

Macro Movements: 1Q 2022 GDP growth sees upswing; Central Bank raises key policy interest rate**Philippines' 1Q 2022 GDP grows by 8.3% year-on-year**

- ▶ The country's 1Q 2022 GDP expanded by 8.3%, a stark turnaround from the 3.8% contraction in the same period last year and an increase from 7.8% growth in the previous quarter. Growth was broad-based as most sectors rebounded from their contractions in the same period last year. The Philippines is the fastest-growing economy in East Asia for 1Q 2022.

Local Central Bank raises key interest rate to 2.25%

- ▶ As a move to curb rising inflation, the Bangko Sentral ng Pilipinas (BSP) raised its key interest rate for the first time since 2018 by 25 basis points (bps) to 2.25%. It is likely to raise this rate by another 25 bps in its upcoming meeting later this month.
- ▶ The BSP's latest inflation forecast for 2022 rose to 4.6% from 4.3%, further exceeding its 2-4% target band.

New Administration: Marcos officially proclaimed next Philippine president**Ferdinand Marcos Jr. proclaimed president-elect of the Philippines**

- ▶ Congress has declared Ferdinand Marcos Jr. the presidential poll winner, while his running mate Sara Duterte-Carpio was proclaimed vice president-elect. Marcos' economic plans include (i) continuing the current administration's infrastructure program, (ii) focusing on creating jobs in business, agriculture, tourism, and infrastructure, (iii) improving business conditions, and (iv) prioritizing micro, small, and medium enterprises.

Deal Spotlight: Foreign investment manager acquires Clark office complex; Startups raise various funding rounds**CarVal Investors-backed Aeropark Development Philippines Inc. (ADPI) invests in West Aeropark**

- ▶ ADPI, a special purpose entity owned by funds managed by CarVal Investors, has invested in West Aeropark, a five-building development with a combined gross floor area of 142,000 sqm. located in Clark Global City, for an undisclosed amount. West Aeropark was previously owned by Udenna Land's Global Gateway Development Corporation.
- ▶ CarVal/ADPI is the largest and controlling investor in the West Aeropark transaction. CarVal Investors is a US-based global alternative investment manager focused on distressed and credit-intensive assets and has approximately USD 14B assets under management. This transaction is a collaborative effort between CarVal/ADPI and SofCap Partners, a growth equity investment firm based in the Philippines. SofCap will manage the West Aeropark assets.

Coins.ph and Xendit PH raise various funding rounds in May

- ▶ Coins.ph raised USD 30M in Series C financing led by Ribbit Capital. The new capital will be used to further expand its Web3 ecosystem and presence across Southeast Asia (SEA). It aims to be the go-to platform for all crypto, Web3, and play-to-earn gaming in the region. It has 16M users and offers crypto wallet and exchange services, and payments services.
- ▶ Xendit PH, the local entity of an Indonesian fintech company that provides payment solutions and simplifies the payment process for businesses in SEA, raised USD 300M from its Series D funding round. It believes it is well-positioned to drive and benefit from SEA's digital economy, which is expected to be worth more than USD 360B by 2025.

Industry Watch: Telco sector sees opportunities for satellite internet, benefits from inclusion as gov't priority**Starlink gets approval from National Telecommunications Commission (NTC)**

- ▶ Elon Musk's high-speed satellite internet venture Starlink is set to provide internet access services to the Philippine market in the coming months after obtaining approval from the NTC, which issued Starlink's value-added service provider license 30 minutes after its submission. This allows Starlink to directly access satellite systems and to construct and operate broadband facilities in the country. It aims to offer satellite internet between 100 mbps to 200 mbps.
- ▶ A recent amendment to the Public Service Act, which President Duterte signed into law last March, eased restrictions on full foreign ownership of telecommunication companies and led to the formation of Starlink Internet Services Philippines.

Converge ICT secures approval for tax incentives

- ▶ Converge ICT secured government approval of tax incentives for its multi-phased establishment of connectivity facilities for high-speed broadband services targeting undeveloped and underdeveloped areas nationwide until 2026. As a result, it is set to benefit from tax incentives for 11 years. Broadband connectivity is one of the priority centers laid out in the government's long-term vision for 2040.