SM group prepares to open two new malls in China

THE SM group's mall business is gearing to expand its presence in China with new openings in Xiamen and Fuzhou.

"We have two additional malls that we will open in China. One is in Xiamen again, but in a farther area. The other is in Fuzhou, which is also part of the Fujian province," SM Supermalls President Steven Tan told reporters on the sidelines of a media event in Mandaluyong City last week.

"These two new projects will keep us very busy at least for the next three to four years," he added.

He said the planned malls in Xiamen and Fuzhou will open by 2025 and 2027, respectively. "On the mall in Xiamen, it's in the outskirts. We feel that there is an opportunity there, and our head office is in Xiamen, so it is easier to control," he said.

"Right now, our focus is more on the Fujian province simply because of proximity. There is a new lot that was offered by the government. We studied it and deemed that it was good," he added.

SM Supermalls is the malls unit of listed property developer SM Prime Holdings, Inc.

SM Prime has eight malls in China comprised of SM City Yangzhou, SM City Xiamen, SM City Jinjiang, SM City Chengdu, SM City Suzhou, SM City Chongqing, SM City Zibo, and SM City Tianjin.

Mr. Tan said that SM is also set to complete the first part of SM City Xiamen Phase 4 (Xiamen 4) by end of 2025. The expansion includes a boutique hotel.

"We've already opened the first part of Xiamen 4. If you total it all, it might actually be bigger than SM Mall of Asia and SM Megamall. The completion of all will probably be by end of next year," he said.

Mr. Tan added that talks are set to be finalized with the Intercon Group (Intercontinental Hotels Group) regarding the hotel component of Xiamen 4.

"We're in finalization with Intercon. It's a boutique hotel with more than 100 rooms," Mr. Tan said.

"We always come in as a mall first. Then, if there is an opportunity for us to expand the hotel business, we do," he added.

He also said that the group's Jinjiang, Xiamen, and Suzhou malls have already exceeded pre-pandemic levels in terms of performance.

Aside from its China malls, SM also has 87 malls in the Philippines, with the latest one being SM City J Mall in Mandaue City, Cebu, which was opened in October.

SM Prime shares were last traded on Dec. 6 at P26.7 apiece. — **Revin Mikhael D. Ochave**

RL Commercial REIT focusing on CBDs to expand portfolio

GOKONGWEI-LED RL Commercial REIT, Inc. (RCR) said it is focusing on central business districts (CBDs), emerging business districts, and key locations nationwide as potential areas to expand its property portfolio.

"RCR's principal investment strategy is to invest on a long-term basis in a diversified portfolio of income-producing real estate assets located in major CBDs, key locations, and urban areas across the country," the company said in a stock exchange disclosure on Friday.

"The potential property should be located in a CBD, emerging business district, or in key locations across the Philippines, typically with high-growth potential and in proximity to various modes of public transport and major roads for enhanced accessibility to tenants," it added.

RCR is the real estate investment trust (REIT) unit of Robinsons Land Corp. (RLC).

As of end-September, RCR's portfolio consists of 29 commercial properties, of which six are located in the Bonifacio Global City, Makati, and Ortigas CBDs.

The remaining 23 assets are situated in 15 locations across the country.

RCR said the average occupancy of its leases is at 96% as of end-September, with "manageable lease expiries until 2027."

Some of the properties under RCR's portfolio include the 45-storey Robinsons Equitable Tower in Pasig City, the 37-storey Robinsons Summit Center in Makati City, the 28-storey Giga Tower in Quezon City, and the 20-storey Cyber Sigma building in Taguig City.

RLC previously infused 13 commercial assets worth P33.9 billion into RCR as part of expanding the latter's portfolio. The Securities and Exchange Commission approved the transaction on Sept. 19.

The deal brought RCR's gross leasable area to 828,000 square meters.

For the first nine months, RCR saw a 32% increase in net income to P4.27 billion as revenue climbed by 42% to P5.84 billion due to its asset infusion and steady occupancy rates.

On Dec. 6, RCR shares dropped by 0.51% or three centavos to P5.90 apiece, while RLC stocks rose by 0.73% or 10 centavos to P13.78 each. — **Revin Mikhael D. Ochave**

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CTA orders P109-M refund for OceanaGold

THE COURT of Tax Appeals (CTA) has partially granted a refund to OceanaGold Philippines, Inc., amounting to over P109 million, covering the four taxable quarters of 2019 and representing the portion of the company's valid input value-added tax (VAT) linked to its substantiated zero-rated sales.

The tax court's first division, through a ruling published on Nov. 29, ordered the Bureau of Internal Revenue (BIR) to refund P109,643,347.55 to the mining company, which originally sought P133,671,461.36.

OceanaGold argued that the P133 million was the total amount of excess and unutilized input VAT it had accumulated from its purchases of goods and services attributable to zero-rated sales for the first to fourth quarters of 2019.

The BIR initially refused to accept OceanaGold's claim, arguing that the company had outstanding tax liabilities.

The Court ruled that this was not a valid reason to deny the claim because the outstanding tax liability was still being disputed in court and had not yet become a delinquent account.

"When the claim for refund has a clear legal basis and is sufficiently supported by evidence, as in the present case, then the Court shall not hesitate to grant the refund," Associate Justice Jean Marie E. Bacorro-Villena penned in a 43-page ruling.

It also found that OceanaGold had properly substantiated its claim for input VAT with the required documentation.

However, the court only recognized P6,608,397,449.29 of OceanaGold's declared zero-rated sales due to issues with supporting documentation for some of its sales.

The remaining sales lacked sufficient documentation to prove that the goods were shipped to foreign countries and paid for in acceptable foreign currency.

The company is a VAT-registered entity engaged in the sale of minerals, which are zero-rated under Philippine tax law.

In partially granting the refund, the tax court said OceanaGold had timely filed both its administrative and judicial claims.

The company filed its administrative claim with the BIR on May 11, 2021, and its judicial claim with the CTA on May 31, 2021. This was within the two-year statutory deadline for filing such claims.

Presiding Justice Roman G. Del Rosario issued a dissenting opinion, arguing that OceanaGold's claim should have been denied entirely because the company failed to comply with the invoicing requirements for zero-rated sales.

Mr. Del Rosario said that all of OceanaGold's invoices lacked the required phrase "zero-rated sale," making them ineligible for a refund. — **Chloe Mari A. Hufana**

OUTLIER

URC shares drop on gloomy outlook despite increased production

UNIVERSAL ROBINA Corp. (URC) shares dropped last week as challenges outweighed the opening of a new flour mill in Quezon.

URC was the seventh most actively traded stock last week with 14.26 million shares worth P1.11 billion changing hands from Dec. 2-6, data from the Philippine Stock Exchange showed.

Shares of the Gokongwei-led food and beverage company closed at P76.15 apiece, 3.6% lower than the P78.95 close on Nov. 29.

For the year, the stock's price fell 35.6% from a P118.2 close on the last trading day of 2023.

Analysts attributed the weaker week-on-week close to the lingering effects of its earnings report released on Nov. 12 and higher inflation in November.

"In our view, the recent decline in the stock price [last] week appears to be a continuation of the negative sentiment following last month's dismal earnings. This spillover effect suggests that investors' confidence remains fragile as concerns over its near-term prospects persist," Jemimah Ryla R. Alfonso, equity analyst at Unicapital Securities, Inc., said in an e-mail.

For the third quarter, URC posted a net attributable income of P1.42 billion, falling 53.7% from P3.07 billion in the same period last year.

The company's revenues likewise dropped 1.81% to P38.14 billion in the third quarter.

"It is hard to say how long the negative effects from its earnings report will last," Mercantile Securities Corp. Head Trader Jeff Radley C. See said in a Viber message.

"The latest inflation data may have also added to the decline in investors' sentiment [last] week," Ms. Alfonso added.

Inflation quickened to 2.5% in November, as typhoons increased prices, the Philippine Statistics Authority (PSA) said on Dec. 5.

Meanwhile, the Department of Agriculture (DA) said on Dec. 1 that the opening of URC's flour milling factory in Quezon province is seen to improve production.

Spanning 10 hectares, the plant is expected to increase URC's flour capacity to 3,500 metric tons per day.

The DA said that the plant is expected to "play a key role in ensuring a stable and affordable supply of products."

"While the recent capacity expansion may be viewed as a positive news for the firm, it appears that it did not provide enough padding for the continued gloomy outlook for URC [last] week. Investors remain focused on the broader challenges that the company is facing including the negative price mix, struggling feed volumes, and the drop in sugar profits," Ms. Alfonso said.

"Our consolidated net income forecast for URC stands at P2.4B, with an expected topline growth of 6% to P168.4B," she added.

Mr. See saw resistance at P88 and support at P70.

Ms. Alfonso pegged her support between P73-75.8 and resistance between P80.25-86.25.

"Chart-wise, URC remains in a bearish trend. A shift in bias would require the stock to recover and sustain levels above P86 in the short term," Ms. Alfonso concluded. — **Karis Kasarinlan Paolo D. Mendoza**

Mayor Abby Binay leads Fujifilm FDR Xair handover ceremony to the Department of Health (DOH). Photo shows from L-R Hon. Daisuke Nihei, Embassy of Japan in the Philippines Minister for Economic Affairs, Makati Mayor Abby Binay, Dra. Emmie Liza Perez-Chiong, DOH Undersecretary, Health Regulation and Facility Development Cluster, and Mr. Teiichi Goto, President, Representative Director and Chief Executive Officer of FUJIFILM Holdings Corporation.

Dollar,
from S1/1

The central bank also attributed the decline in dollar reserves to its "net foreign exchange operations and downward valuation adjustments in the BSP's gold holdings due to the decrease in the price of gold in the international market."

Reserves in the form of gold were valued at $11.03 billion, down by 2.9% from $11.35 billion at end-October. However, it was up by 1.9% from $10.82 billion in the same period a year earlier.

November saw gold's first monthly price drop since June due to a post-US election sell-off driven by Donald J. Trump's win, Reuters reported.

Spot prices for the precious metal are down 5% since hitting a record high of $2,790.15 an ounce on Oct. 31 but are still up 28% so far this year.

BSP data showed foreign investments stood at $91.2 billion as of end-November. This was 2% lower than $93.1 billion in the previous month but higher by 6.8% from $85.4 billion last year.

"Similarly, the net international reserves (NIR) declined by $2.6 billion to $108.4 billion as of end-November 2024 from the end-October 2024 level of $111 billion," the BSP said.

Net international reserves are the difference between the BSP's reserve assets or GIR and reserve liabilities, such as short-term foreign debt and credit and loans from the International Monetary Fund (IMF).

The country's reserve position in the IMF dipped by 2.3% to $668.2 million from $683.9 million a month earlier. Year on year, it slumped by 15.1% from $787.2 million.

Special drawing rights — the amount the country can tap from the IMF — inched up month on month to $3.81 billion from $3.8 billion.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the lower GIR level was due to the net payment of the National Government's foreign debt maturities and other US-denominated obligations.

He also cited the BSP's net foreign exchange operations in view of the US dollar-peso volatility during the month.

In November, the peso fell to the P59-per-dollar level twice, hitting the record low on Nov. 21 and 26.

"For the coming months, the country's GIR could still be supported by the continued growth in the country's structural inflows from overseas Filipino worker (OFW) remittances, BPO (business process outsourcing) revenues, exports, relatively fast recovery in foreign tourism revenues," Mr. Ricafort said.

Remittances typically see a boost in December as OFWs send more money for their families amid the holiday season.

Latest data from the BSP showed cash remittances rose by 3.3% to $3.01 billion in September. This brought the total to $25.23 billion in the January-September period, up by 3% year on year.

The central bank expects remittances to grow by 3% this year.

However, Mr. Ricafort also noted the government's plan to reduce foreign borrowings to manage foreign exchange risks.

The government's borrowing plan this year is set at a 75:25 mix, in favor of domestic sources.

For 2025 to 2027, the NG plans to source at least 80% of its borrowing program from domestic sources, and 20% from foreign lenders.

Finance Secretary Ralph G. Recto has said they are aiming to reduce the share of external borrowings in its borrowing program.

The BSP expects the country's GIR to settle at $106 billion by end-2024.