qualify for zero-rated taxes.

It said an endorsement certificate is only required for incentives such as the exemption from tariff duties on the importation of machinery and the sale or transfer of other equipment.

“Thus, the Court in Division was correct in ruling that PGPCI would still be able to avail of a zero-percent VAT rate regardless of its procurement of the certificate of endorsement,” it said. — **John Victor D. Ordoñez**