
PRESS RELEASE
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**PCC approves 2 joint ventures: Ayala Land-Royal Asia Land
for mixed-use project in Cavite; Markham-Alternenergy for mini hydro
projects in Ifugao**

The Philippine Competition Commission (PCC) has approved two (2) joint venture transactions, one between Ayala Land Inc. and Royal Asia Land Inc., and another between Markham Resources Corporation and Alternenergy Mini Hydro Holdings Corporation.

In the Commission Decisions signed on February 20, the Mergers and Acquisitions Office (MAO) of the PCC found that both transactions do not result in substantial lessening of competition in their respective relevant markets.

Ayala Land Inc. and Royal Asia Land Inc. are setting up a joint venture to acquire, own, and develop into a 936-hectare mixed-use project with commercial and residential components in Silang and Carmona, Cavite.

Ayala Land is a publicly listed corporation primarily engaged in real estate business and whose ultimate parent entity is Mermac, Inc., while Royal Asia Land is incorporated to purchase, acquire, own, lease, sell and convey real properties and whose ultimate parent entity is PCO South Frontier Holdings, Inc.

Both firms intend to subscribe to shares of the joint venture company, with each party owning 50% of the outstanding stock of the JV company. Royal Asia Land will receive consultation fee of 2% of the JV company's gross revenue for its participation in the planning and development of the property, while Ayala Land as the property's project and development and sales and marketing manager will receive a development management fee of 12% and sales and marketing fee of 5% of the JV company's gross revenues.

"The transaction does not result in the substantial lessening of competition because it will not have a structural effect on the market," the PCC decision on the Ayala Land-Royal Asia Land deal read.



On the other hand, Markham Resources Corporation and Alternergy Mini Hydro Holdings Corporation have proposed a joint venture investment in Kiangam Mini Hydro Corporation, Ibulao Mini Hydro Corporation, and Lamut-Asipulo Mini Hydro Corporation.

Collectively dubbed as the Markham-Alternergy JV companies, they are Philippine special purpose companies formed to operate, develop and maintain run-of-river mini hydro projects along the stretch of the Asin, Ibulao, Hungduan, Lamut, and Panubtuban Rivers in the Ifugao province.

Markham is a Philippine company engaged in the development, construction, lease and operation of electricity generation and/or distribution and/or hydropower plants, while Alternergy is a Philippine holding company engaged in the sale, assignment, transfer, mortgage, pledge, exchange, or other disposition of real and personal property of every kind and description.

PCC found that there are enough competitive constraints by other players in the relevant market. The antitrust commission also cited that its review found no increased ability or incentive for the new JV to engage in foreclosure in the relevant market after the transaction,

“The transaction also does not appear to create or strengthen the ability or incentive of the merged firm to engage in withholding capacity,” the PCC decision on Markham-Alternergy transaction read.

PCC, the country’s anti-trust body, is mandated under the Philippine Competition Act to review mergers and acquisitions that meet the P1-billion threshold to ensure that these deals will not harm the interest of consumers.

Since the PCC’s establishment, it has received 151 notifications, 41 of which were global mergers, with a combined worth of 2.25 trillion pesos. Majority of these came from the manufacturing, financial, electricity, real estate and transportation sectors.

Commission Decision Links:

Ayala Land Inc – Royal Asia Land Inc JV: <https://www.phcc.gov.ph/commission-decision-no-04-m-002-2018-joint-venture-ayala-land-inc-royal-asia-land-inc/>

Markham Resources Corp. – Alternergy Mini Hydro Holdings Corp.
JV: <https://www.phcc.gov.ph/commission-decision-no-05-m-004-2018-joint-venture-markham-resources-corporation-alternergy-mini-hydro-holdings-corporation/>

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