



SEC News Service

SERIES OF 2014

MAY 28, 2014

- MERALCO HIKES STAKE IN GBPC** [1]
Lenie Lectura, Business Mirror, p. B1/2
- REGINA CAPITAL JOINS NEW PSE PLATFORM** [2]
Business Mirror, p. B2
- UCPB SEEKS SC RECOGNITION ON SMC SHARES** [3]
Genivi Factao, Business Mirror, p. B2-1
- MALAYSIA THANKFUL FOR \$1.2B INVESTMENT OF SAN MIGUEL CORP** [4]
Ed Velasco, Daily Tribune, p. 8
- INFO CAMPAIGN NEEDED FOR ETF** [5]
Amado P. Macasaet, Malaya Business Insight, p. A2
- MERALCO TO INCREASE STAKE IN GLOBAL POWER** [7]
Richmond Mercurio, Malaya Business Insight, p. A5
- PH STOCKS STEADY; REGINA TO TRADE ONLINE** [8]
Malaya Business Insight, p. A8
- INDIAN MOTOR FIRM ENTERS RP MARKET** [9]
Ed Velasco, Daily Tribune, p. 8
- PH'S ECONOMIC GROWTH SUSTAINABLE—PURISIMA** [10]
Chino S. Leyco, Manila Bulletin, p. B1/10
- MERALCO UPS STAKE IN GLOBAL POWER** [11]
Myrna M. Velasco, Manila Bulletin, p. B3
- ALI SETS BIGGER ISSUE OF P5 BILLION** [12]
James A. Loyola, Mabnila Bulletin, p. B3
- LOPEZ GROUP TO RAISE P7B** [13]
Jenniffer B. Austria, Manila Standard Today, p. B1
- AYALA LAND TO ISSUE P5B WORTH OF NEW HOMESTARTER BONDS** [14]
Jenniffer B. Austria, Manila Standard Today, p. B1
- STOCK EXTEND LOSSES; PUREGOLD, LT ADVANCE** [15]
Bloomberg and AFP, Manila Standard Today, p. B2
- UCPB EXECUTIVE SAYS PART OF COCO LEVY FUND INVESTED TO PROTECT STAKEHOLDERS** [16]
Jennifer Ambanta, Manila Standard Today, p. B3



SEC News Service

SERIES OF 2014

MAY 28, 2014

- PH SHARES EXTEND LOSSES FOR THIRD DAY ON CAUTION AHEAD OF GDP DATA** [17]
Madelaine B. Miraflor, Manila Times, p. B1
- AYALA LAND TO ISSUE P5-B HOMESTARTER BOND** [18]
Madelaine B. Miraflor, Manila Times, p. B3
- MERALCO TO HIKE STAKE IN GEORGE TY'S GBPC TO 22%** [19]
Madelaine B. Miraflor, Manila Times, p. B3
- 3RD PSE BELL AWARDS SLATED FOR NOVEMBER** [20]
Madelaine B. Miraflor, Manila Times, p. B3
- UCPB HITS CRITICS CLAIMING MISUSE OF COCO LEVY FUNDS** [21]
Paolo G. Montecillo, Philippine Daily Inquirer, p. B1
- MAR'S MAN AT SEC** [22]
Doris C. Dumlao, Philippine Daily Inquirer, p. B3

Meralco hikes stake in GBPC

By LENIE LECTURA

MERALCO PowerGen Corp., the power development unit of Manila Electric Co. (Meralco), is increasing its equity participation in Global Business Power Corp. (GBPC) of the Metrobank Group.

"In the Meralco board of directors meeting this morning, the board approved the funding for Meralco PowerGen's acquisition of another 2-percent stake in Global Business Power, which will raise Meralco PowerGen's equity

interest in GBPC to 22 percent," said Meralco President Oscar Reyes, during the annual stockholders' meeting held on Tuesday.

Meralco PowerGen acquired last year a 20-percent stake in GBPC, the largest independent power producer in the Visayas, for P7.15 billion.

This acquisition will provide the company early income accretion and cash generation, while longer lead-time power plants are being developed, added Reyes.

Meralco officials did not provide details of the acquisition cost on the additional 2-percent stake in GBPC,

taken from interest held by First Metro Investment Corp.

"[The transaction] will be closed in June. First Metro divested 4 percent [of GBPC]," said Meralco Chairman Manuel V. Pangilinan, who said the remaining 2-percent interest was allocated to ORIX Metro Leasing and Finance Corp.

ORIX Metro is a finance and leasing company jointly owned by the Metrobank Group and ORIX Corp. (formerly Japan Orient Leasing Co. Ltd.)

Pangilinan said Meralco PowerGen is willing to buy additional GBPC stake should other shareholders sell their

equity interests in the power company. "There's no formal agreement but should other shareholders sell, we will be open to invest," he said.

Meralco PowerGen, added Pangilinan, is willing to hike its stake in GBPC by up to 50 percent because "it's a good business and the Metrobank Group has managed it well."

Meralco PowerGen is developing a diversified power portfolio for 2,500 megawatts (MW) until 2020. It has also taken a majority stake in Redondo Peninsula Energy Inc., which is

SEE "MERALCO," B2

Meralco. . . CONTINUED FROM B1

developing a 600-MW coal project in Subic. GBPC, through its subsidiary Panay Energy Development Corp., plans to increase its power-generation capacity in the Visayas to 328 MW (from the existing 164 MW) by 2015. It currently has a total capacity of 633 MW in the Visayas, and it is looking at expanding

in Mindanao. The company also owns a 92-MW diesel-fired power plant in La Paz, Iloilo, which is being operated by Panay Power Corp. Other power plants owned by GBPC are in Cebu, Aklan and Oriental Mindoro. GBPC is a member of the GT Capital Group of Companies of which Metrobank is the lead company.

Regina Capital joins new PSE platform

REGINA Capital Development Corp. on Tuesday became the sixth company to join the new trading platform of the Philippine Stock Exchange (PSE).

Luis Limlingan, Regina Capital head of business development, said the company is targeting the overseas Filipino workers, particularly the seafarers, as these have more disposable income.

"I'm not discriminating, but so far the seafarers are really aggressive in their investments," Limlingan told reporters after the company's launch of its online trading system. He said, however, that the A and B markets are still the majority of their retail clients, followed by the retirees who have lots of money to invest. "Of course, in terms of trading volume, it's still the institutional [investors]," he said. Regina Capital, which started

its business some 25 years ago, followed some of the brokerage firms that joined the online trading using PSETradex, a trading platform operated by the PSE.

The others were DA Market Securities, Optimum Securities, Maybank ATR Kim Eng Securities Inc., Coherco Securities and BA Securities. PSE President and Chief Executive Officer Hans Sicat expects nine more brokerage firms are set to use its new trading system by the end of the year, bringing the number to 16 by December.

As of 2012, there are 525,850 accounts in the PSE. Investors normally open various accounts with the PSE's different brokerage firms, which earns from commission. DA Market, for instance, charges 0.25 percent as commission for both its traditional and online brokerage operation.

UCPB seeks SC recognition on SMC shares

THE United Coconut Planters Bank (UCPB) seeks the Supreme Court's (SC) recognition of the bank's 11-percent interest in the proceeds of the redemption of San Miguel Corp. (SMC) shares amounting to P8.66 billion seen to benefit the government and coco farmers.

UCPB Senior Vice President and Corporate Secretary Ildefonso Jimenez said such recognition is not meant to take the money out but only for purposes of declaratory relief.

He said that between 1979 and 1981 the bank invested the money in CIIF Oil Mills in the amount of P112 million.

Later on, CIIF formed 14 holding companies. Each oil mill invested a different amount and bought SMC shares.

"As of May 2013 the value of those shares amounted to P8.62 billion from P112 million in 1980," Jimenez said.

"The declaratory relief seeks to clarify from the court the 11-percent interest of UCPB in the proceeds of the redemption of the SMC-preferred shares. UCPB is doing this because it made direct investments to the CIIF Oil Mills which in turn owned the SMC shares. This action will preserve and protect the shareholder value of UCPB," he said.

"The government and the coconut farmer will ultimately benefit should UCPB's interest be recognized by the courts," he added.

"We will not get the money or the SMC shares. We just have a claim, an undivided ownership of

it. The bank wants its shares to be recognized and allow it to be retained in the balance entry representing P8.5-billion investments in the oil mills," he explained.

He said, once the Court grants the relief, the government will know how to proceed and implement the SC decision. He added that UCPB has been transparent on the engagement of lawyer Nilo Divina, whom some assailed of conflict of interest.

In the interest of transparency, UCPB earlier disclosed this professional engagement to the Bangko Sentral ng Pilipinas.

"Divina Law Offices were engaged in two important cases, both of which require their expertise in urgent legal representation," the bank said.

"It is also noteworthy to mention that Atty. Divina waived his professional fees for time/efforts devoted to these cases," the bank added.

UCPB Director Efren Villasenor said the coco-levy funds already reached P75 billion, the bulk of which amounting to P58 billion already remitted to the Bureau of Treasury.

Another P14 billion was deposited in escrow at UCPB while P3 billion were unaccounted funds at the Presidential Commission on Good Government.

The SC has declared that 73 percent of the outstanding shares of the bank is owned by the Republic of Philippines for the benefit of coconut farmers. About 23 percent of the sequestered shares are claimed by government but its supposed ownership is being contested. *Genivi Factao*

Business

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Wednesday, May 28, 2014

8

Malaysia thankful for \$1.2-B investment of San Miguel Corp.

By Ed Velasco

Malaysian Minister of International Trade and Industry Dato'Sri Mustapa Mohamed is glad San Miguel Corp. (SMC) is expanding its business in Malaysia.

SMC recently inaugurated a big oil facility in Malaysia amounting to \$1.2 billion.

The Malaysian trade minister said SMC is the single biggest investment from the Philippines.

"Mr. Ramon Ang said they have further plans of expanding business in Malaysia. There was discussion, but no indication yet but I think the focus is consolidating

businesses in Malaysia," he said.

"SMC is upgrading its acquisition in Malaysia. They got almost 600 Petron stations in the country and some of them require upgrading. The refinery of the old company, Esso, requires refurbishment. So they focus on consolidation of the business," Mohamed said.

Two years ago, SMC made initial investment of \$610 million for the acquisition of 65 percent stake in Esso Malaysia Berhad.

It also purchased fuel distribution and over 500 branded retail fuel sites, now Petron.

SMC purchased Exxon Mobil's

industrial and wholesale and aviation fuel businesses.

Ang said during the recent business meeting of Filipino and Malaysian businessmen and Mohamed that SMC already got 100 percent of Exxon with total investments of \$1.2 billion.

Ang started investing in Malaysia in 2004 in Sarawak with \$100 million worth of investments.

In 2006, SMC through its international operation invested in packaging company before partnering with businessman Robert Kuok in many of his ventures in the Philippines.

The company also partnered

with Dato Azmil Khalid in the South Luzon Expressway.

"I love to invest in Malaysia because I believe Malaysia is one of the most vibrant economies in Asean region and Malaysians are just like a brother. It is one country when we go, they (Malaysians) look like Filipinos.

I really have Malaysian good friends. Malaysia is a nice place. Malaysia is a friendly country to invest in," Ang said.

When he first invested in Malaysia in 2004, he encountered a lot of challenges. But now, he's confident of investing and urged Filipinos to do the same.

"That's why when I learned of the opportunity to acquire Exxon Mobil two years ago, I convinced SMC to invest. And now, that investment is growing. We are now in the process of expanding the oil refinery plant. So I'm recommending to all Filipino friends to look at Malaysia," he added.

Ang, who is also president of Philippines-Malaysian Business Council, said one important opportunity for Filipinos to do business in Malaysia is in the power industry.

He called on the Philippine and Malaysian governments to discuss power matters in the Sabah region.

Wednesday, May 28, 2014

Info campaign needed for ETF

AMADO P. MACASAET

The ETF has not been intelligently explained to the investors. It is not as yet seen as the safest investment in the stock market.



THE ETF has not been intelligently explained to the investors. It is not as yet seen as the safest investment in the stock market.

Investors are not yet aware that the consistently high index of the Philippine Stock Exchange, making it number one in Southeast Asia, makes trading the index itself safe and profitable.

Up to this time, many investors believe that the ETF (Exchange Traded Fund) are shares of stocks. The investors appear to be indifferent to them.

The ETF does not move in peaks and valleys. The ETF, unlike specific shares of stocks, does not make an investor rich overnight. Neither can it make him a pauper.

This fact is least understood. About a year after it was launched by the group of Jojo Dispo, president and chief executive officer of First Metro Investment, the ETF remains unattractive to investors.

The value of daily trade is less than a million pesos a day, although the ETF assigned a par value of P100 has slowly appreciated to close to P110. The investor is making 10 percent profit. This kind of income is hard to find. It is available in some shares of stock.

The fact that the PSE is No. 1 in Southeast Asia but the ETF appears to be hardly noticed by the investors may be said to be a malignant manifestation of greed and ignorance.

Greed in this case is desire for quick profits not found in the ETF. It is ignorance in the sense that the investors do not seem to understand that the index is the safest investment in the stock market.

It is so because the movement of the index does not depend on the price of a specific stock. The index is composed of 30 of the most actively traded shares considered as the barometer of price movements. The composition is reviewed every quarter. A laggard in the index is substituted with a more active stock.

This alone is almost concrete assurance that the ETF will never fall headlong. Neither will it rise vertically. This fact is assurance of stability or safety.

The truth is one or two stocks in the index may fall, but the rest is performing well. A few stocks in the index may be "sick" in the sense that their prices do not move upward at the speed the others do. But the others are. It may be said that the "laggards" are covered by the good performers. The sick shares in the index do not affect the others.

Each of the shares performs according to perception of the investors. The perception is based on the financial performance and short and long-term prospects of a particular stock.

This is the very reason the index of the PSE is highest, No. 1 in the Southeast Asian region. This cannot be the reason the ETF does not attract investors' attention and money.

The index is a fund traded in the billions of dollars in sophisticated markets of the world particularly in the United States and Europe. The ETF hardly catches the eye of investors in the Philippines. It is difficult to understand why this is so.

Like individual shares of stocks, the price of the ETF is market-determined. It is transparent. Buying and selling is not bilateral transaction.

The problem as we see it is inadequate information campaign. The ETF has not been intelligently explained to the investors. It is not as yet seen as the safest investment in the stock market.

If the ETF is clearly understood, it should attract investments particularly at this time when finding investments that produce appreciable returns with a minimum of risk is extremely hard.

Maybe it is precisely this fact that attracts investors to risk money in specific shares of stock. The present active market gives the investors handsome yields. But they can fall, not exactly headlong but bad enough to deny the investor the profits he expects. In fact, the investor can incur a loss.

The same investor can also incur a loss when he puts money in the ETF. It must be understood that "loss" can severely hurt the investor only when the entire market "collapses."

This should not be expected to happen. It is not possible to see prices of the 30 stocks in the index simultaneously fall. One of them can but the rest may do well better than the others.

The ETF may be considered a mutual fund operation where the portfolio manager picks a basket of instruments including shares of stocks with attractive dividend records.

The manager spreads the risk. The investors in ETF also spread their risks over 30 shares in the index.

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Meralco to increase stake in Global Power

BY RICHMOND MERCURIO

MANILA Electric Co. will to increase its stake in Global Business Power Corp. to 22 percent after investing P7.15 billion last year in the company.

"The Meralco board of directors has approved the funding for Meralco PowerGen's acquisition of another 2 percent stake in Global," Meralco president Oscar S. Reyes said yesterday during the company's annual stockholder's meeting.

Meralco officials did not disclose the cost of the acquisition, saying that it is still being discussed.

Meralco Chairman Manuel V. Pangilinan said Meralco's purchase of another 2 percent stake in Global Business Power could be sealed by next month.

According to Pangilinan, First Metro Investment Corp. (FMIC) unloaded an additional 4 percent stake in its remaining 9.11 percent shareholdings in Global Business Power.

Japanese firm Orix Corp. is set to acquire the remaining 2 percent of FMIC, Pangilinan added.

FMIC last year sold 40 percent of its interest in Global Business Power in which Meralco and Orix

bought 20 percent each.

Upon the completion of the new purchase, GT Capital Holdings, Inc. will retain its majority ownership of the Visayas power giant at 50.89 percent while Orix and Meralco PowerGen will each have 22 percent interests. FMIC's stake, meanwhile, will drop to 5.11 percent.

Global Power Chairman Francisco Sebastian earlier said FMIC is open at selling its remaining stakes in Global Power to other companies. He said selling it to GT Capital may not be necessary.

FMIC is a unit of GT Capital, owned by tycoon George Ty, the Philippines' ninth richest person.

"We will consider that as the time comes. Most of the shares are with GT Capital. We may sell a bit more," Sebastian said.

Pangilinan said Meralco is willing to take as much as 50 percent stake in Global Business Power should there be an opportunity.

"It's a good business and the Metrobank group has managed it well so it's a good investment," Pangilinan said.

"There are no formal agreements with the other

shareholders but we expressed our desire should other shareholders sell, we will be open to invest," he added.

Global Business Power is considered as the largest independent power producer in the Visayas with nine power plants having a total capacity of 627 megawatts (MW).

The power firm, through wholly owned unit Toledo Power Corp., is presently constructing an 82 MW coal-fired power plant in Cebu. It is also building a 150 MW coal facility in Iloilo through unit Panay Energy Development Corp.

Reyes said the 20 percent acquisition in Global Business Power last year will provide Meralco "early income accretion and cash generation while longer lead-time power plants are being developed."

Meralco, for its part, is eyeing to develop a diversified power portfolio of up to 2,700 MW from now until 2020.

The company, through a consortium called Redondo Peninsula Energy, Inc. (RP Energy), is presently developing a 600 MW coal-fired power plant in the Subic freeport.

Wednesday, May 28, 2014

Malaya
Business Insight

MARKETS

PH stocks steady; Regina to trade online

SHARE prices ended lower yesterday as investors await the release of government figures on first quarter economic growth.

The Philippine Stock Exchange index (PSEi) was down 10.16 points to 6,780.26, a 0.15 percent drop. The broader all shares was down 3.23 points to 4,050.28.

Losers edged gainers 96 to 72 with 46 stocks unchanged. Trading turnover reached P5.37 billion.

"The market continued to move sideways as investors await GDP results on Thursday," said Ricky Liboro, Securities, Inc. director.

BPI Asset Management, Inc. meanwhile noted that the US market was closed for Memorial Day celebration. Most actively traded Megaworld Corp. was up P0.03 to P4.60.

Philippine Long Distance Telephone Co. was down

P6 to P2,894. Emperor Inc. was up P0.36 to P11.84. Ayala Land, Inc. was down P0.10 to P32.05. BDO Unibank, Inc. was down P0.05 to P88.35.

SM Investments Corp. was down P1.50 to P764. International Container Terminal Services, Inc. was down P0.30 to P112.20. DoubleDragon Properties Corp. was down P0.30 to P9.70. Philippine National Bank was up P1.05 to P92.05.

Meanwhile brokerage company, Regina Capital has joined the online brokering bandwagon of the Philippine Stock Exchange, making it the 6th firm to sign into the PSE's online platform.

The company targets seafarer investors.

Luis Limlingan, managing director and head of business development Regina Capital, said the company aim to have 500 accounts in one year with each account expecting to generate P200,000 to P250,000

worths of trade in a month – enough to lower the cost of operation of the company for its online service.

Limlingan said the company is still gearing towards investors with excess spendable cash, in particular the A and B segment of the income bracket and the retiree.

The company's dabbling into the online brokerage firm precedes the company's plans to launch its own mutual fund in three to four months time, which will further diversify the company's business portfolio to that of asset management.

Regina Capital follows DA Market Securities, Inc., who launched its online brokering service, also anchored on the PSE's PSE Tradex platform, last week.

The two joins firms Optimum Securities, Maybank ATR Kim Eng (MATRKE) Securities Inc., Coherco Securities and BA Securities in the PSE Tradex online platform.

Indian motor firm enters RP market

Tata Motors Ltd., a giant Indian motor company, has announced the entry to the Philippine automotive arena with the introduction of at least five diesel-efficient models aimed at capturing the middle class automotive market.

Nicky Mariano, general manager of Pilipinas Taj Autogroup, the Tata Motors subsidiary operating in the Philippines, said the five vehicle models are just the first they are introducing as four more models will be introduced in July 2014.

The five — Ace (multi-cab), Super Ace (mini truck), Vista (similar to Honda Jazz), Manza (similar to Toyota Vios) and Xenon (similar to SUV of most leading brands) — are expected to be a hit in the country because its prices are lower than Japanese cars but a bit higher than those made by China. *

"This is just the beginning. Come July, there will be more from us," Mariano told various reporters at a restaurant in Glorietta 2 in Makati yesterday.

Among the five, it is the Xenon that is the most diesel-efficient as a one liter can travel 14 kilometers away.

"Of course that is highway driving. When it comes to city driving where traffic is horrible, a liter can run up to 11 (kilometers)," the general manager added.

Mariano said their Indian mother unit decided to produce more diesel-powered vehicles because it is economical and has more users in the Philippines.

Ed Velasco

PH's economic growth sustainable – Purisima

By CHINO S. LEYCO

Finance Secretary Cesar V. Purisima has expressed confidence that the country's recent economic gains will persist beyond the Aquino administration.

In a statement, the country's finance chief said the government is implementing the necessary measures to ensure the achievements in the economic front will be witnessed even after President Aquino's term.

"The question in many people's minds is whether the positive things happening in the Philippines at the

moment can be sustained after this administration. The answer to this is a resounding 'yes,'" Purisima said in a recent economic forum organized by Bloomberg.

The significant increases in the budget allocations for infrastructure, education, and health services that the administration has observed over the past four years, he said. The benefits of rising investments are hardly limited to the short term and are felt more in the medium to long term.

"The administration has substantially raised the budget for health and

education. We are also spending heavily on infrastructure," Purisima said.

From ₱288.46 billion in 2013, the national government's allocation for infrastructure outlays stands 40-percent higher, or ₱404.31 billion, this year.

Government spending on infrastructure is complemented by the Public-Private Partnership (PPP) program, under which the private sector is invited to bid for and invest in public roads, airports, irrigation, transport facilities, etc.

So far, contracts for nearly ₱63 billion worth of PPP projects have already been

►B-10

PH's economic...

◀B-1

awarded by the Aquino administration.

"To make economic growth sustainable, we need to invest more and more in infrastructure. This is what we are doing," Purisima said.

The Department of Education, which got ₱293.36 billion in the 2013 national budget, is allocated 5.5-percent more, or ₱309.43 billion, in this year's budget.

The Department of Health, which was allocated ₱54.18 billion in 2013, is given 67.5-percent more, or ₱90.77 billion, in this year's budget.

Increase in government spending, coupled with governance reforms and sound macroeconomic policies, helped the country bounce back from being the sick man of Asia just four years ago to a rare bright spot, Purisima said.

The Philippines recently earned the global spotlight when it posted a robust growth rate of 6.8 percent in 2012 and 7.2 percent last year – a time when many countries continued to reel from the adverse effects of the 2008 global economic crisis.

The robust growth rates, together with within-target inflation, ample foreign-exchange reserves, improving debt profile, and a stable banking system, helped the Philippines secure investment grades from all major credit-rating firms last year.

Fitch Ratings, Standard & Poor's and Moody's Investors Service raised the country's credit rating from junk status to the minimum investment grade.

Earlier this month, S&P further raised the country's rating by a notch.

On governance, Purisima said there

are hopes that the reforms instituted by the Aquino administration will be observed even beyond 2016.

"People who have realized the benefits of good governance will demand that the country continues to stay on this path," he said.

Some of the governance reforms under the Aquino administration include the "zero-based budgeting" and the "performance-informed budgeting" systems, which are geared toward prudent handling of public funds.

Under the zero-based budgeting system, unused funds for a given year go back to the national treasury instead of kept by line agencies.

Under the performance-informed budgeting system, specific deliverables of government agencies are stated in the national budget. Failure to meet the targets will affect the concerned agencies' budget allocations in the succeeding year.

Meralco ups stake in Global Power

By MYRNA N. VELASCO

The power generation arm of Manila Electric Company (Meralco) will be increasing by additional 2.0 percent its stake in Global Business Power Corporation (GBPC), company chairman Manuel V. Pangilinan has announced during their annual stockholders meeting.

In a press briefing on the sidelines of the event, Meralco president Oscar S. Reyes noted that while the shareholdings' beefing up has already gotten the nod of company's board of directors, the cost relating to it has yet to be finalized.

"On the GBPC acquisition, the price has yet to be advised to us," he stressed, expounding that their resulting 22-percent equity in GBPC will match that of the Japanese shareholder Orix Corporation.

Meralco PowerGen first cemented its partnership with the Ty Group and Orix last year, for an initial equity acquisition of 20 percent in GBPC held by shareholder First Metro Investment Corporation. The transaction was valued at ₱7.15 billion.

The utility firm's power generation arm is expected to step up this year when it comes to revenue contribution that could consequently improve the parent firm's bottom-line.

The officials of the utility firm though are circumspect about pronouncements on financial performance impacts, albeit they are emphasizing that they are focusing on investments that could add value to the company which could then help improve and allow them to provide "least cost service" to customers.

Meralco's acquisition in a liquefied natural gas (LNG) power facility in

Singapore will likely have significant share on its consolidated earnings this year as the plant has already been set on commercial operation.

Beyond acquisitions in existing assets, Meralco is similarly exploring expansion opportunities on the distribution segment - its original core business.

Reyes reiterated that the intent of the company is to acquire distribution utilities or electric cooperatives which they can help turn around in terms of operations and delivery of service to customers.

For Luzon, he noted that the expansion trajectory they have been looking at could stretch "from Pampanga and all the way to La Union," as well as utilities close its franchise area, such as in Batangas and Laguna.

But their investment search will not stop at proximate power utilities,

as there is also a bigger aim of DU acquisitions in Visayas and Mindano.

Reyes emphasized that their strategy is anchored on the quest: Whether or not "there are areas where Meralco could be of value?"

The overarching goal ultimately, he said, will be to spur growth in these areas because a basic commodity like electricity will be provided for businesses and other segments of end-users.

Homestarter bonds

ALI sets bigger issue of ₱5 billion

By JAMES A. LOYOLA

Real estate giant Ayala Land Inc. (ALI) is raising ₱5 billion via the issuance of the seventh batch of Ayala Land Homestarter bonds which doubles as a marketing tool as it encourages investors to buy the firm's products.

In a disclosure to the Philippine Stock Exchange, ALI chief finance officer Jaime E. Ysmael said the bond issuance was approved by the ALI board of directors yesterday.

The bonds will be issued in one or more tranches and will be sold through a general public offering to retail investors, Ysmael said.

He added that, the bonds, which are to be registered with the Securities and Exchange Commission, will have a term of three years. The net proceeds

will be used for general corporate purposes.

ALI issued the sixth batch of Homestarter bonds worth ₱2 billion in May last year. The Homestarter bond has been an effective savings instrument for many bondholders since it was first launched in 2006.

It is an interest-earning financial instrument that primarily targets retail investors who wish to set aside funds that may be used as full or partial downpayment in the purchase of an Ayala Land property.

ALI president Bobby O. Dy said the bonds could fast-track investors' purchase of an ALI property. Since 2006, the security has generated close to ₱1 billion in total sales for

ALI.

Bondholders earn a Bonus Credit through the program. This is a special discount on the net selling price of various ALI properties should the bondholder decide to apply the principal amount and accrued interests, net of taxes, as a downpayment to buy an Ayala Land property.

ALI projects under its various brands – Ayala Land Premier, Alveo, Avida, Amaia, and BellaVita – may be availed using the savings and bonus credits generated from the Homestarter bond.

Lopez Group to raise P7b

FIRST Philippine Holdings Corp. of the Lopez Group said its board approved a plan to issue preferred shares through private placement of up to P7 billion worth of fixed corporate notes to finance potential investments and acquisitions.

FPH said in a disclosure to the stock exchange it planned to list the preferred shares with the Philippine Stock Exchange within the next six months. "The terms and conditions of the preferred shares and notes will be subject to agreement and acceptance by the parties," the company said.

The preferred shares, which are non-voting, non-participating and non-convertible, can be issued in one or more tranches. FPH appointed BDO Capital and Investment Corp. as the sole arranger for the transaction.

FPH has investments in the power generation, real estate developments, manufacturing and construction. Its subsidiaries and affiliates include First Gen Corp., Energy Development Corp., First Philippine Industrial Corp. and Rockwell Land Corp. The company has a 3.95-percent remaining interest in Manila Electric Co.

Jennifer B. Austria

Ayala Land to issue ₱5b worth of new homestarter bonds

PROPERTY developer Ayala Land Inc. said Tuesday it will issue P5 billion worth of new homestarter bonds, an investment tool that allows bondholders to purchase the company's real estate products.

Ayala Land said in a disclosure to the stock exchange the bonds, to be issued in one or more tranches, would have a term of three years. The bonds will be registered with the Securities and Exchange Commission.

"Net proceeds shall be utilized for general corporate purposes," Ayala Land said.

The property company said the bonds would be sold through a general public offering to retail investors. Ayala Land said this was the seventh time it would issue homestarter bonds, since

the program was introduced in 2006.

Ayala Land said the homestarter bonds became an effective savings instrument for many bondholders. It is an interest-earning financial instrument that primarily targets retail investors who wish to set aside funds that may be used as full or partial

downpayment for the purchase of an Ayala Land property.

Ayala Land's homestarter bonds have a minimum investment requirement of P50,000 and could reach up to P5 million. Bondholders earn a bonus credit through the program in the form of discount on the net selling price of various Ayala

Land properties, should the bondholder decide to apply the principal amount and accrued interests as a downpayment for the purchase.

Ayala Land's projects under Ayala Land Premier, Alveo, Avida, Amaia and BellaVita may be availed using the savings and bonus credits generated from the

homestarter bonds.

The property company earlier announced plans to launch 78 projects this year, with an estimated value of P142 billion. It said of the 78 projects, 55 would be residential projects offering 30,000 units with an estimated sales value of P107 billion.

Jennifer B. Austria

Stocks extend losses; Puregold, LT advance

STOCKS declined for the third day on profit-taking, as money managers brace for a short-term retreat in stocks after five months of gains lifted valuations to the highest levels in more than a decade versus regional peers.

The Philippine Stock Exchange index, the 30-company benchmark, dropped 10 points, or 0.2 percent, to close at 6,780.26 Tuesday amid thin trading. It was still up 15.1 percent since the start of the year.

The heavier index, representing all shares, lost 3 points, or 0.1 percent, to settle at 4,050.28, as losers outnumbered gainers, 96 to 72, with 46 issues unchanged. Value turnover amounted to P5.4 billion.

The PSEi may drop as much as 4.3 percent to 6,500, Fitzgerald Aclan, a vice president in the money management unit of BDO Unibank Inc., which oversees about \$18 billion, said in an interview.

Metropolitan Bank & Trust Co.'s Allan Yu has been selling on days when the market rallies. Estelito Biacora, the chief investment officer at Bank of the Philippine Islands, is cutting positions in top performers while adding to laggards in consumer industries.

The price-to-earnings ratio for the Philippine equity gauge

climbed to a 79-percent premium over the MSCI EM Asia Index this month, propelled by \$959 million of inflows from foreign investors since December. That rally is now showing signs of faltering, with the Philippine index slipping 1.9 percent from its intraday high on May 20.

"I don't think the premium will be sustainable," said Biacora, who helps oversee about \$14 billion in Manila. "We have been unloading a bit, reducing those stocks that have rallied a lot."

The Philippine index has advanced 18 percent from an August low, approaching the 20-percent threshold that signals a bull market. The measure's valuation climbed to about 21 times reported earnings, more than 30 percent higher than the five-year average. The MSCI EM Asia gauge trades at a multiple of 13, data compiled by Bloomberg show.

Puregold Price Club Inc. was the biggest gainer among the 20 most active stocks Tuesday, as it climbed 3.8 percent to P42.65. Emperador Inc. gained 3.1 percent to P11.84 while

First Gen Corp. rose 2 percent to P20.30.

LT Group Inc. added 1.9 percent to P14.32. Philippine National Bank rose 1.2 percent to P92.05.

Meanwhile, Asian markets mostly fell Monday, retreating from the previous day's gains, but Tokyo bucked the trend as the yen dipped against the dollar, while the euro rebounded from losses in the previous session.

Tokyo rose 0.79 percent, Hong Kong slipped 0.26 percent, Sydney was flat, Seoul fell 0.16 percent and Shanghai lost 0.15 percent. There were no cues from London and New York, where markets were closed for public holidays.

With few catalysts to fuel buying dealers decided to take their cash off the table, while attention is on the release later in the week of key US data, including revised economic growth for the first three months of the year.

Despite the regional sell-off, Tokyo enjoyed more gains thanks to a weaker yen as a more bullish outlook saw investors seek out higher-risk assets.

But Daiwa Securities chief technical analyst Eiji Kinouchi said: "Volume will be lower on the overseas holidays, and Japan stocks are in line for a pullback after adding almost 4.0 percent over the last three days, but the mood remains slightly risk-off."

With Bloomberg, AFP

UCPB executive says part of coco levy fund invested to protect stakeholders

By Jennifer Ambanta

UNITED Coconut Planters Bank denied Tuesday allegations that it will take a portion of the coco levy fund—a pool of resources now amounting to almost P75 billion and owned by Filipino coconut farmers under a trusteeship.

The bank said P58 billion was deposited with the Bureau of

Treasury, with about P14 billion held by it.

Ildefonso Jimenez, UCPB corporate secretary, said the bank had asked courts for a declaratory relief to protect the interest of stakeholders.

“The declaratory relief seeks to clarify from the courts the 11 percent interest of the bank in the proceeds of the redemption of the

San Miguel Corp. preferred shares,” Jimenez said.

He said the bank made direct investments to the Coconut Industry Investment Fund Oil Mills Group, which in turn owned the SMC shares.

“This action will preserve and protect the shareholder value of UCPB,” he said.

Jimenez said back in 1975, the bank took a portion of the coco

levy fund and invested it to the CIIF-OMG.

The bank a few years later again made an investment using the depositors’ money and retained profit from operation, which was not part of the coco levy fund.

UCPB said the 11 percent stake of the bank was now worth P8.622 billion from the original investment of P112 million.

Meanwhile, Efren Villaseñor, a member of the board that represents the farmers in the bank as appointed by the Presidents Commission on Good Government, said the Kilusang Magbubukid ng Pilipinas and the claimants movement Coco Levy Funds Ibalik sa Amin were bogus non-government organizations.

“The legitimate organizations

in Quezon province have not heard of these groups and its leaders,” Villaseñor said.

“These were bogus organizations who wants to benefit from the coco levy fund,” he said.

The bank is 97-percent owned by the government, with 74 percent covered by the coco levy fund and the balance of 23 percent sequestered.

PH shares extend losses for third day on caution ahead of GDP data

THE local stock market remained in the red for the third straight trading day on Tuesday on extended profit-taking ahead of the release of first-quarter gross domestic product (GDP) data later this week.

Weakness in other Asian markets and investor caution ahead of the GDP release also weighed on the local bourse.

"The market ended in the red on continued profit-taking as investors opted to stay on the sidelines in anticipation of the GDP data," Joyce Ramos, equity

analyst at AB Capital Securities Inc., said over the phone.

First-quarter GDP data are expected to be released on Thursday. The government has set a 6 percent GDP growth target for the first quarter.

"Disappointing GDP data can pull the index lower to the 6,700-support level, while positive GDP data can help the index try to reach the 6,900-resistance level," Ramos further said.

On Tuesday, the Philippine Stock Exchange index

► Shares B3

■ SHARES FROM B1

PH shares extend losses

retreated 10.16 points or 0.15 percent to 6,780.26, while the broader all shares shed 3.23 points or 0.08 percent to 4,050.28.

Sectoral indices were mixed. Industrials lost 28.82 points or 0.28 percent to 10,305.28 and holding firms fell 10.28 points or 0.17 percent to

6,132.32. Property also slipped 2.52 points or 0.09 percent to 2,690.15.

But mining and oil rebounded, gaining 77.46 points or 0.50 percent to 15,709.10. Financials inched up 1.40 points or 0.09 percent to 1,596.57 while the services sector was flat, adding just 0.52 point or 0.03 percent

to 2,039.70.

Total volume of shares traded on Tuesday stood at 1.2 billion, valued at P5.4 billion. Decliners outpaced advancers 96 to 72, while 46 stocks were unchanged.

Some of the most actively traded stocks were Megaworld Corp., up 0.66 percent at P4.60; Philippine Long Distance Telephone Co., down 0.21 percent at P2,894.00; Emperador Inc., up 3.14 percent at P11.84; and Ayala

Land Inc., down 0.31 percent at P32.05.

Ramos expects the market to continue to move sideways today, Wednesday, in the absence of fresh leads.

Local shares succumbed to profit-taking pressure on Monday as investors repositioned ahead of the GDP data release. The PSEi lost 20.91 points or 0.31 percent to 6,790.42, while the broader all shares dropped 10.12 points or 0.25 percent to 4,053.51.

MADLAINE B. MIRAFLOR

Ayala Land to issue P5-B Homestarter Bonds

THE board of directors of Ayala Land Inc. has approved the company's plan to issue P5-billion worth of Homestarter Bonds, through which the property giant hopes to raise funds for its residential projects.

In a meeting held on Tuesday, the board of the listed real estate blue chip approved the issue up to P5 billion of the bonds in one or more tranches. The bonds will have a term of three years.

"Net proceeds shall be utilized for general corporate purposes," ALI told the local bourse, adding that the bonds will be sold through a general public offering to retail investors.

ALI first introduced the homestarter bonds in 2006, a fund-raising scheme through which subscribers have the option of using the principal amount of the bonds, including interest, as full or partial downpayment for ALI's residential projects.

This is the seventh issue by ALI of such financial instrument. The company issued the sixth homestarter bonds in May 2013 through which it raised about P2 billion.

For the first quarter of 2014, ALI reported a 25 percent year-on-year increase in net income to P3.46 billion from P2.8 billion.

MADLAINE B. MIRAFLOR

Meralco to hike stake in George Ty's GBPC to 22%

MANILA Electric Co. (Meralco) is set to acquire an additional 2 percent stake in Global Business Power Corp. (GBPC), raising its total holding in the subsidiary to 22 percent.

Meralco Chairman Manuel V. Pangilinan said the company is not ruling out the possibility it may even increase its total interest in GBPC to a more substantial 50 percent.

At the company's annual stockholders meeting, Meralco president Oscar Reyes said the firm has received board approval to proceed with the acquisition of the additional 2-percent stake in GBPC.

GBPC is the power unit of GT Capital Holdings Inc. (GTCAP). Led by George Ty, GTCAP is the holding company of the businesses of the whole Metrobank Group.

Currently, Meralco has a 20 percent stake in GBPC, which it bought from First Metro Investment Corp. (FMIC), the invest-

ment banking arm of the Metrobank Group, last year for an investment of P7.15 billion.

"It's a good business and the Metrobank group has managed it well so [it is going to be a] good investment [if Meralco hikes its stake to 50 percent in GBPC]," Pangilinan told reporters on the sidelines of the annual stockholders meeting.

Pangilinan said the acquisition is yet to be finalized next month. He declined to give a figure for the amount of investment involved.

According to him, the shares were bought from FMIC. Upon conclusion of the transaction, the resulting ownership structure of GBPC will be as follows—FMIC will have only 5.11 percent, Orix Corp. of Japan 22 percent, Meralco 22 percent, and GTCAP will retain its majority ownership at 50.89 percent.

MADELAINE B. MIRAFLOR

3rd PSE Bell Awards slated for November

THE annual awarding ceremony for the best performing listed companies and brokerage firms has been set for November 10 this year, the Philippine Stock Exchange (PSE) said.

The PSE Bell Awards for Corporate Governance is one of the cornerstone activities of the PSE to promote good governance practices among listed companies and trading participants, it said.

"Through the PSE Bell Awards, we are telling the global investing community that good governance is supported and adhered to across all sectors of the economy, including businesses and the private sector," PSE president and chief executive officer Hans Sicat said in a statement.

"Good governance remains to be one of the reasons why the country is getting a lot of interest from investors," he added.

In the Bell Awards, the local bourse will shortlist the candidates by recognizing 10 finalists from among all listed companies and 12 from its trading participants.

The listed companies will be

assessed based on their compliance with the PSE's corporate governance guidelines for listed companies, which set standards for a sound business strategy, effective board of directors, and effective policies to protect shareholders rights.

The trading participants will be evaluated based on their compliance record, effective organizational structure and sound internal controls as audited by the Capital Markets Integrity Corp.

Both the listed companies and trading participants will be assessed on how well they comply with the rules of the PSE and the Securities and Exchange Commission (SEC), pertinent laws, and regulations of other concerned government agencies.

In the 2nd PSE Bell Awards conducted in 2013, the recipients in the listed companies category were Aboitiz Equity Ventures, China Banking Corp., Manila Electric Co., Manila Water Co. and Philippine Long Distance Telephone Co.

MADÉLAINE B. MIRAFLORE

UCPB hits critics claiming misuse of coco levy funds

BOGUS nongovernment organizations (NGO), similar to those set up by alleged pork scam queen Janet Lim-Napoles, are merely after their piece of the controversial coco-levy fund amid allegations of misuse against state-appointed officials.

Efren Villaseñor, a board member of sequestered United Coconut Planters Bank (UCPB), yesterday hit back at the lender's critics, saying these unknown organizations were not legitimate

representatives of coconut industry.

"I asked around. I asked my friends and others in the coconut industry. These people are unknown. They only want a part of the money," said Villaseñor, who was appointed to the UCPB board to represent small farmers.

"These groups don't have legitimate claims to this money. They are Napoles-type organizations, that much is clear. And

UCPB/B2

UCPB hits critics claiming misuse

From page B1

they are using our names to benefit from the coco levy fund," he said.

He was referring to the National Coalition of Filipino Consumers (NCFC) and militant-backed Coco Levy Funds Ibalik sa Amin (CLFIA), which have criticized the UCPB's move to seek clarification over the real ownership of part of the P74 billion in coco levy funds held in trust by the state.

The UCPB is cited in a petition for declaratory relief at the Supreme Court (SC) regarding an 11-percent stake the bank had in the CIIF Oil Mills Group, which, in turn, used coco levy funds to buy shares in San Miguel Corp.

(SMC).

The shares were later converted into preferred shares and redeemed at a value of P71 billion, including dividends for the shares. Coconut Planters Life Assurance Corp. (Cocolife) has filed a similar claim at the high tribunal. UCPB said that if its and Cocolife's stakes in CIIF were recognized, the two firms were entitled to P15.6 billion of the money. The cases are still pending with the high tribunal.

UCPB corporate secretary Ildefonso Jimenez said the money would help nurse UCPB back to financial health, which would allow it

to lend more to farmers. He described the UCPB as a "coco levy asset."

Villaseñor said the coco levy fund, which was collected from farmers during the Marcos administration, should be used for projects that benefit the entire coconut industry. He said this should involve a national survey to identify real coconut farmers, which would give them proper representation in coco levy discussions.

The money should also fund the development of a curriculum that would help usher in innovation in the coconut industry. A massive replanting program should

also be launched nationwide to replace old coconut trees and improve their yields. **Paolo G. Montecillo**

AFTER the appointment of **Ephyro Luis Amatong** as new commissioner of the Securities and Exchange Commission—an agency under the supervision of the Department of Finance—another new commissioner will be named soon, this time to take over the post of Commissioner **Juanita Cueto**, who has finished two terms at the corporate watchdog. Cueto was first appointed to the SEC en banc on June 5, 2001.

Government sources confirmed that Cueto's successor is **Blas James Viterbo**, a corporate lawyer and director at the state-owned Development Bank of the Philippines. He was former senator **Mar Roxas'** chief-of-staff and the legal counsel of the Senate committee on trade and commerce.

Viterbo has a Bachelor of Science degree in Business Administration and Accountancy and Law from the University of the Philippines. *Doris C. Dumlao*

PNB's new president

STOCKHOLDERS of tycoon **Lucio Tanel** Philippine National Bank gave veteran banker **Omar Byron Mier** a standing ovation yesterday as he retired as president of the bank for the second time around.

The PNB board thanked Mier for his "12 years of dedicated and fruitful service to the bank." Under Mier's leadership, PNB transitioned into a fully private bank in 2007, reduced its stock of bad loan and paid a P6.1-billion debt to the state-owned Philippine Deposit Insurance Corp. ahead of maturity.

As expected, Mier was succeeded by **Reynaldo Maclang**, one of the four ex-bank presidents in PNB's board. Why Maclang? LT Group Inc. president **Michael Tan** said he was a "seasoned banker" and one who was familiar with both PNB and Allied Bank, which have merged with PNB as the surviving entity.

Maclang, 75, holds a Bachelor of Laws degree from the Ateneo de Manila University. He has been with Allied Bank since 1977 and was formerly a longtime president of both Allied Savings Bank (1986 to 2001) and Allied Bank (2001-2009.)

Apart from his wealth of experience as a banker, other sources said Maclang enjoyed Kapitan's confidence. He is also described as having an unwavering loyalty to the group, which is probably why he has agreed to lead the merged bank despite being past retirement age. Best of all, they said Maclang—as a professional banker—was one who knew how to navigate through the "complicated dynam-

BIZ BUZZ

By the staff



ics" of the LT group. A former president of PNB, **Federico Pascual**, also joined the board of PNB. *Doris C. Dumlao*

Water under the bridge

FORMER rivals in the 2010 bidding for the 218-megawatt component of the 246-MW Angat hydroelectric power plant in Bulacan, the Lopez Group included, seem to be coming full circle, poised to work together to get the project flowing.

The arrangements, however, will likely firm up only after the government actually turns over the project to the winning bidder.

Federico R. Lopez, chair of First Philippine Holdings Corp. and its power unit First Gen Corp., said in an interview that his group was having initial talks with winning bidder K-water Resources Corp. of Korea and San Miguel Corp. on the possibility of a three-way joint venture.

"We're talking and I guess they're probably going to get it awarded at some point, and then we can commence due diligence," Lopez said.

If the three-way venture pushes through, it would probably be First Gen participating, Lopez said. As to the timing, there is market speculation of a turnover next month, but it seems the prospective operators still needed to finalize documentation.

In the April 2010 tender for the 218-MW Angat power plant contract, K-Water trumped some of the biggest power players in the country: First Gen Northern Energy Corp. (the second-highest bidder), San Miguel, SN Aboitiz Power-Pangasinan Inc., Trans-Asia Oil and Energy Development Corp. and DMCI Power Corp. *Riza T. Olchondra*

Business as usual

AS FAR trade and investments are concerned, the Philippines and China are on good and highly agreeable terms.

Trade officials—when asked if the

country had some specific game plan to attract more Chinese firms—were quick to quip that political and security issues aside, the Philippines has already been receiving a fair share of the Chinese trade, investments and even tourist arrivals,

which surged 60 percent last year compared to 2012 arrivals.

Trade Secretary **Gregory L. Domingo** went as far as to say that the territorial disputes and tensions with China have "no noticeable effect" on their side given the increasing activities relating to the boosting of economic ties of the two countries.

Over the past months, the Philippines has reportedly seen a further increase in tourist arrivals, trade numbers and even investments, although some of these were being coursed through Hong Kong. There are about two or three Chinese firms that are now seriously considering to locate in the Philippines and set up their facilities here.

It seems it's business as usual. *Amy R. Remo*

Top-tier side show

THEY hosted a couple of side events for last week's World Economic Forum (WEF) for East Asia, but the activities organized by the local unit of KPMG could have been part of the main show, judging by their guest list.

At the luncheon for the Asean Finance Ministers' Investor Seminar, KPMG Philippines was able to assemble a cross section of high-powered bankers, businessmen and government officials. These included Finance Secretary **Purisma** (under whom KPMG Philippines COO Noel Bonoan served at SGV & Co.), Bangko Sentral Gov. **Amando Tetangco Jr.** Philippine Stock Exchange chair **Jose Pardo** and US Ambassador to the Asian Development Bank **Robert Orr**, among others.

All eyes were on BIR chief **Kim Henares**, given the presence of so many bankers at the Tower Club event.

However, Henares' supposed uncomfortable relationship with the bankers was nowhere in sight, thanks in part to the smooth-talking Bonoan, who helped ensure that she was welcomed by the group, which included BPI president **Cezar Consing** and RCBC chief **Lorenzo Tan**.

Other notables in attendance were KPMG Philippines chair **Roberto Manabat** and Double Dragon partner **Edgar "Injap" Sia**.

However, KPMG's high-powered forum among international aid donors the next day almost ran into trouble. The moderator whom they booked (a high profile broadcast TV personality) at the suggestion of the Department of Finance cancelled at practically the last minute, prompting organizers to scramble for a replacement.

We heard the organizers were not too convinced with the reason given by the original moderator for backing out, but decided to make no fuss about it.

To KPMG's relief, the replacement they chose proved more adept at moderating the discussion. The event turned out to be a success, we heard. Whew.

Daxim L. Lucas