

Macro Movements: GDP growth projections upgraded and new central bank chief named

World Bank raises its Philippine GDP growth forecast for 2023 to 6%

- ▶ The World Bank upgraded its 2023 GDP growth forecast for the Philippines to 6% from 5.6% in April, citing resilient domestic demand on the back of recovering employment, steady inflow of remittances, and improved consumer sentiment. For 2024 and 2025, the World Bank expects the local economy to expand by 5.9% annually.
- ▶ Aside from consumption, the World Bank expects the service sector to continue to drive growth, particularly amid China's reopening, the recovery of international tourism, and the decision of foreign companies to outsource their business operations to the Philippines, with the multilateral lender identifying the information technology business process management (IT-BPM) industry as a bright spot for growth in the country.

Philippine central bank signals rate pause until yearend, gets new chief

- ▶ Monetary Board member and Finance Secretary Benjamin Diokno signaled that the Bangko Sentral ng Pilipinas (BSP) may keep its key policy rate at 6.25% for the rest of the year and may start easing by early next year as it projects inflation to slow to 2.9% in 2024 from 5.4% in 2023.
- ▶ Philippine President Ferdinand Marcos, Jr. has appointed Eli Remolona as the next BSP Governor for a six-year term, starting in July 2023. Remolona is a member of the Monetary Board and a tenured international banker with 33 years of experience at the Federal Reserve Bank of New York and the Bank of International Settlements.

Industry Insight: Fresh asset infusions to boost local real estate investment trust (REIT) portfolios

AREIT to acquire five properties worth USD410M in swap deal

- ▶ AREIT, Inc. signed the deed of exchange for a PHP22.5B (USD410M) property-for-share swap with its sponsor Ayala Land, Inc. and its affiliates. AREIT will issue primary common shares to the companies in exchange for offices and malls, which are located in Makati and Pampanga and have a combined gross leasable area (GLA) of 190,000 square meters (sq.m.). The infusion will boost AREIT's assets under management (AUM) to PHP87B (USD1.6B) and its GLA to 863,000 sq.m., making AREIT one of the largest and most diversified commercial REITs in the country.

MREIT to acquire seven office buildings, banks on the sustained growth of the IT-BPM sector

- ▶ MREIT, Inc. signed a memorandum of understanding with its sponsor Megaworld Corp. for the possible infusion of seven Grade A office buildings to its portfolio. Located in Bonifacio Global City, Iloilo, and Davao, the properties have a GLA of 150,500 sq.m. and an average occupancy rate of 94%, generating rental income of PHP1.2B (USD22M) in 2022. The planned acquisition will boost MREIT's portfolio by 46% to 475,500 sq.m., bringing the REIT closer to its 500,000-sq.m. target AUM by the end of 2024.
- ▶ MREIT's President and CEO Kevin Tan highlighted the continued growth of the IT-BPM industry, which he says will sustain the growth of MREIT's office portfolio and guide the company's expansion plans within and outside Metro Manila.

Startup Scene: Value of Manila's startup ecosystem surges to USD3.5B; Kaya Founders raises USD12M in fresh funds

Manila's startup ecosystem valued at USD3.5B in 2022, ranks 10th in affordable talent in Asia

- ▶ According to the 2023 Global Startup Ecosystem Report (GSER), the value of Manila's startup ecosystem reached USD3.5B in 2022, representing a record growth rate of 85%, on the back of its young and competent tech talent, as well as public and private sector support.
- ▶ In 2022, Manila ranked among the top 25 global ecosystems in affordable talent, top 10 Asian ecosystems in affordable talent, and top 20 Asian ecosystems in funding.

Kaya Founders secures USD12M to invest in tech startups in Southeast Asia

- ▶ Local venture capital firm Kaya Founders raised an additional USD12M in funding, bringing its capital under management to USD16.5M. The funding round was led by the Gokongwei family and technology solutions provider Accent Micro Technologies Inc., with participation from institutional investors, family offices, high-net-worth individuals, and prominent entrepreneurs.
- ▶ The company is targeting to raise a total of USD25M across two new funds to invest in pre-seed to Series-A technology startups in the Philippines and Southeast Asia.