SEC News Service

SERIES OF 2015 JANUARY 8, 2015

BusinessMirror

Pro-Friends IPO expected in Q1

By VG Cabuag

THE initial public offering (IPO) of developer Property of Friends Group Inc. (Pro-Friends) could happen during the first quarter of the year, as the company needs to resubmit its documentary requirements to the regulators.

First Metro Investment Corp. (FMIC) President Roberto Juanchito Dispo said they ran out of time last year to make the IPO and, as a result, it will do a fresh financial review and audit of the company and secure a regulatory approval from the Philippine Stock Exchange and update its documents submitted to the Securities and Exchange Commission (SEC).

The SEC already approved Pro-Friends IPO last year.

"We're targeting the December 31 audited financial statement and then, once that FS gets finalized, we will lodge fresh regulatory approvals," Dispo told reporters at the sidelines of FMIC's economic briefing on Wednesday.

"Reasonably, we can do it by the first quarter including road shows and investors' briefing. But there are no changes on the terms," he said.

Dispo said there may be no "blockbuster" IPOs this year, but rather "bite sized", or those companies that will raise about P1 billion to P2 billion.

According to the registration statement of Pro-Friends, formerly known as Amicus Holdings Inc., it plans to raise some P7.44 billion from the offering of up to 385.75 million unissued common shares at P20 apiece.

BDO Capital and Investment Corp. and FMIC were picked as joint issue managers and bookrunners.

Pro-Friends's previous offer was supposed to commence last December 17, to end on January 9.

The company said that of the proceeds, about P2.48 billion will be infused to its financing unit, Williamton Holdings Inc., for the expansion of its receivables. Williamton will be later on be renamed as Pro-Friends Financing Corp.

Some P1.24 billion will be used to purchase more land in already identified areas. As of June 2014, the company is set to purchase some 104.48 hectares of property in Cavite province; 101.22 hectares of land in Cagayan de Oro; and 26.97 hectares in Iloilo. The property will yield the company 13,045 units of various types, but mainly for the low income.

The rest of the proceeds of about P600 million will go to general corporate purposes.

"Pro-Friends shall further undertake the development of a private-road network link to Daang Hari in Bacoor, Cavite, making Lancaster New City easily accessible as well to and from other parts of Metro Manila and Laguna," it said.

The company said that it will strengthen and expand its regional presence in the Visayas and Mindanao, while going further into budget houses that cost as low as P300,000 per unit.

Pro-Friends, in 2012, acquired Firm Builders Realty Development Corp., a socialized-housing developer that completed a total of 26 projects in key cities outside of Metro Manila, some of the units of which only had floor areas of 24 to 42 square meters.

BusinessWorld
Thursday, January 8, 2015

'Strong' cash position tempers borrowing

By Mikhail Franz E. Flores
Reporter

THE PHILIPPINES has raised $500 million in fresh funds from the sale of 25-year dollar-denominated bonds, falling below the government program for offshore commercial borrowings this year amid what one official tagged as the country's "strong cash buffer."

"The Republic of the Philippines successfully returned to the international capital markets with its offering of $2.0 billion of 25-year USD Global Bonds," the Department of Finance yesterday said in a statement.

Of the $2 billion, $1.5 billion of the bonds due 2040 will be used to swap existing debt that will mature from January 2016 to October 2034.

The remaining $500 million "in new money will be used for funding the budget," National Treasurer Rosalia V. de Leon was quoted as saying in the statement.

The amount was $250 million short of the $750-million offshore commercial borrowing program of the government for this year.

"We have a strong cash buffer," Ms. de Leon said in a text message, when asked why the amount raised fell below the program.

The bond sale yielded a coupon rate of 3.95%, which the government said was the lowest yield ever from the sale of a global bond. The coupon rate was likewise lower than an initial 4.2% pricing guidance.

DEMAND STRONG

The country's bond offer was met with strong investor demand, with order books totaling around $13.5 billion. Bulk of demand came from the United States (47%), followed by Asia (41%) and Europe (12%).

Bond holders will be paid semiannually on Jan. 20 and July 20 of each year until 2040, according to the statement, and the first interest payment will be made on July 20 of this year.

"The global bonds will be direct, unconditional, unsecured and general obligations of the Republic. Except as otherwise described, the global bonds will at all times rank at least equally among themselves and with all other unsecured and unsubordinated external indebtedness... of the Republic," according to the country's prospectus filed with the United States Securities and Exchange Commission.

"The full faith and credit of the Republic will be pledged for the due and punctual payment of all principal and interest on the global bonds."

Finance Secretary Cesar V. Purisima said in a statement that the latest bond sale forms part of government moves to manage debt and take advantage of lower borrowing costs. "We continue to pursue liability management transactions that provide opportunities to reduce high coupon debt while achieving interest expense savings which the government can instead use for more inclusive initiatives," Mr. Purisima said.

The same statement quoted Ms. de Leon as saying: "Despite the volatility we have seen at the start of the year, we continue to see strong support by investors in our bond program, which enabled the Republic to achieve a stronger fiscal position for the Philippines."

"The series of liability management programs has significantly reduced debt repayment risks," she added. "Cash order book reached $7.9 billion or 15 times oversubscribed, while liability management orderbook reached $6.1 billion in market value terms."

Deutsche Bank Securities, Inc. and The Hongkong and Shanghai Banking Corp. Ltd. were joint global coordinators, as well as joint bookrunners along with Citigroup Global Markets, Inc.; Credit Suisse Securities (USA) LLC; Goldman Sachs (Asia) LLC; J.P. Morgan Securities LLC; Morgan Stanley & Co. International PLC; Standard Chartered Bank; and UBS AG, Hong Kong Branch.

ManilaStandardToday
THURSDAY JANUARY 8, 2015 B3

Private bonds to top ₱184b this year

By Jenniffer B. Austria

CORPORATE bond issuances are expected to remain robust in 2015 and will likely exceed the P184.8-billion total funds listed in Philippine Dealing and Exchange Corp.

First Metro Investments Corp. executive vice president Justin Ocampo said companies engaged in the banking, property and infrastructure sectors as well as conglomerates would likely continue to tap the bond market to take advantage of low inflation and interest rates.

First Metro said for 2015 alone, some P100 billion worth of bonds would mature which would require refinancing while some companies might raise funds ahead of the 2016 national elections.

"We think that the P184.8 billion worth of bonds issued in 2014 will be eclipsed in 2015," Ocampo said.

Ocampo said conglomerates were also looking for alternative financing scheme because of the single borrowers limit rule. SBL is the cap on the amount of funds a bank can lend out to individual borrowers or companies and their subsidiaries to prevent overconcentration of credit risk.

Infrastructure financing, primarily in power and water, will also be on high demand this year as the government rolls out more PPP projects, First Metro said.

Profriends' ₱7.7-b IPO approved

THE Securities and Exchange Commission has approved the P7.7-billion initial public offering of mass housing developer Profriends Group Inc.

Documents filed with the Securities and Exchange Commission showed Profriends would offer up to 385.75 million common shares at up to P20 per share.

The company plans to offer up to 70 percent or 270.025 million shares to qualified institutional buyers, 20 percent or 77.15 million shares to trading participants and the remaining 38.575 million shares to small local investors.

The final offer price will be disclosed on Dec. 15 while offer period will be from Dec. 17 to Jan. 9, 2015. Listing date was set on Jan. 14, making it the first company to list in 2015.

Several foreign and local investors have earlier expressed interest in investing in the company as cornerstone investors.

Profriends will have a 10.91-percent public float after the offering.

The company, based on applications with the SEC, planned to use P3.1 billion of the total proceeds to finance real estate projects in Cavite, Iloilo and Cagayan de Oro and P2.5 billion for additional equity investments in Williamton Holdings Inc.

Williamton is a wholly-owned subsidiary of Amicus Holdings which handles the in-house financing requirements of Profriends homebuyers.

Another P1.24 billion will be set aside for land acquisition while the remaining P611 million will be allotted for other corporate purposes.

BDO Capital and Investments Corp. and First Metro Investments Corp. are the joint issue managers, lead underwriters and book runners for the offering.

Profriends owns 98.51 percent stake in Property Company of Friends Inc., which has built over 26,000 quality and affordable housing units in Cavite and Iloilo since February 1999.

It currently has four major estates, including the 1,435-hectare Lancaster New City in General Trias, Cavite; the 110-hectare Bellefort Estates in Bacoor, Cavite; the 72-hectare Carmona Estates in Cavite; and 170-hectare Iloilo Estate in Iloilo City.

Jenniffer B. Austria

FMIC bullish on stocks

FIRST Metro Investment Corp. (FMIC) is forecasting the Philippine Stock Exchange index to reach a high of 8,500 points this year , more bullish than a consensus estimate of 8,000 points.

■ First Metro Investment Corp. (FMIC) officials during the company's annual capital markets briefing. In the picture are (Left to right) First Metro Securities President Augusto Costo Jr.; University of Asia and the Pacific Economist Victor Abola; FMIC Executive Vice President Justino Juan Ocampo; FMIC Chairman Francisco Sebastian; FMIC President Roberto Juanchito Dispo; FMIC Senior Vice President Reynaldo Montalbo Jr.

Not only is FMIC bullish on stocks but also on bonds.

In a press briefing on Wednesday, FMIC said the equities market rally in 2015 will be driven by favorable macroecomic figures, increased spending ahead of 2016 national elections, more regional mergers and acquisitions, Asean integration take-off, lower oil prices, and strong demand for electricity.

The company forecasts the price to earnings (PE) ratio at 19x, while corporate earnings is projected to advance 13 percent to 16 percent for the whole year of 2015.

In 2014, FMIC noted that the Philippine Stock Exchange is the third best performing index in Asia after Shanghai and India, growing 23 percent year on year.

Roberto Juanchito Dispo, FMIC president, said in the company's annual economic briefing that the country's economic growth and the capital markets are seen to benefit from the "intact economic fundamentals, increased government spending on the back of infrastructure projects especially the public-private partnership projects (PPP), as well as the pre-election spending."

In the same briefing, University of Asia and the Pacific Economist Victor Abola said a total of P44.3 billion worth of PPP projects are expected to be finished in 2015 out of the P127.4-billion awarded and in-progress PPP projects to date.

Abola said the P44.3 billion worth of PPP projects will be "another 4 percent addition to the gross domestic product" of the country."

"We are optimistic in consumer, exports, manufacturing, and the resurgence in mining and tourism sectors," Dispo said.

However, Dispo noted the risk factors that can shake the stock market rally, which includes the "looming power crisis; anticipated US interest rates hike; excessive decline in oil prices that can cause economic imbalances and decline of oil-dependent countries; and natural disasters."

Bede Lovell Gomez, FMIC vice president, said that for the Philippine equities, the following sectors will drive gains in 2015: power, infrastructure, consumer, gaming, manufacturing, and the greenhorn technology segment on the boom of newly-listed mobile content provider Xurpas Inc.

"We still see volatility for the equities market but might be a little subtle, and we see a good uptrend for the rest of the year," Gomez said.

Justino Juan Ocampo, FMIC executive vice president, said in the same briefing that more small caps or bite-sized initial public offerings (IPO) are anticipated within the year, given the success of small-time IPOs of DoubleDragon Properties Corp. and Xurpas Inc. in 2014.

Last year, stock rights offering of banks still account mostly from PSE issuances at 26 percent share, while there is a surge in preferred share offerings (22 percent share or P37 billion of the total issuances), and a decline in IPOs (7 percent share or P12 billion of the total from the 34 percent share in 2013).

For the fixed income markets, Ocampo said the Philippines is one of the "most active bond market" in the region, raising a total P166.5 billion in 2014 consisted mostly of debt fundraising of property firms.

"For the bond market, we're seeing sustained momentum in 2015. 2015 will eclipse the funds raised in 2014. Banks, small cap firms are growth sectors, as well as financial, services, consumer segments," Ocampo said.

'Bite-size' IPOs underway – FMIC

TWO small-cap or "bite sized" companies are expected to conduct their initial public offerings (IPOs) within the first half of the year, according to First Metro Investment Corp. (FMIC), the investment banking arm of the Metrobank Group.

FMIC president Roberto Juanchito Dispo told reporters on Wednesday that two of their small-cap clients are set to conduct its initial public offerings (IPO) in the first semester of the year.

Dispo said the two companies will raise "about P1 billion to P2 billion each" from their maiden offerings. One company is involved in the industry, food and consumer sectors while the other is engaged in lending, remittances and pawnshop businesses.

"Bite-sized meaning P1-2 billion. These are smaller companies eyeing an IPO. I think bite-sized IPOs in the Philippine context is more doable, easily absorbable by the market," Dispo said.

"[It] is also consistent with our advocacy to introduce new capital market names in the market...mostly SMEs [small and medium enterprises], emerging companies, rather than go for matured big companies. I think this year we're shifting our strategy, we're identifying SMEs that are very profitable that can easily be listed on the exchange," the FMIC chief added.

Another FMIC client, Company of Friends Inc. (ProFriends), which was eyeing an IPO before the end of 2014, has decided to again defer its P7.7-billion offering to the first quarter of the year.

ProFriends will offer 385.75 million shares, priced at a maximum of P20 each.

Dispo said the Pro-Friends market debut was delayed as they "ran out of time" to prepare the financial statements, but said offer size and price will remain the same.

Besides ProFriends and the two small-cap companies, casual dining firm Gweillo Corp. also plans to launch its P75-million IPO within the year.

The Philippine Stock Exchange earlier said it expected some nine or 10 firms to list on the exchange this year.

KRISTYN NIKA M. LAZO

Seacem renamed Global Ferronickel

SOUTHEAST Asia Cement Holdings Inc. (Seacem) is set to change its corporate name to Global Ferronickel Holdings Inc. next week in line with the backdoor listing plans of Platinum Group Metals Corp. using Seacem.

In a disclosure to the stock exchange, Seacem said its name change will take effect on January 14.

The name change was approved by the board of directors on September 10 last year, and stockholders approved it last October 22, while Securities and Exchange Commission gave its permission on December 22.

The backdoor listing of PGMC will be done via Seacem's acquisition of a 99-percent stake in PGMC, where PGMC "will be injected into Seacem and will become a subsidiary of Seacem."

The backdoor listing method enables a company to debut on the exchange via the acquisition of an existing listing company. Listing in this method is cheaper than initial public offerings (IPOs), which require a follow-on offering of shares within 12 months after listing.

PGMC through Seacem will be the first backdoor debut on the market this year.

As of end-August, PGMC's net income stood at P3.9 billion while its revenues totaled P8 billion.

PGMC reported it has mined 5.5 million metric tons (MT) of nickel ore in the first eight months of 2014, already close to the 6.3 million MT target capacity for the year and 40 percent higher than the actual 4.5 million MT volume shipments in 2013.

The company's nickel ores are exported to China (90 percent) and Australia (10 percent).

KRISTYN NIKA M. LAZO

Gweilo Corp. eyes P75M IPO

CASUAL dining firm Gweilo Corp. is set to conduct a P75-million initial public offering this year to finance its expansion programs.

In a registration filing to the Securities and Exchange Commission, Gweilo said it will be offering 75 million primary shares to the public, equivalent to 47 percent of its common shares. IPO price is at a maximum of P1 per share.

No timetable is provided yet for the IPO, but the P66.13 million net proceeds of the offer after IPO-related expenses and taxes will be alloted for Gweilo's expansion and renovation plans of company-owned outlets.

Aside from expansion, Gweilo will also improve its catering services and commissary, and implement a centralized management information system.

The company's net income for the first nine months of 2014 increased to P375,777 from P373,705 the previous year, as its revenues in the same period went up P49.9 million from P39.7 million last year.

Incorporated in 2001, Gweilo is engaged in casual dining business, operating brands including Gweilo's Bar, Mario's Kitchen, Galleon by Mario's Kitchen, Grab and Go, and Daddy O's via company-owned units and franchise deals.

The Philippine Stock Exchange (PSE) is urging small and medium enterprises (SME) to list in the stock exchange given the successful debut of active property firm DoubleDragon Properties Corp. and mobile content provider Xurpas Inc.

KRISTYN NIKA M. LAZO

Buried facts doctrine in securities regulation

POINT OF LAW

Francis Lim

WHAT is the buried facts doctrine in securities regulation?

This basically states that a disclosure is insufficient if it is presented in a way that conceals or obscures the information sought to be disclosed.

The doctrine applies when the fact in question is buried in a voluminous document or disclosed in a piecemeal fashion, preventing a reasonable investor from realizing the correlation and impact of the various facts interspersed throughout the document (Werner v. Werner, 267 F.3d 288, 297 [3rd Cir. 2001]).

This theory was applied in several cases to determine whether the disclosure to the investors complied with the requirements of the securities laws.

For example, in one case, P&W Industries Inc. (PWI) solicited the support of the shareholders of publicly held Providence and Worcester Company (PWC) on a proposed tender of PWC shares in exchange for PWI shares. The prospectus stated that PWI shares received in the exchange would be subject to the scaled voting right similar to that applicable to the PWC shares. The prospectus did not mention that the scaled voting right for PWC shares was invalidated by a court order, although the order was on appeal. It was not until the penultimate page of the prospectus, in a note to the consolidated financial statements of PWC, that the PWC stockholders were told that pursuant to the order, each share of their stock was entitled to one vote.

The court held that this information was important for the stockholders to decide whether to accept the tender offer. Since it was buried in the prospectus, the court found the manner of disclosure to be highly misleading. In the words of the court, "the difficulty is that a fair reading of the prospectus may have led stockholders to believe their shares had scale voting rights and that these would not be disturbed if they made the exchange offered them."

The court made this ruling, notwithstanding that a letter was subsequently issued by the president of PWC to the shareholders to cure the defect. The court said "the letter failed to disavow the statement in the prospectus or tell the stockholders they should disregard it in determining whether to withdraw shares previously deposited." Instead, the stockholders of PWC were left to determine which statements in the total mix were true and which as a result of the materially different disclosure in the Dec. 24 letter could no longer be considered accurate.

According to the court, the "letter, without a disavowal of the accuracy of the statements in the Prospectus, could not adequately cure the erroneous and misleading statements which it contained." Blanchette v. Providence & Worcester Co., 428 F.Supp. 347, 353 (D.Del. 1977)

In another case, proxy materials were sent to the shareholders to solicit their vote on certain matters taken up in an annual stockholders' meeting. It contained some information regarding a litigation (Dillon v. Berg) between the company and its former president (Power). The court found the proxy statement materially defective because, among others, of "the obscure manner in which the $936,000 tobacco inventory loss was disclosed."

The fact that Power and others had been sued by the company (Scotten, Dillon) for this loss was "segmented into three different parts each presented in a different place in the documents provided shareholders" in connection with the proxy solicitation: (i) the fact that Power had been sued, on page 20 in the "Ralph R. Power" section; (ii) the fact that the suit was on account of the tobacco inventory loss, on page 10 under "Recent Developments," and (iii) the fact that the loss was $936,000, not in the proxy statement at all, but buried in two pages of the forty page accompanying "Financial statement" was referred to on page 10 of the proxy statement as "Annual Report For The Fiscal Year Ended Dec. 31, 1970" without specifying page numbers on which the amount of the loss could be found. According to the court, "there was a substantial likelihood that ... a reasonable shareholder, in studying the 80 pages of the proxy statement and financial statement would fail to correlate the company's suit with the fact and amount of the tobacco loss." (National Home Products v. Gray, 416 F. Supp. 1293, 1215-16, D.Del. 1976).

In another case, an explanatory statement was sent to the shareholders with a view of securing their approval on a proposed merger between the company and another firm. The statement and its appendices contained about 200 pages of highly complex and technical financial and legal data. While the statement disclosed the conflict of interest on the part of the directors and investment advisers, the court found "their present location ... not justified by their importance, in view of the length and complexity of the explanatory materials."

According to the court, the law required not only disclosure but adequate disclosure. The information "should have in some way been highlighted to ensure that the shareholders were aware of them" and should not have been "'buried' in the explanatory materials." For this, the court found the statement materially misleading. (Kohn v. American Metal Cimax, Inc., 322 F.Supp. 1331, 1362-63 E.D. Pa. 1971).

The question is whether the foregoing rulings apply in Philippine setting. Well, there are no Supreme Court decisions on the matter but noteworthy is that, under our Securities Regulation Code, there are provisions against misleading statements and acts, devices or schemes that would operate as a fraud upon the investing public.

(The author, former president of the Philippine Stock Exchange, is a senior partner of the Angara Abello Concepcion Regala & Cruz Law Offices (Accralaw) and president of the Shareholders' Association of the Philippines. The views in this column are exclusively his, and should not be attributed in any way to the institutions with which he is currently affiliated. He can be reached through francis.ed.lim@gmail.com.)

The Philippine STAR THURSDAY, JANUARY 8, 2015

Stock index seen hitting record 8,500 by yearend

By RICHMOND S. MERCURIO

While some analysts have been quite conservative in their outlook for the equities market this year, the investment banking arm of the Metrobank Group on the contrary provided yesterday the most optimistic forecast for the local benchmark index in 2015.

First Metro Investment Corp. (FMIC) is expecting the Philippine Stock Exchange index (PSEi) to surge to as high as 8,500 by yearend, backed by the country's favorable macroeconomic backdrop.

"The equities market is seen to breach the 8,000 level and hit 8,300 to 8,500 with price earnings (PE) ratio of 19x and corporate earnings growth of 13 percent to 16 percent," it said.

Most analysts and stock experts have earlier placed their target PSEi growth at a range of 7,500 to 8,000 for this year.

FMIC vice president Bede Lovell S. Gomez said the group's forecast is backed by an expected increased spending ahead of the 2016 national elections, more regional mergers and acquisitions, Asean integration take-off, lower oil prices, and strong demand for electricity.

FMIC's 2014 prediction for the PSEi was to end between 7,000 to 7,200 level. The benchmark index ended the year at 7,231 to finish as the world's third best performing stock market.

Gomez said among the sectors seen to lead the benchmark index this year are holding firms, industrial, property, services, and financials.

Industrial firms are seen to have a 33.2 percent earnings per share (EPS) growth, followed by property companies and holding firms with 15.34 percent and 14.98 percent, respectively.

"We might see a similar volatility in the stock market this year but more tame," Gomez said.

For capital raising, FMIC said corporate bond issuers, particularly property companies, will take advantage of the lower inflation and lower interest rates environment through more innovative fund raising structures such as securitization and direct retail issuances in addition to conventional bank financing.

Turn to B-3

Stock index... From B-1

Infrastructure financing, primarily in power and water, will be in demand this 2015 while a number of acquisition financing and mergers and acquisitions, both onshore and offshore, are also expected, FMIC added.

FMIC, however, did not disregard various internal and external factors that may hamper the expected robustness in local stocks.

Among such factors include the looming power crisis, policy rate changes of major economies, sluggish PPP projects, global economic slowdown, natural disasters, and low oil prices for commodity exporters.

Phl raises $2 B from global bonds

Market gobbles up offer at all-time low coupon of 3.95%

By ZINNIA B. DELA PEÑA

The Philippines raised $2 billion in dollar denominated global bond offering that has attracted about $13.5 billion of orders or well above the target offer.

The country priced the 25-year bonds at an all-time low coupon of 3.95 percent, about 25 basis points tighter than its initial price guidance of 4.2 percent.

The Philippines is the first Asian country to tap the international bond market in 2015 with order reaching $13.5 billion despite an economic slowdown in key global economies.

Investors from the US purchased 47 percent or nearly half of the bonds while Asian investors accounted for 41 percent and Europeans 12 percent.

The Philippines has a track record of selling global bonds early in the year to support majority of its annual foreign debt requirement and obtain favorable borrowing costs.

Purisima

The bonds came with a switch tender offer for 15 series of dollar denominated bonds maturing between 2016 and 2034 as part of the government's proactive liability management program. This arrangement allows the Philippine government to buy back a series of existing bonds at a specified bid price and replace them with new deb papers.

Aside from providing investors with the opportunity to sell their debt holdings, the switch tender strategy also allows the issuer to reduce interest payments.

Finance Secretary Cesar Purisima said the success of the bond issue reflects the country's strong economic fundamentals and track record.

"This is reminiscent of the award-winning one-day accelerated switch tender offer conducted in January last year, hailed by *FinanceAsia* to be an innovative case of proactive liability management...It took courage and conviction to pursue this strategic transaction in the midst of global market volatility," Purisima said.

Yields on bonds have been on a downward trend as investors are increasingly getting interested in the Philippines given the string of credit rating upgrades it received from major global debt watchers.

Of the $2 billion issued by the

Turn to B-4

Phl raises... From B-1

government, $1.5 billion was used to switch and retire old bonds. The remaining $500 million in new money, on the other hand, will be used for funding the budget.

"We continue to pursue liability management transactions that provide opportunities to reduce high coupon debt while achieving interest expense savings which the government can instead use for more inclusive initiatives," Purisima said.

Deutsche Bank and HSBC served as joint global coordinators. They also acted as joint bookrunners alongside Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Standard Chartered Bank and UBS.

National Treasurer Rosalia De Leon noted that the country attracted new name investment-grade-only investors in this transaction.

"This robust response from the international markets reflects that our manifest confidence in the strength of the Philippine economy and liability management strategy is very well placed," she said.

"Despite the volatility we have seen at the start of the year, we continue to see strong support by investors in our bond program, which enabled the Republic to achieve a stronger fiscal position for the Philippines. The series of liability management programs has significantly reduced debt repayment risks," De Leon said.

The Philippine STAR THURSDAY, JANUARY 8, 2015 B-4

More 'bite-sized' IPOs set

By RICHMOND S. MERCURIO

With a stronger Philippine economy expected this year, the market should anticipate the influx of more small and medium-sized enterprises in the local bourse.

In an interview, First Metro Investment Corp. (FMIC) president Roberto Juanchito Dispo said it would not be a surprise if the Philippine Stock Exchange will see a number of "bite-sized" initial public offerings (IPO) from small and medium enterprises in the coming months.

"I think bite-sized IPOs in the Philippine context is more doable, easily absorbable by the market, easy to turn around and market, and is also consistent with our advocacy to introduce new capital market names," Dispo said.

For its part, Dispo said FMIC is expecting to handle planned IPOs of two emerging companies in the upcoming months.

He said these firms are likely to push through with their planned IPO within the first half of the year and are expected to raise between P1 billion to P2 billion each.

"One is in the food/consumer business while the other is in the lending/remittance/pawnshop industry," Dispo said.

"I think this year we're shifting our strategy, we're identifying SMEs that are very profitable that can easily be listed in the exchange rather than go for mature, big companies," he added.

The PSE earlier said it wants more SMEs to join the local bourse this year following the successful listing of two companies on the SME board last year.

Property company DoubleDragon Properties Corp., which listed on April 7, raised P1.16 billion from its IPO while technology firm Xurpas Inc., which listed on Dec. 2, raised P1.37 billion from its offering.

Shares of both firms skyrocketed and hit the ceiling price in their respective market debut.

Aside from the two SMEs planning to conduct their maiden offering, FMIC is currently working as underwriter together with BDO Capital & Investment Corp. of the IPO-bound affordable housing developer Pro-Friends Group Inc.

Pro-Friends is looking to be the first company to list in the local bourse this year with a planned P7.7-billion IPO.

"Preparation is still continuing. We ran out of time last December so we're doing a refresh, financial review and audit, and securing fresh regulatory approvals," Dispo said.

Dispo said Pro-Friends' IPO would likely happen within the first quarter of the year.