



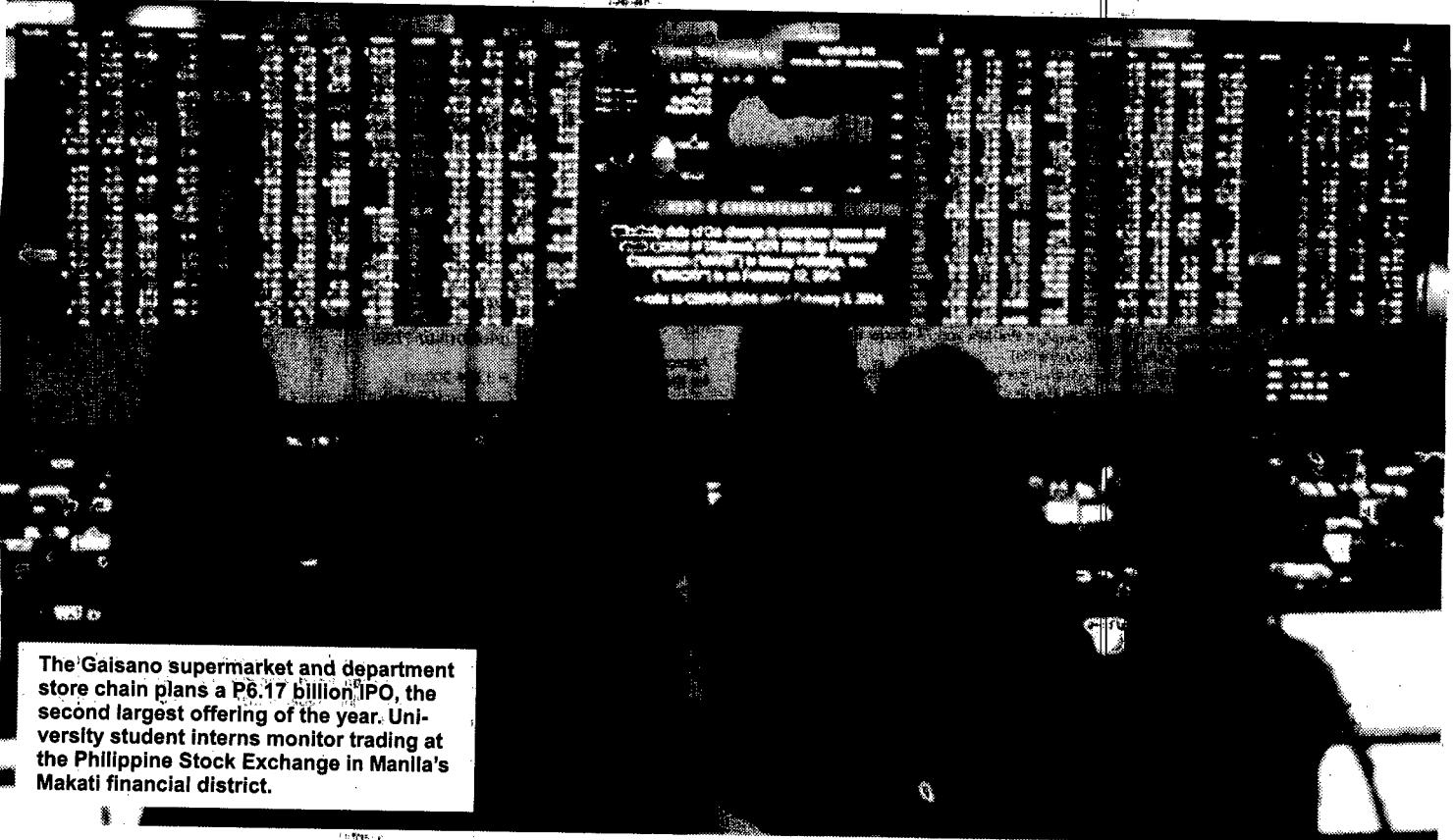
SEC NEWS SERVICE

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Gaisano store chain files for P6.2B IPO



The Gaisano supermarket and department store chain plans a P6.17 billion IPO, the second largest offering of the year. University student interns monitor trading at the Philippine Stock Exchange in Manila's Makati financial district.

SUPERMARKET and department store chain Metro Retail Stores Group Inc of the Gaisano family plans to raise up to P6.17 billion (\$134.92 million) in the Philippine's second-largest initial public offering (IPO) of the year.

Only two firms have debuted on the Philippine Stock Exchange this year, raising just 1.77 billion pesos combined. The largest IPO of 2015 is set to be property developer D.M. Wenceslao and Associates Inc at 21.72 billion pesos.

Metro Retail filed a prospectus with the Securities and Exchange Commission to sell up to 1.01 billion shares, including 92 million shares to cater for extra demand, at P6.10 each. The price will be finalized on Oct. 28 ahead of Nov. 12 listing.

"We intend to use the majority of the net proceeds from the firm offer to fund capital expenditures in connection with the establishment of new stores," Metro Retail, said in the prospectus, filed late on Monday.

The firm also plans to create a logistics

and distribution centre in the central province of Cebu, where the Gaisano family's retail operations started in 1949.

Metro Retail operates 16 retail outlets nationwide following expansion and partnerships with property developers including Ayala Land Inc ALI.PS. It booked P 28.54 billion in revenue and P628.9 million in net profit last year.

The firm hired BPI Capital and Deutsche Bank as joint global coordinators and lead underwriters of the IPO. -Reuters

Wednesday, August 12, 2015 B-3

Gaisano Group seeks SEC nod for retail unit's ₱6.17-B IPO

The pending initial public offering (IPO) applications with the Securities and Exchange Commission (SEC) is already piling up as Metro Retail Stores Group, Inc., the retail arm of Gaisano Group, also expressed interest to do its maiden share sale this year.

With Metro Retail's recently filed ₱6.17-billion IPO application, SEC would now have to go through five pending IPO applications that are all targeted to take place this year.

A prospectus submitted to the corporate regulatory agency showed that Metro Retail intends to offer up to 920 million common shares, with an over-allotment option of up to 92 million common shares, at an offer price of up to ₱6.10 apiece.

Targeted to be listed on the main board of the Philippine Stock Exchange on November 12, the shares are scheduled to be offered to the public from November 2 to November 6. The final price should be set on October 29.

The net proceeds of this deal will be used by Metro Retail to expand its store network, support its logistics and distribution center, and fund its working capital requirements.

To date, the company has nine stores in Metro Manila, 10 stores across Luzon, and 26 stores in the Visayas.

Metro Retail also has existing tie ups with two of the largest listed property developers in the country, Ayala Land, Inc. and Megaworld Corp.

Through its partnerships with these two companies, Metro Retail plans to open at least seven new

stores, including department stores and supermarkets in Bacolod and Iloilo.

During the first half of the year, Metro Retail grew its net income by 21.1 percent to ₱211.3 million from ₱174.4 million, while its revenues rose by 14.3 percent to ₱14.73 billion from ₱12.88 billion.

Metro Retail is now part of the growing list of companies that intend to go public this year. The other companies are D.M. Wenceslao & Associates, Inc. for its ₱21.7-billion maiden share sale; Itapinas Development Corp. who intends to raise ₱242 million; Gweilo Corp. for its ₱95-million IPO; Philstocks Financial, Inc. for ₱190 million; and Green Power Panay Philippines, Inc. for ₱290 million.

Gweilo Corp., who already got an approval from the SEC, is still waiting for PSE's go signal for its share sale.

Since January, only two companies have debuted on the stock exchange this year. These are Crown Asia Chemicals Corp. and SBS Philippines Corp.

It was just merely a week ago when the approval of the SEC has been sought for what could be the biggest market debut at the PSE this year, which is D.M. Wenceslao's ₱21.7-billion IPO.

In its prospectus filed with the SEC, D.M. Wenceslao specified its plan to offer 429.2 million shares, with an over-allotment of 64.4 million shares, to the public at a maximum price of ₱44 per share.

At least 70 percent of these shares, consisting of 300.419 million shares, will be sold to international investors, while the balance will be allocated to domestic investors and trading participants of the local bourse.

'Best business in the Philippines is no business'

BY EMETERIO Sd. PEREZ
COLUMNIST

It is rarely that I deviate from the usual stuff that I write about in *Due Diligencer*. As in a previous piece, I had taken a detour and responded to a suggestion made by Teddy Sevilla that I explain the impact of preferred shares issued by San Miguel Corp. on SMC's capital stock.

I did as suggested, only to receive a long comment from a reader of *The Manila Times* who goes by the name of *Amnata Pundit*, to whom I will respond briefly after taking up another reader's reaction. **►PerezB1**

■ PEREZ FROM A1

'Best business in the Philippines is no business'

"As a foreigner, I think the best business in the Philippines is no business." This was BobJP's reaction to a piece I wrote on "Complicated computations of corporate ownership."

BobJP has a point when he hinted that with the foreign ownership restrictions that the government imposes on businesses, it would be better for foreigners "not to do business here especially if the company is founded on the foreigners' money."



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Sd. PEREZ

I do not know what BobJP actually meant when he wrote that "foreigners can easily lose money." Perhaps he had had a bad experience with some unscrupulous Filipinos who may have duped or cheated him of his

money. But even if his reaction may not have been based on personal experience, he is correct in saying that the best way to avoid investment risks in this country is not to invest at all.

Foreigners' concern

BobJP's comment should not be taken for granted by government regulatory agencies that deal with investors, be they Filipinos

►Perez B3

■ PEREZ FROM B1

Best business

or foreigners. It really is difficult to invest here, particularly for foreigners who may not be well-oriented on domestic regulatory practices.

How long, for instance, does it take a foreign company to register a local subsidiary? To know the answer, try hanging out with the liaison people of law officers at the Securities and Exchange Commission. From them, you will learn the intricacies of company registration before you are able to start operating. The question is how long would it take a businessman to obtain legal personality by seeking the signature of one of SEC's top officials?

Okay. You may be advised to use the SEC's "Express Lane" forms to speed up the process of registering your business as a stock corporation. You will be told that you do

not need to do the usual "FU," which stand for follow-up. Simply wait and you will get in 24 hours your accreditation via the issuance of a SEC certificate of registration.

Express Lane forms

Well and good for business. But how much does a set of express lane form costs today? Many years ago, a set of Articles of Incorporation and a set of Articles of By-laws cost P150 each. With the cost of printing as a result of inflation, the price must have gone up to P500 per set or maybe even higher.

I am writing this because a group of foreign investors are planning to invest here. (I am not identifying their nationality yet.) I would not know what to say about the intricacies of opening a business here, particularly in dealing with the SEC, the Department of Trade and Industry, and the Bureau of Internal Revenue.

But first, they would come to

feel and observe for themselves the investment climate in the country. They should, otherwise it would be too late to be sorry after opening shop only to fold a few months later.

Preferred shares

Let me take up the other reader's defense of the issuance of preferred shares by San Miguel Corp.

I wrote that piece about SMC's preferred shares in response to a request from one Teddy Sevilla after reading "Quo vadis, San Miguel," which appeared in this space on July 21, 2015. In reporting SMC's preferred shares in two articles, I went through the company's various postings which guided me in my analysis of SMC's capital-raising exercise. As I have been writing about companies, particularly those whose shares are either partially or fully listed on the Philippine Stock Exchange, I made sure I had documents to

back up my reports.

In the case of San Miguel, it is never my intention to embarrass anyone among the company's stockholders and executives. Yes, I concluded in the article that preferred shares should be treated as liabilities and not ownership just as many, many years ago, I questioned the continued treatment of preferred shares as part of a company's equity during a seminar organized by SGV and Co.

Don't I care how a drastic change, which would never happen anyway, would affect the accounting entries in a company's financial filings? My answer to my own poser is this: CPAs or certified public accountants would know better. After all, their practice is governed by what is called Philippine financial reporting standards that set the rules they are required to strictly follow.

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Over 400 sue shuttered investment firm in Mandaluyong

By Jovic Yee

ABOUT 470 complainants have sued a Mandaluyong City-based investment firm for failing to return their money after the company closed shop earlier this month.

A complaint for syndicated estafa was filed against the owners, staff and a lawyer of Eleven77 R2AM Road to Success International Co. in the city prosecutor's office on Tuesday, a day after the complainants confronted two of the respondents.

Lawyer Albert Rosario and company presenter Herminigildo Basco Jr. were placed in police custody after the furious investors carried out what they called a "citizen's arrest"

Monday night.

Rosario and Basco met the investors around 8:45 p.m. in the company office at De Oro Building, Sierra Madre Street, Barangay Malamig, to discuss the terms of how the company would return their money.

In their complaint, the investors said the company announced on Aug. 4 that it was closing shop because it was supposedly robbed and its assets "were frozen by the authorities."

The company, which started operations in February, claimed that agents from the National Bureau of Investigation "raided" the office Monday last week. One of the complainants, Luisito, who asked that

his full name be withheld, said the firm also claimed that the agents took P700,000 from the office.

But Luisito doubted whether such a raid took place since he saw Basco even "shaking hands" with the supposed agents. He said he later gathered that the company "was not being investigated."

Reached by the INQUIRER, Rosario said he had "no personal knowledge" of the supposed raid—but later said it was "true." The company owners, whom he identified as Marcos Tersol and Raquel Cordova, had the right to discontinue their business, the lawyer stressed.

According to Luisito, a former overseas worker who invested

around P300,000 in the company, Rosario and Basco told the complainants Monday night that the company could "return only 1-8 percent of our investment on a last-in, first-out basis." Of course, this made them furious, he added.

Earlier media reports placed at P50 million the amount the company owed the investors. Mandaluyong deputy chief of police Supt. Cresenciano Landicho said this was still being verified at press time.

Apart from Rosario, Basco, Cordova and Tersol, also sued were company representatives Brandy Tacsay, R. Peralta, Mary Grace Rivas, Ammie Tersol and Ronie Raotraot. All except Rosario and Basco remain at large.

GoldXtreme refutes illegal investment charges by SEC

By RICHMOND S. MERCURIO

GoldXtreme Trading Co. has remained firm on its stance it is not involved in any illegal investment scheme amid continuing reports about the Securities and Exchange Commission's crackdown on firms offering investment-type products without the proper authorization.

In a statement yesterday, the gold trading company said it is not included in the SEC's cease-and-desist order (CDO) list.

"The SEC's CDO list is a publicly-viewable file that is clearly posted on their website. Anyone can log on and check it out. There are currently 73 companies included in the list, and I can assure you with 100 percent certainty that GoldXtreme is not one of them," GoldXtreme legal counsel Dennis Manalo said.

Manalo said GoldXtreme, in fact, supports the SEC's initiative against unethical and unlawful companies.

"The company's goal is to give hard-working Filipinos a chance to augment their income legally, by becoming gold traders. They duly registered with the SEC as a gold trading company, and have remitted value added tax to the Bureau of Internal Revenue amounting to almost P44 million for the second quarter of 2015," he said.

The SEC, in an earlier advisory, said it received reports GoldXtreme was soliciting investments from the public, with the promise of guaranteed returns.

Manalo denied the allegation, saying this was not in accordance with the company's business model and practice.

"Once again, GoldXtreme's only business is to sell gold. It just so happens that they offer a commission and incentive program for existing clients who refer others to buy gold. Furthermore, the money you make in GoldXtreme is not due to passive investing. It entails hard work and referring other customers to buy from the company," he said.

Manalo said the company has already invited all government agencies to examine and analyze its operations.

"GoldXtreme has absolutely nothing to hide, and in fact are happy to oblige any government agency that wants to learn more about their business operations. It is just unfortunate that some members of the media have erroneously reported that GoldXtreme has been ordered closed. This is completely and absolutely untrue, as the company continues to operate, trade, provide employment, and remit money to the government," Manalo said.

Gaisano's Metro Retail files P5.6-B IPO

By IRIS C. GONZALES

The Gaisano family's Metro Retail Stores Group Inc. formally filed with state securities regulators its application for an initial public offering to raise about P5.6 billion.

In a prospectus submitted to the Securities and Exchange Commission (SEC), Metro Retail Stores is offering 920 million shares at P6.10 each.

Shareholders Valueshop Stores Inc. and Vicsal Development Corp. have an option to sell an additional 92 million shares to cover over allotments.

The group decided to revive plans to go public this year to raise funds for its expansion. The planned IPO has been on the drawing board since 2011.

It has tapped BPI Capital and Deutsche Bank AG as joint global coordinators.

The Metro Retail Stores Group is one of the leading retail groups in the Philippines and in the Visayas. The company opened its first store in 1982 and has become a market leader in

the Visayas.

According to Euromonitor, the company is the largest department store operator, largest hypermarket operator and the second largest supermarket operator in the Visayas in terms of retail sales in 2014.

It is also the largest retailer in Cebu across the three formats, Euromonitor said.

As of June 30, the company had a total store count of 45 stores in the Philippines.

The Gaisano Group has other interests aside from retail.

In 2007, the Gaisano Group ventured into the investment banking business with the incorporation of Vicsal Investment Inc., whose main functions include underwriting securities for companies, brokering treasury notes and brokering equities. It also provides strategic advisory services for mergers, acquisitions and other types of financial transactions.

According to its website, Vicsal's interests now include Wealth Development Bank, an established development bank based in Cebu with a network of 11 branches in the Visayas and Mindanao areas; Taft Property Venture and Development Corp., which is engaged in middle and high-end residential housing and subdivision development and commercial building projects which include the

Taft Financial Center building at the Cebu Business Park; and Filipino Fund Inc., a publicly-listed closed end mutual fund company.

The group also has a travel agency, Grand Holidays Travel and Tours, which is currently the leading travel agency in the Visayas and Mindanao and the only one outside Metro Manila to be voted into the Top 50 Travel Agents in the Philippines.