'Pogo Island'

Philippine Daily Inquirer · 30 Jul 2018 · —DORIS DUMLAO-ABADILLA

After announcing last month that it was shutting down, Island Cove Resort in Kawit, Cavite, finally ceased operations last weekend, ending a two-decade run as the go-to hotel-resort just a few minutes south of Metro Manila.

Biz Buzz learned, however, that it will not take long before the 36-hectare island is resurrected into another business venture.

We heard that the Remulla family, which owned the resort, will soon be a partner in a new development that will transform the former resort island at the edge of Manila Bay into a selfcontained community that will house online gaming companies.

Jokingly called "Pogo Island" by the proponents (for the Philippine Online Gaming Operators license that was created by authorities to regulate the booming industry), the development will play host to the operations of these online casinos, and every support facility needed to keep them running.

That will include business process outsourcing-type buildings from where these online gaming firms will operate, residential condominium units to house thousands upon thousands of Chinese workers needed to serve the gaming market in mainland China, and even commercial establishments to cater to the retail needs of these foreign employees.

In addition, all their government licensing needs are envisioned to be processed from within this enclave as well, which is envisioned to have accreditation from the Philippine Economic Zone Authority. Think of it a special economic zone for the booming online gaming industry.

More importantly, however, having all their foreign employees working and housed in one central location will minimize the social disruption that inevitably follows, especially when thousands of cash-rich Chinese workers start crowding out local clients in the residential condo market.

It will also be relatively near the Ninoy Aquino International Airport and even closer to Sangley Point if ever that area is developed into a full service airport. Chinese online gaming workers can fly in and go straight to "Pogo Island" without ever having to leave the complex until their contracts run out and they have to fly back home.

Word on the street is that "Pogo Island" will be run by one of the country's biggest online gaming licenses. Now that's one way of doing it. —DAXIM L. LUCAS Cosiquien's return Businessman Michael

Cosiquien, a cofounder of infrastructure company Megawide Construction Corp., resurfaced in the public eye last week with a rather bold proposal in the telecommunications space.

Through privately-held ISOC Infrastructures, Cosiquien made a bid to become an accredited common tower provider, which is part of the government's effort to encourage telco players—including a potential new contender—to share infrastructure and bring down costs for consumers.

The figures are massive: ISOC is committing to invest some P100 billion over seven years to build 25,000 new towers across the Philippines.

Presumably, some of those towers could be acquired from existing operators, but that's entirely up to PLDT or Globe Telecom on whether they want to sell. ISOC's technical partner is Malaysia's OCK Group Berhad.

While the figure and plans are eyebrow-raising for some, those who know Cosiquien best are not surprised.

They told BizBuzz this is but a taste of what the young businessman wants to achieve. After all, ISOC Infrastructures is a part of ISOC Holdings, which has interests in cold chain logistics, property development and energy.

Many of these areas, we heard, will focus on next-generation technologies. Its first cold storage facility—a high-tech building to be the first of its kind in the country, apparently —will soon open in Alabang.

Its energy interests include battery storage, described as a disruptive technology. It can be useful for both homeowners and even for balancing power grids, the latter we're sure would be useful for some of Cosiquien's friends in the business.

We heard such cuttingedge areas are closely aligned with Cosiquien's personal interests. They're the main reason why he's now on a different path after he sold off most of his shares in Megawide, providing him with startup money to the tune of billions of pesos.

Some may also be wondering about the compelling story behind the company's name, ISOC. We asked and we have to say, maybe not the most compelling tale but certainly it's personal. It's Cosiquien's nickname "Cosi" spelled in reverse. —MIGUEL R. CAMUS

Early Christmas

Christmas has come early for property developer DoubleDragon Property Corp. (DD). Apart from beating the odds and concluding its reinitial public offering (re-IPO) amid turbulent market conditions, DD's three-year shopping mall in Divisoria, Dragon8, has breached the 1-million monthly foot traffic milestone starting March this year.

Dragon8—earlier reported to have sold leasehold rights for 627 tiangge slots with average cuts of seven square meters each—is now 99-percent occupied, DD chair and chief executive Edgar

"Injap" Sia II told Biz Buzz. Last year, the 1-million monthly mark was hit only during the Christmas rush. This year, however, monthly foot traffic has steadily improved from 898,999 and 945,105 in January and February, when occupancy rate was at 97 percent, to over a million starting March, when occupancy rate increased to 99 percent. As of June, monthly foot traffic has reached 1.14 million, rising from 1.2 million in May, 1.13 million in April and 1.07 million in March.

The shops offer a wide assortment of products, mostly textile, electronics, school supplies and the likes.

When DD took over the property in 2014, it had an existing three-story structure that was ready to be expanded to six stories. The building was renovated and reopened in 2015.

Sia attributed the surge in foot traffic to the Divisoria mall to two factors. First, as the mall became fully occupied, the tenants were able to create a robust ecosystem. Secondly, he said the surge in the volume of Chinese mainlanders doing business in the country—many

of whom now operate retail shops—had even strengthened the area into a vibrant retail hub. He estimated that there may now be hundreds or even over a thousand of mainland Chinese retail operators in Divisoria.
Dragon8 itself contributes little recurring income, as DD sold 16-year leasehold rights two years ago, which meant DD had already received in advance the payments frontloaded by the tenants. There's rental income from other shops at the ground floor, such as the Puregold grocery, and the parking areas.
But what's more delightful for DDis howrapidly the value of this hard asset has appreciated over a four-year period. When DD bought the property, the land was valued at that time at only P66,000 a square meter. These days, land values there have surged to more than P300,000 a square meter. Thus, in 14 years when the leasehold rights expire and leasable retail spaces revert to the company, DD expects to unlock much more revenues when it resells these slots. —DORIS DUMLAO-ABADILLA
Mrs. G's shopping spree
Metro Retail Stores Group Inc., which stock pundits and traders refer to as "Mrs. G" or the nickname of its ticker, is on the prowl for more mergers and acquisitions (M&A) in the retail space. It is looking at two or three regional operators.
"One is rather sizeable. It's going to a little less than half of our size in terms of total sales," MRSGI head of investor relations/chief strategy and governance officer Jonathan Juan
Moreno said. (The company's revenues last year amounted to around P35.4 billion.)
"We have given our LOI (letter of intent) and our LOI is being reviewed by the counterpart. And we're following it up," Moreno said.
We chanced upon Moreno last week as MRSGI was among the local participants in the business-matching fair held by Security Bank and Japanese banking partner MUFGlast week.
Moreno, of course, can't disclose the identity or even the location of its M&A target. "It's going to be a big one. I don't want to jinx it," he said.
This won't be MRGSI's first M&A deal since going public in 2015. To recall, MRSGI bought the Wellworth department store retailing assets of Ayala Land and SSI Group in Fairview Terraces Mall and UP Town Center Mall, then adding a gross floor area of around 25,000 square meters to its portfolio.
Note that its goal when it listed on the stock exchange in 2015 was to double in five years its net selling space from 197,873 square meters then. Moreno said the company has now hit 78 percent of its 2020 target (including sites under development and soon to begin development) and if the M&A deals materialize, that would bring MRSGI closer to its "aggressive but deliberate" expansion plan.
Meanwhile, MRSGI almost signed a deal on a quick-service restaurant or fast-food business with a Japanese company it met during a similar business-matching fair organized last year.
"But the Japanese company changed strategy at the last minute," Moreno said.
Nonetheless, MRSGI's participation in the second business-matching fair reflects its interest to find Japanese suppliers that can improve its assortment of products as well as

prospective partners in other areas like processing, manufacturing and farming. Apart from retailing, Moreno said MRSGI's "farm-to-shelf" program also makes it open to participate in the production side in partnership with Japanese firms.

"We operate supermarkets, among other things, and we're serious in having this defined by our offering. So the fresher our product is the better for us and the fresher it can only be if we are nearer to the source," Moreno said.

MRSGI will continue to look at opportunities in QSR as well as in other retailing formats like specialty stores. It's not too keen on apparel, where there's cutthroat competition, but is instead exploring new formats that focus on more basic goods like hardware and home products.

"We may not be the biggest (retailer) but we're probably one of the hungriest (in terms of opportunities)," he said.