


Philippine Stock Exchange index (PSEi)					7,239.98	▼ 103.26 PTS.	▼ 1.4%	TUESDAY, OCTOBER 29, 2024 BusinessWorld	
PSEi MEMBER STOCKS									
AC Ayala Corp. P706.50 -P13.50 -1.88%	ACEN ACEN Corp. P4.86 -P0.02 -0.41%	AEV Aboitiz Equity Ventures, Inc. P34.20 -P0.90 -2.56%	AGI Alliance Global Group, Inc. P9.34 -P0.08 -0.85%	ALI Ayala Land, Inc. P33.50 -P1.10 -3.18%	BDO BDO Unibank, Inc. P157.00 -P3.00 -1.88%	BLOOM Bloomerry Resorts Corp. P7.69 -P0.01 -0.13%	BPI Bank of the Philippine Islands P147.20 -P0.20 -0.14%	CNPF Century Pacific Food, Inc. P41.95 +P0.15 +0.36%	CNVRG Converge ICT Solutions, Inc. P15.90 -P1.04 -6.14%
DMC DMCI Holdings, Inc. P11.20 -P0.34 -2.95%	EMI Emperador, Inc. P18.68 -P0.02 -0.11%	GLO Globe Telecom, Inc. P2,100.00 -P166.00 -7.33%	GTCAP GT Capital Holdings, Inc. P722.00 -P6.00 -0.82%	ICT International Container Terminal Services, Inc. P413.00 -P0.80 -0.19%	JFC Jollibee Foods Corp. P265.00 -P4.00 -1.49%	JGS JG Summit Holdings, Inc. P24.55 -P0.95 -3.73%	LTG LT Group, Inc. P9.97 -P0.11 -1.09%	MBT Metropolitan Bank & Trust Co. P75.50 -P3.20 -4.07%	MER Manila Electric Co. P490.00 -P2.60 -0.53%
MONDE Monde Nissin Corp. P10.92 +P0.02 +0.18%	NIKL Nickel Asia Corp. P3.39 -P0.06 -1.74%	PGOLD Puregold Price Club, Inc. P32.00 -P0.95 -2.88%	SCC Semirara Mining and Power Corp. P31.95 -P0.20 -0.62%	SM SM Investments Corp. P965.50 +P1.50 +0.16%	SMC San Miguel Corp. P88.70 —	SMPH SM Prime Holdings, Inc. P30.10 -P0.80 -2.59%	TEL PLDT Inc. P1,450.00 -P12.00 -0.82%	URC Universal Robina Corp. P100.00 -P1.00 -0.99%	WLCON Wilcon Depot, Inc. P15.68 -P0.72 -4.39%


Manila office vacancy may rise to 20.5% by yearend



Single Pricing Investment Funds of Variable Life Insurance Contracts

Fund	Unit Price	
	Current Week October 28, 2024	Previous Week October 21, 2024
Peso Secure Fund	1.792	1.797
Peso Diversified Value Fund	2.007	2.016
Peso Growth Fund	3.255	3.296
Peso Dynamic Allocation Fund	1.098	1.108
Peso Target Distribution Fund	0.786	0.791
Peso Cash Fund	1.119	1.118
Peso Wealth Optimizer 2026 Fund	1.007	1.014
Peso Wealth Optimizer 2031 Fund	0.987	0.996
Peso Wealth Optimizer 2036 Fund	0.989	1.000
Powerhouse Fund	0.936	0.949
Emperor Fund	0.979	0.993
USD Secure Fund	1.553	1.568
USD Asia Pacific Bond Fund	1.090	1.092
USD Global Target Income Fund	0.754	0.763
USD ASEAN Growth Fund	1.604	1.647
USD Asia Pacific Property Income Fund	0.718	0.749
PHP Asia Pacific Property Income Fund	0.780	0.803
PHP Tiger Growth Fund	0.673	0.674
USD Tiger Growth Fund	0.543	0.552
PHP Global Preferred Securities Income Fund	1.015	1.005
USD Global Preferred Securities Income Fund	0.822	0.825
PHP US Growth Fund	1.485	1.464
USD US Growth Fund	1.190	1.196
PHP Global Health Fund	1.249	1.257
USD Global Health Fund	1.125	1.148
PHP Global Multi-Asset Income Fund	1.186	1.176
USD Global Multi-Asset Income Fund	1.066	1.071
PHP Global Market Leaders Fund	1.498	1.487
USD Global Market Leaders Fund	1.417	1.426

These investment funds are specific to variable life insurance contracts and are not considered mutual funds. Life insurance products are regulated by the Insurance Commission.



Dual Pricing Investment Funds of Variable Life Insurance Contracts

Fund	Unit Bid Price	
	Current Week October 28, 2024	Previous Week October 21, 2024
Peso Bond Fund	3.068	3.076
Peso Stable Fund	3.060	3.074
Peso Equity Fund	2.445	2.476
Peso Balanced Fund	1.129	1.140
Peso Target Income Fund	0.806	0.810
U.S. Dollar Bond Fund	2.232	2.253

Fund	Unit Offer Price	
	Current Week October 28, 2024	Previous Week October 21, 2024
Peso Bond Fund	3.115	3.123
Peso Stable Fund	3.107	3.121
Peso Equity Fund	2.482	2.514
Peso Balanced Fund	1.146	1.157
Peso Target Income Fund	0.818	0.822
U.S. Dollar Bond Fund	2.266	2.287

These investment funds are specific to variable life insurance contracts and are not considered mutual funds. Life insurance products are regulated by the Insurance Commission.

THE OFFICE VACANCY rate in Metro Manila is projected to reach 20.5% by the end of the year, driven by the influx of new office space and the departure of Philippine offshore gaming operators (POGOs), according to property consultancy firm Colliers Philippines.

“We anticipate (office) vacancies to rise to 20.5% by the end of the year and end at flat net demand for the market mainly due to the POGO’s exiting,” Colliers Director for Office Services Kevin R. Jara said during a briefing in Taguig City on Tuesday.

As of the end of the third quarter, Colliers data showed that office space vacancy rose to 18.6% from 18.3% the previous quarter due to space resulting from POGO lease terminations and non-renewal of pre-pandemic leases.

Mr. Jara said another 157,000 square meters (sq.m.) of POGO-occupied office space are expected to be vacated by the fourth quarter.

“These were the ones that we know and have officially notified their landlords that they’re not renewing their lease,” he said.

“57,000 sq.m. have already been vacated in the third quarter. That’s the immediate effect of the POGO ban,” he added.

POGOs, which are now officially known as Internet Gaming Licensees, were ordered shut down by the end of the year after the president announced a ban in July.



AS OF THE end of the third quarter, Colliers data showed that office space vacancy rose to 18.6% from 18.3% the previous quarter due to space resulting from POGO lease terminations and nonrenewal of pre-pandemic leases.

In terms of supply, Mr. Jara said Colliers is projecting an additional 119,000 sq.m. of office space by the fourth quarter.

“Then in 2025, we are expecting 615,000 sq.m. of new office stock, mostly coming in Cubao, North Edsa, and the Bay Area,” he said.

Mr. Jara said the average office rent is expected to be flat by yearend.

“It’s going to be an increasingly situational scenario for office occupiers taking up new leases. It would really depend on the building occupancy, age of the building, and portfolio situation of the landlord that is leasing the space,” he said.

Submarkets with substantial POGO exposure, such as the Bay Area, are expected to see a decline in rents by yearend.

On the other hand, submarkets such as Makati, Fort Bonifacio, and Ortigas are projected to see marginal increases in rents due to declining vacancy rates.

Mr. Jara also said the consultancy company has seen improvements in the transaction volume of office spaces led by the information technology and business process management sector and traditional office users.

“We think the market remains stable despite updates in regulation just over the past three months,” he said.

“We are still confident to see more opportunities arise, even with upcoming events in the US elections and with impending legislation such as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE),” he added. — **Revin Mikhael D. Ochave**

Meralco expects P16-B refund for customers

MANILA Electric Co. (Meralco) expects to refund around P16 billion to its customers once the energy regulator finalizes the fifth regulatory reset, which reviews and sets the distribution rates for 2022 to 2026.

The refund will be issued only if the covered years are deemed a “lapsed period.”

“Our initial estimate, for at least three years, would be around P16 billion. So, that’s a big, big, big relief for the consumers. That’s why we want to have that closure already,” Jose Ronald V. Valles, Meralco’s senior vice-president and head of its regulatory management, said on the sidelines of a briefing on Monday.

Under the Electric Power Industry Reform Act of 2001, or EPIRA, the Energy Regulatory Commission (ERC) is mandated to establish and enforce a methodology for setting transmission and distribution wheeling rates for a distribution utility.

Distribution utilities such as Meralco are subject to a performance-based regulation wherein they are required to undergo a rate reset process prior to the start of the next regulatory year.

The rate reset process is usually a “forward-looking” exercise that requires the regulated entity to submit forecasted expenditures and proposed projects over a five-year regulatory period for the ERC to review and adjust rates.

In March 2022, Meralco filed its application for the fifth regulatory period (5RP), which spans from July 1, 2022 to June 30, 2026.

Mr. Valles said that the P16-billion refund corresponds to the average weighted actual price over the approved maximum average price set by the ERC, which the distribution utility is permitted to charge for its provision of services.

He said that the company is awaiting the official decision from the ERC to start the preparations for the next period of rate reset beginning July 2026.

“We are waiting for the order because the release of that order will trigger the filing of that application for refund and the preparation for the filing of the 6RP because we don’t want the 6RP to be delayed again,” he said.

“We want to prepare this early for the 6RP because we have a full 21-month period under the rules to prepare for the reset,” he added.

Citing deliberations, ERC Commissioner Catherine P. Maceda told a Senate hearing earlier this month that the commission decided to forgo the regular regulatory reset due to the anticipation that it will not be completed until 2026.

The official order has yet to be posted as of press time.

Ms. Maceda said the performance-based regulation process should be based on forecasts and there are no current rules to address the lapsed period for private distribution utilities.

“The commission deliberated on this, and ultimately, the decision that prevailed was for the PBR (performance-based regulation) reset to be applied completely to the sixth regulatory period as two years have already passed under the 5RP,” she said.

Ms. Maceda is referring to the years 2023 and 2024 as the lapsed period.

Meralco last underwent a rate reset process for the 4RP covering the period from July 1, 2015 to June 30, 2022, which accounted for a lapsed period.

In a decision dated June 16, 2022 and promulgated July 5, 2022, the ERC ordered Meralco to issue a refund worth a total of more than P40 billion, which is equivalent to 73 centavos per kilowatt-hour (kWh) following recalculations.

The commission resolved to recompute and finalize the provisionally approved Meralco’s rate amounting to P1.3522 per kWh. — **Sheldeen Joy Talavera**

Cebu Air boosts stake in logistics firm 1AV

CEBU AIR, Inc. (CEB), the publicly listed operator of Cebu Pacific, is increasing its equity stake in 1Aviation Groundhandling Services, Corp. (1AV), a company specializing in ground handling and logistical support services.

Cebu Air has executed a deed-of-assignment and subscription agreement to acquire 1.13 million shares of 1AV at a price of P100 per share, amounting to a total investment of P113 million, the company said in a regulatory filing on Tuesday.

Under this debt-to-equity conversion deal, Cebu Air said a portion of its loans and advances will be converted into 1AV equity by the issuance of an equivalent number of common stocks, pending the approval from the Securities and Exchange Commission.

This debt-to-equity plan will increase Cebu Air’s ownership in 1AV to 60% from the current 40%, making it the majority owner of the company.

As 1AV’s majority owner, Cebu Air will be able to integrate 1AV’s services more seamlessly into its operations, while also reducing operational costs and improving service quality, especially in ground handling and logistical support, it said.

1AV also stands to benefit from the transaction by reducing its debt and improving its overall financial health, Cebu Air said.

Founded in 2018, 1AV operates in 34 airports nationwide and plans to expand further to serve major domestic and international airlines.

To recall, Cebu Air had sold its majority stake in ground-handling service subsidiary 1AV to Philippine Airport Ground Support Solutions, Inc. (PAGSS), led by Jefferson G. Cheng.

Cebu Air said PAGSS and Mr. Cheng both agreed to convert their outstanding loans in 1AV, amounting to P34.23 million and P2.78 million, respectively, or a total of P37 million, into equity through the issuance of 370,000 common shares.

With this, PAGSS and Mr. Cheng remain minority owners of 1AV, collectively owning 40% of its stake.

PAGSS is a ground-handling service company based at Ninoy Aquino International Airport (NAIA).

At the stock exchange on Tuesday, shares in Cebu Air closed 65 centavos, or 1.98% lower, at P32.25 apiece. — **Ashley Erika O. Jose**



TO DATE, Globe’s tower sale and leaseback agreement with Unity has generated a total of P3.7 billion.

Globe completes P300-M tower sale to Unity Digital Infrastructure

GLOBE Telecom, Inc. has completed the sale of 25 telecommunications towers to Unity Digital Infrastructure, Inc. for P300 million.

This development marks the latest transaction of Globe’s tower sales to Unity, representing 45%, or 307 of the 447 towers to be acquired by Unity for a total of P5.4 billion, the Ayala-led telecommunications company said in a regulatory filing on Tuesday.

Unity is a joint venture telecommunications infrastructure platform of Aboitiz InfraCapital, Inc. and global private markets firm Partners Group.

Globe expects an estimated pre-tax net gain of P1.8 billion once this transaction is finalized, the company said.

“This transaction will allow Globe to efficiently raise capital, redeploy capital from passive infrastructure to active equipment, improve balance sheet health, and leverage the expertise of tower companies,” Globe said.

To date, Globe’s tower sale and leaseback agreement with Unity has generated a total of P3.7 billion, its regulatory filing showed.

Aside from its agreement with Unity, Globe also sold 5,709 towers and related infrastructure to Frontier Tower Associates Philippines, Inc. and MIESCOR Infrastructure Development Corp. for P71 billion.

In July, Globe said it had fully closed the sale of 3,529 towers to be acquired by Frontier Towers.

Under this transaction, Frontier Towers will acquire 3,529 towers for P45 billion, while 2,180 towers will be sold to MIESCOR Infrastructure, a unit of Manila Electric Co., for P26 billion.

At the stock exchange on Tuesday, shares in Globe fell by P166, or 7.33%, to close at P2,100 each. — **Ashley Erika O. Jose**