PGIM REAL ESTATE

INVESTMENT RESEARCH

2025 GLOBAL OUTLOOK

Generating Resilient Income Growth Amid Uncertainty

MAY 2025

2025 GLOBAL OUTLOOK KEY TAKEAWAYS:

1 THE TIME IS STILL NOW.

Against an uncertain backdrop, global real estate markets offer resilience and income growth potential supported by low supply, at an attractive entry point.

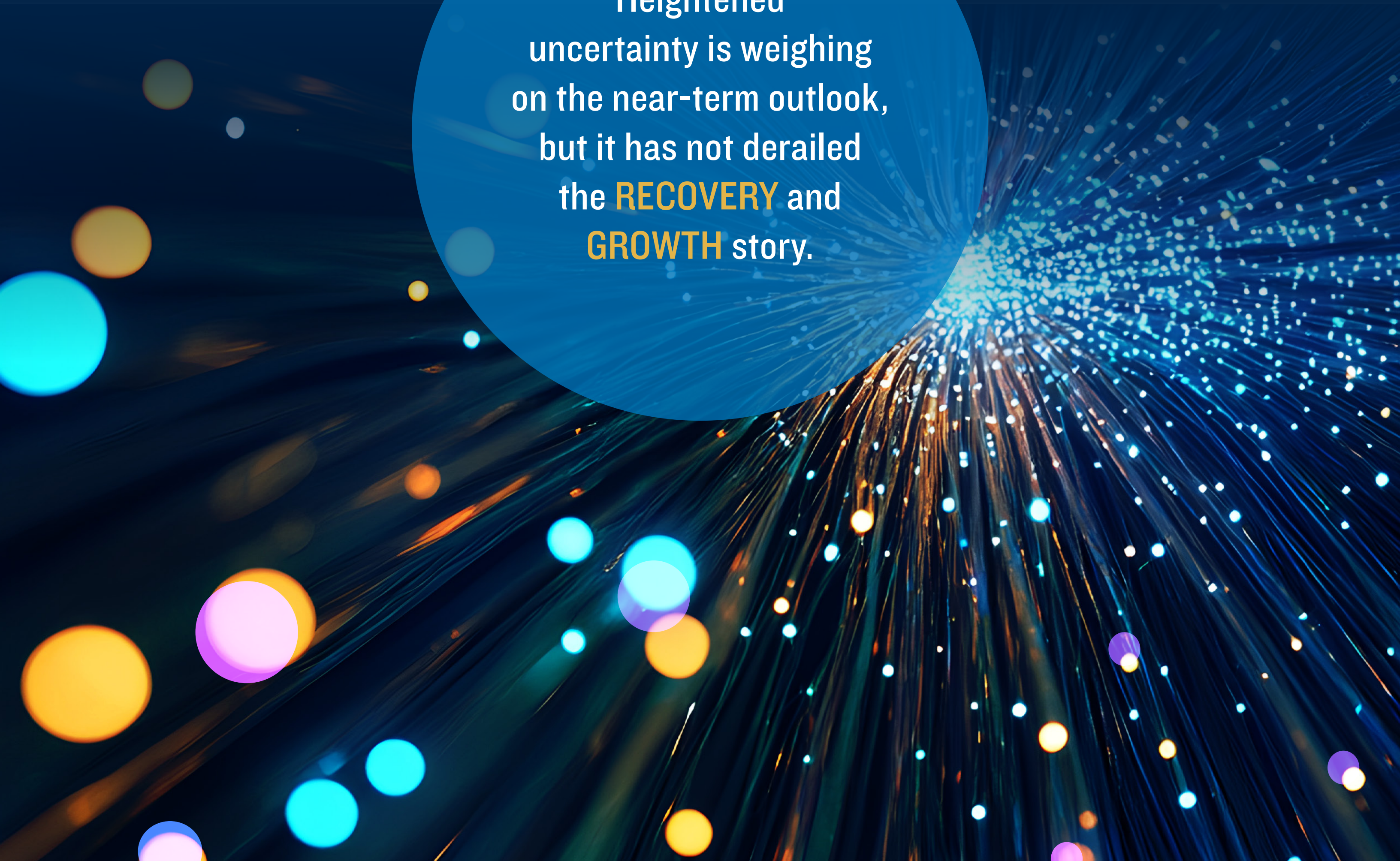
2 INVESTORS NEED TO ADAPT.

Returns are becoming more income and income growth driven, while the rise of operational real estate sectors and evolving lender composition continues.

3 THE OUTLOOK VARIES BY GEOGRAPHY.

There are big differences in forecasts both between and within regions, linked to market dynamics, economic outlooks, vacancy and demand differences.

Heightened uncertainty is weighing on the near-term outlook, but it has not derailed the **RECOVERY** and **GROWTH** story.



PART I

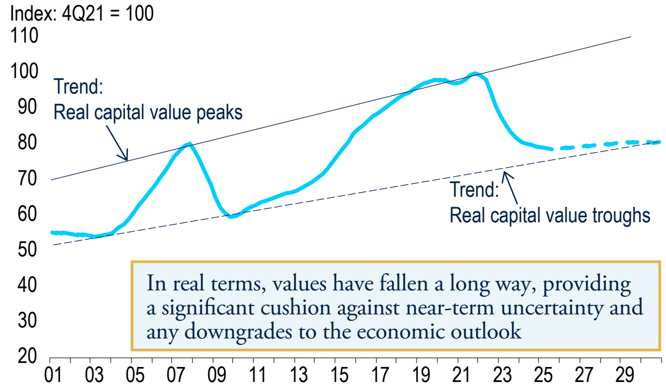
GLOBAL OVERVIEW

Resilience Against an Uncertain Backdrop

After a big correction, a lot of bad news is already priced into global real estate markets. Heightened uncertainty is reducing upside potential in the next cycle, but it has not derailed the recovery and growth story.

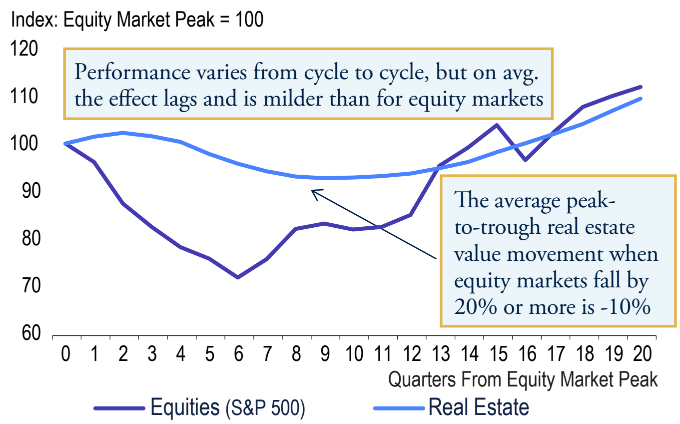
- On the back of the sharp drop in sentiment in April 2025, it is important to note that real estate has been through a big correction in recent years.
- Global prime values fell by nearly 30% in real terms between 2022 and 2024 and have risen little since. As such, a lot of bad news is already factored in, implying a strong degree of resilience to the current spike in uncertainty.
- Real estate does not always follow wider financial markets either. Unlike equities, for example, private real estate values didn't have a big ramp up over the past year or so.
- However, when equity markets fall 20% or more, real estate on average records a 10% decline, so there are clearly additional downside risks in play now.
- Heightened risk and uncertainty both dampen the outlook and reduce upside potential, but there are supporting factors for real estate too, including low supply, defensive sectors such as residential and long-term structural trends that are still supportive of demand in such sectors as data centers, urban logistics and senior living.
- The recovery story continues, and global returns are set to improve again this year as the drag from yield expansion fades.

INDEX OF REAL CAPITAL VALUES – GLOBAL ALL PROPERTY



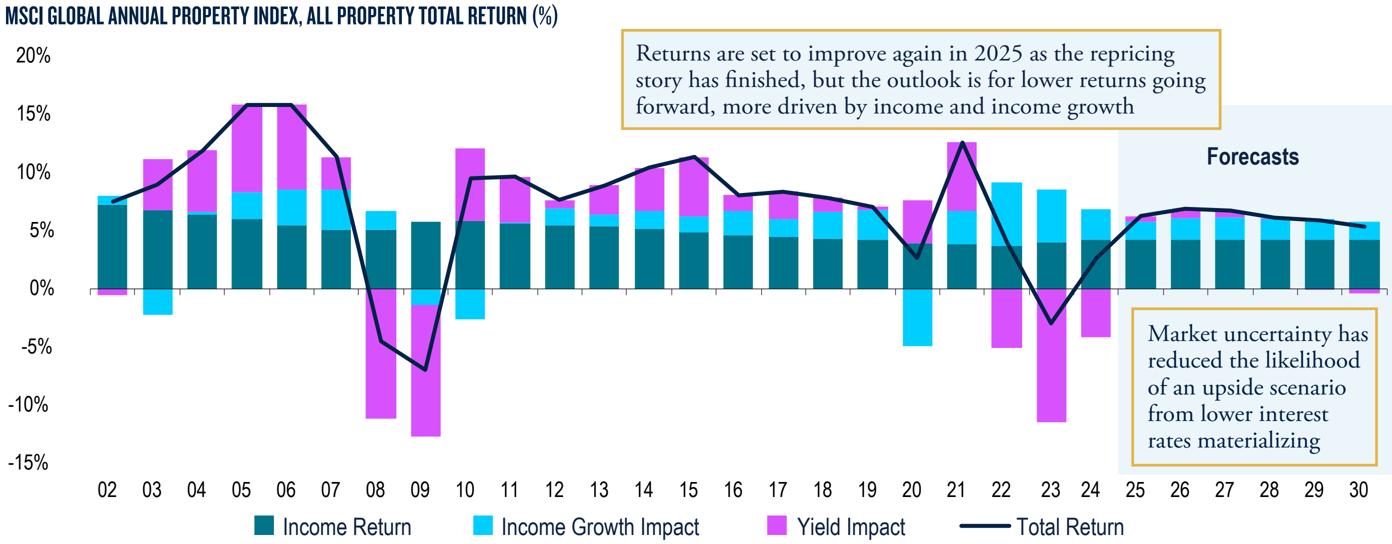
Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

INDEX OF PERFORMANCE AFTER PEAK WHEN EQUITIES FALL BY >20% (SINCE 1980)



Sources: Bloomberg, CoStar, Cushman & Wakefield, JLL, PMA PGIM Real Estate. As of May 2025.

MSCI GLOBAL ANNUAL PROPERTY INDEX, ALL PROPERTY TOTAL RETURN (%)

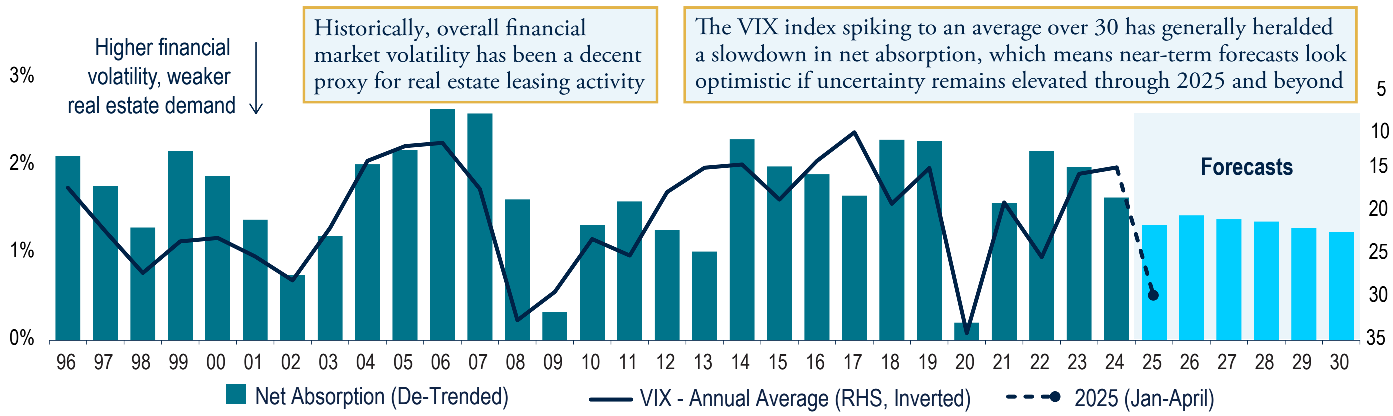


Sources: MSCI, PGIM Real Estate. As of May 2025.

Heightened Volatility Weighs on Real Estate Demand

When policy uncertainty and financial market volatility rise, corporate occupiers are less active. Net absorption is set to face pressure through 2025.

ANNUAL GLOBAL REAL ESTATE NET ABSORPTION (% STOCK) VERSUS VIX INDEX OF FINANCIAL MARKET VOLATILITY



Sources: Bloomberg, CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

- The spike in the VIX volatility index is historically consistent with a slowdown in global real estate leasing activity.
- Corporate occupiers typically delay investment plans, expansions and signing new leases in times of uncertainty, with the impact playing out over about two years.
- The residential sector, supported by household formation and basic needs demand, tends to be less affected than commercial sectors.
- Crucially, if there is a drop in demand this year, it will come at a time when supply growth is slowing, reducing the impact on rents and values.

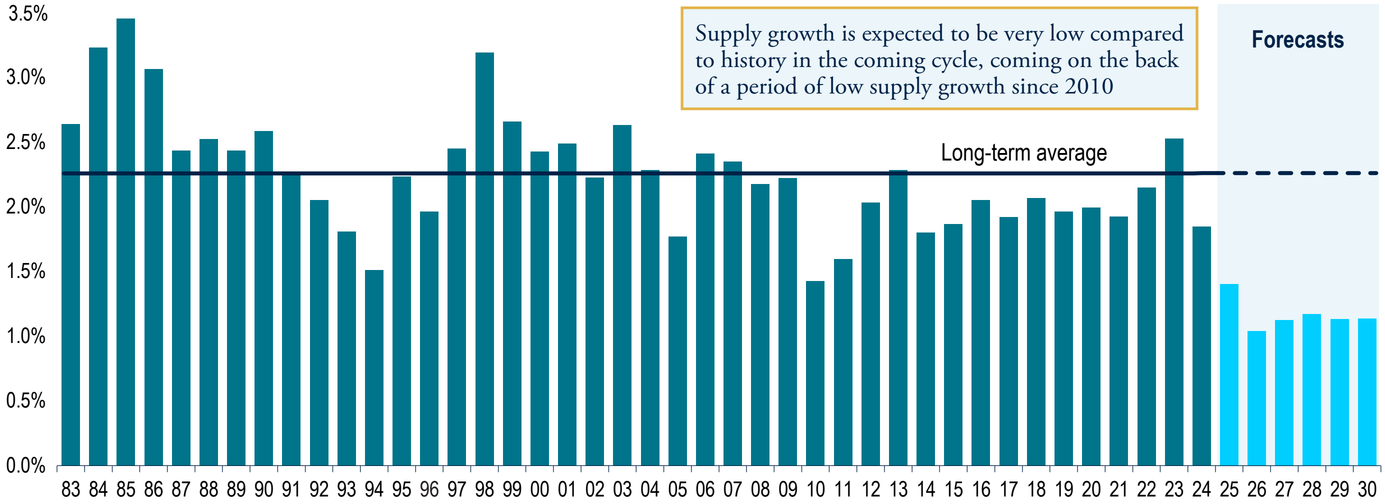
In Focus: Setting Out Our Narrative

- The opening months of 2025 have been fast-moving in terms of establishing a macroeconomic outlook that acts as a backdrop for real estate investment strategy and decision making.
- Events can clearly move quickly, but **there are several factors that we can use to underpin our outlook:**
  - U.S. policy uncertainty is high and will remain so for the foreseeable future.
  - Recession risks have risen in the United States and elsewhere, but our base case is for a slowdown in growth rather than an outright contraction.
  - Interest rate uncertainty has increased too, notably in the United States where tariffs are pushing up core inflation. The long-term interest rate outlook remains broadly unchanged.
  - There are regional differences too: interest rates may get cut more quickly in Europe and Asia Pacific as growth slows.
- **There will be an impact on real estate demand**, especially in commercial sectors, as corporates will likely delay decision-making activity around investment, expansion or committing to long leases.
- Similarly, investors are delaying decisions about allocating capital and investing – real estate liquidity is set to remain lower than previously anticipated.
- These effects are delaying the recovery story for real estate, via expectations of slower rental and capital growth, but are not completely derailing it.
- **Some factors remain broadly unchanged in support of the real estate outlook:**
  - Values are low and a lot of bad news is already priced in. Yields are at fair value around the world.
  - Supply growth is low, giving resilience to the occupier market outlook even if economic growth slows.
  - Real estate lenders are still active, and credit availability remains supportive of values.

Low Supply Is a Common Global Theme

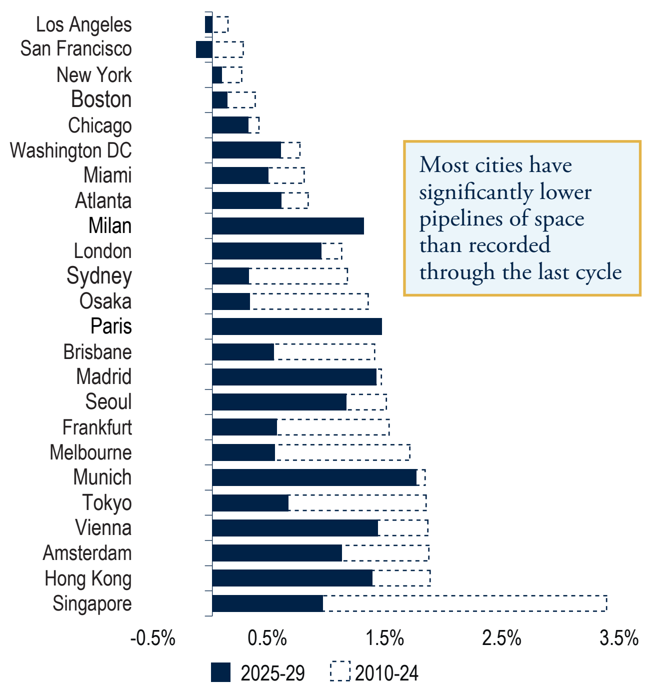
Supply pipelines are historically low globally, giving the occupier market outlook resilience against softening near-term demand.

ANNUAL GLOBAL REAL ESTATE SUPPLY GROWTH AND GLOBAL GDP GROWTH – ADVANCED ECONOMIES (%)



Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

ANNUAL CITY SUPPLY GROWTH – COMMERCIAL PROPERTY, MAJOR CITIES (%)



Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

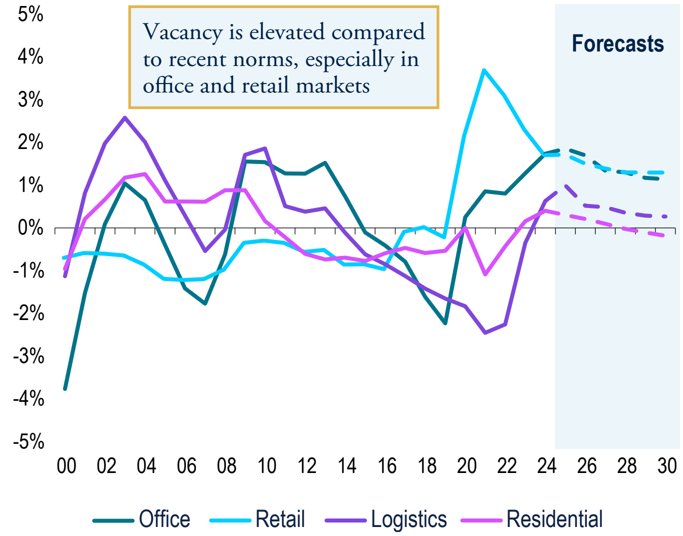
- In the last couple of years, the combination of correcting values, elevated interest rates and rising construction costs has hampered development activity.
- While deliveries of existing projects, notably in fast-growing sectors like logistics and U.S. apartments, kept supply growth up in the last couple of years, development activity has since pulled back and the pipeline is dropping sharply.
- Differences in vacancy rates and local market dynamics have varying implications, but the pattern of low supply growth is consistent in cities around the world.
- The main exception to this is in a handful of European and developed Asia cities – including Hong Kong, Madrid, Milan and Paris – where logistics provision is still responding on the back of rising demand.
- Most U.S. cities have very low pipelines for commercial space, while previously strong supply growth in the apartment sector is also slowing.
- A backdrop of low supply growth is a crucial factor supporting the resilience of occupier market performance and income growth in today's uncertain market environment.

Vacancy and Obsolescence Determine Market Resilience

Global vacancy has risen in recent years, but functional obsolescence of older office and retail stock means effective vacancy is much lower and its impact on rental growth prospects limited.

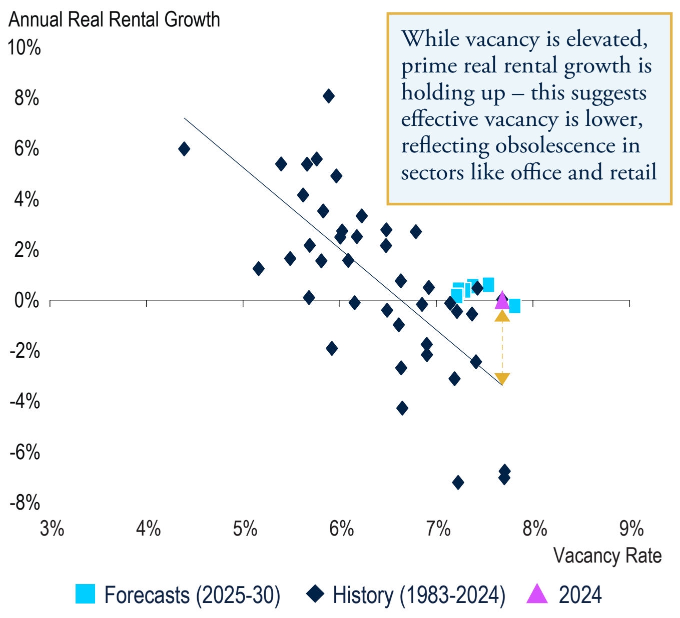
- Global vacancy has risen significantly over the past few years, reflecting a shift toward lower demand for traditional property types like office and retail, but also higher development activity in sectors like U.S. apartments and most global logistics markets.
- There are two key reasons that this should not be a major cause for concern.
  - i) Supply growth is historically low, so vacancy rates will gradually ease back over the coming years, even if demand growth is sluggish in the near term.
  - ii) There are signs of obsolescence in some higher vacancy parts of the market, such as office and retail – old or poorly located stock that is being counted but doesn't feature in leasing decisions.
- Office in the United States and Asia Pacific and retail in Europe all have high vacancy rates, but landlords have improving pricing power for modern assets in strong submarkets, and real rental growth is expected to continue.
- There is potential for upward forecast revisions in low vacancy markets such as European residential.

GLOBAL VACANCY RATE BY SECTOR (%, RELATIVE TO 2000-24 AVERAGE)



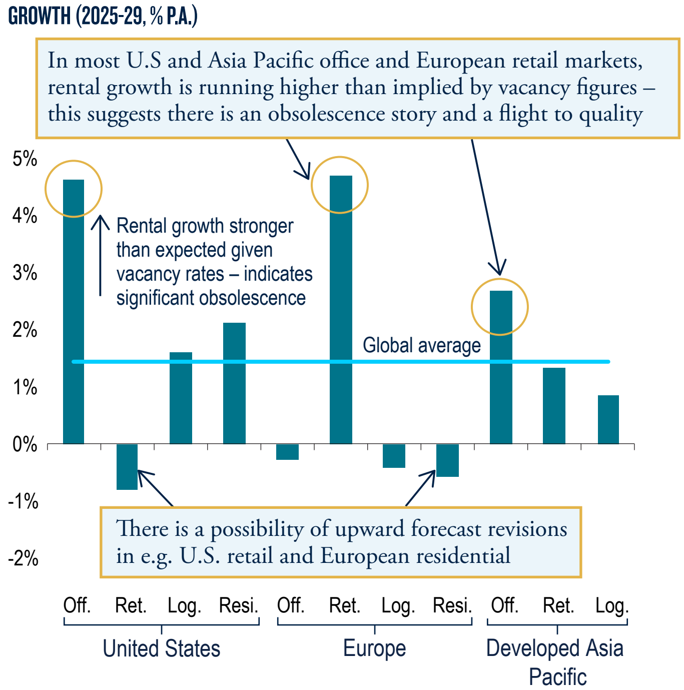
Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

GLOBAL ALL PROPERTY ANNUAL PRIME REAL RENTAL GROWTH AND VACANCY RATE (%)



Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

GAP BETWEEN FORECAST ANNUAL REAL RENTAL GROWTH AND VACANCY-IMPLIED REAL RENTAL GROWTH (2025-29, % P.A.)

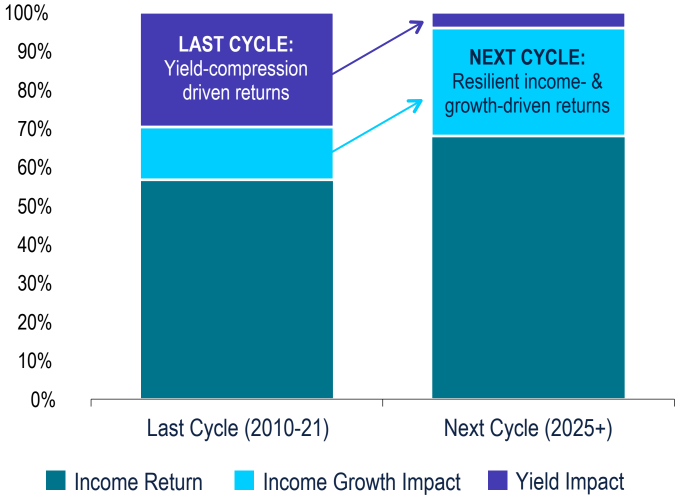


Adapting to Changing Market Conditions

Rising market uncertainty reinforces the message about needing to generate income growth to drive returns through the next cycle. Other factors continue to shift too, such as the rise of operational real estate sectors.

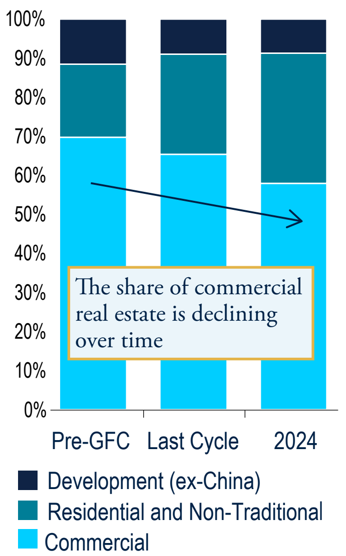
- Investors need to adapt to two types of shift – existing trends that were already in motion, and new factors that relate to the change in market conditions this year.
- Rising uncertainty and a lowering of the probability of going back to low interest rates is reinforcing the existing message about returns becoming more focused on income and income growth.
- As part of this transition, investment in non-traditional sectors continues to gain in share, with investors attracted by the enhanced income growth potential of combining real estate ownership with the operating platform.
- One key change is a shift toward a near-term outlook characterized by headwinds for capital raising and limited equity liquidity, which is a double-edged sword.
- On one hand, low investment volume will likely present opportunities linked to attractive or dislocated pricing, but on the other it also harms performance, slowing market momentum and limiting the potential for capital growth via yield compression.

BREAKDOWN OF MSCI GLOBAL ANNUAL PROPERTY INDEX ALL PROPERTY TOTAL RETURNS (%)

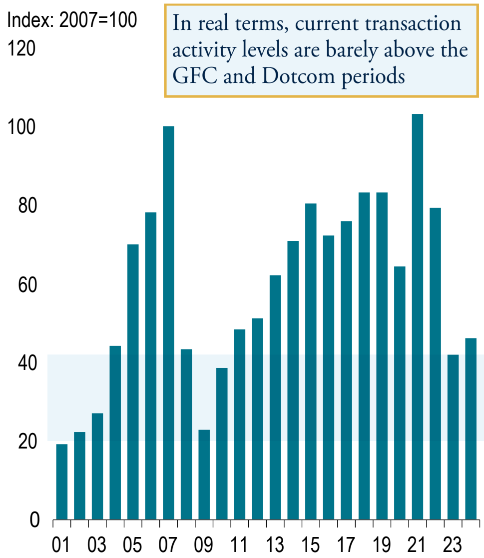


Sources: MSCI, PGIM Real Estate. As of May 2025.

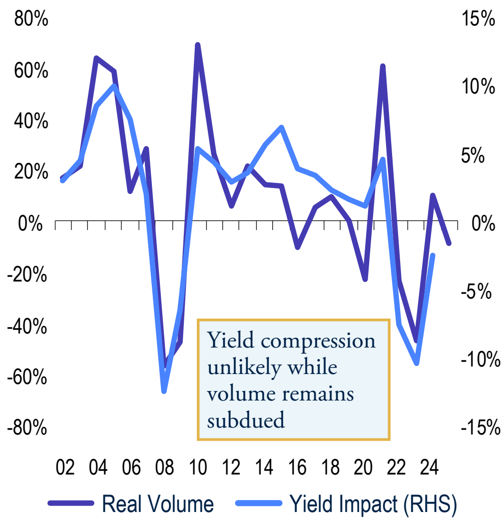
SHARE OF GLOBAL TRANSACTION VOLUME (%)



REAL GLOBAL ALL PROPERTY TRANSACTION VOLUME



ANNUAL GROWTH IN REAL GLOBAL TRANSACTION VOLUME VERSUS PRIME YIELD IMPACT (%)



Sources: MSCI/Real Capital Analytics, CoStar, Cushman & Wakefield, JLL, PMA, Oxford Economics, PGIM Real Estate. As of May 2025.

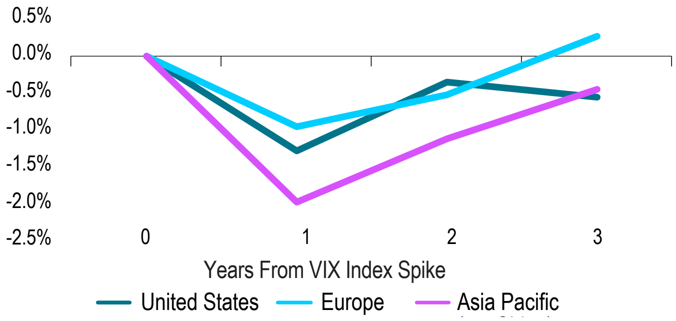
The Outlook Varies Around the World

Unlike much of the last cycle, the outlook is not uniform around the world. There are big differences in forecasts both between and within regions, linked to market dynamics, economic outlooks and variations in supply, demand and vacancy.

Three Areas of Difference:

1 INSULATED AGAINST UNCERTAINTY? Shallow demand reactions in Europe and the United States

ANNUAL NET ABSORPTION FOLLOWING SPIKE IN VIX INDEX
(% STOCK, RELATIVE TO PRE-SPIKE LEVEL)



2 LOWER COST OF CAPITAL?

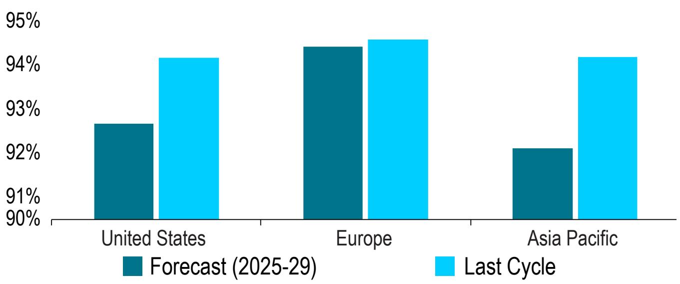
Core continental Europe and Japan have low market interest rates

CONSENSUS BOND YIELD EXPECTATIONS, END-2025 (%)

UK	United States	Germany	Japan
4.4%	4.1%	2.7%	1.4%

3 HIGH OCCUPANCY? Europe, Japan, and retail in Australia and the United States

ALL PROPERTY OCCUPANCY RATE BY REGION (%)



Sources: CoStar, Cushman & Wakefield, PMA, Consensus Economics, PGIM Real Estate. As of May 2025.

WHY THE UNITED STATES? Relatively higher growth potential, targeting markets with low cyclical sensitivity

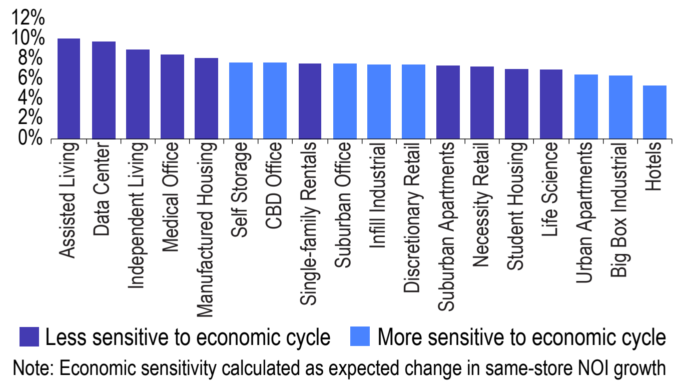
Key Differentiating Factors

- Despite elevated economic and policy uncertainty, long-term U.S. growth potential remains attractive.
- The base case remains that recession is avoided but economic growth slows, set against a backdrop of relatively low supply and high existing occupancy rates.
- The cost of capital is higher than other global markets, but potential returns are still higher too.
- The depth of markets and liquidity, especially in living and alternatives, remains unmatched in other global markets.
- In a challenging market environment, investors need to be selective in targeting growth, while market dislocation and mispricing is also expected to drive opportunities.

Top Investment Picks

- **Living:** senior housing, single-family rentals, suburban apartments, manufactured homes
- **Logistics:** infill, high-rent submarkets
- **Data centers:** low latency, inference-driven assets in tier 1 locations
- **Public markets:** undervalued REITs trading at significant NAV discounts

EXPECTED BUY-AND-HOLD UNLEVERED RETURNS (%, P.A.)



Note: Economic sensitivity calculated as expected change in same-store NOI growth due to total employment growth.

Sources: Green Street, Oxford Economics, PGIM Real Estate. As of May 2025.

WHY ASIA PACIFIC? A differentiated outlook and wide range of opportunities

Key Differentiating Factors

- There could potentially be high tariff exposure in China and other export-oriented economies, which adds to downside risks.
- Australia and Japan offer significant real estate market scale and depth across a wide range of asset types.
- Real estate supply growth is far lower than it was in the last cycle, with space shortages emerging in key markets.
- There is a highly differentiated outlook across the region – the outlook for cities and sectors is evolving at different speeds.
- Australia is expected to deliver elevated returns, while opportunities are emerging as Japan transitions to a higher growth environment.

Top Investment Picks

- **Living:** apartments, senior housing, student accomodation
- **Logistics:** urban assets in high-rent submarkets
- **Data centers:** hyperscale, colocation in urban areas
- **Hospitality:** hotels in low supply markets

WHY EUROPE? Limited supply, low cost of capital – low liquidity drives opportunity

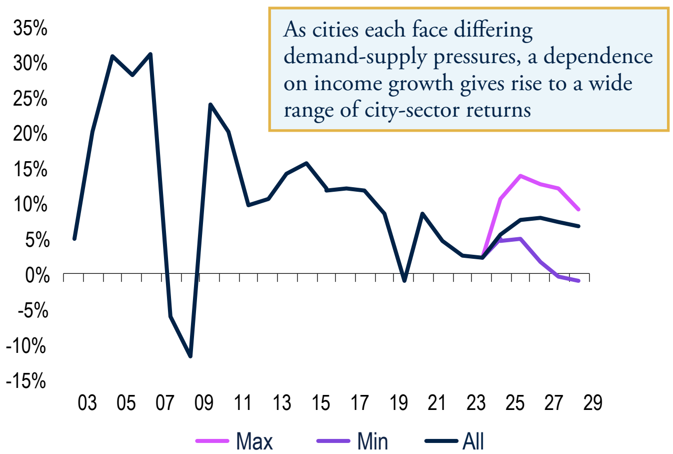
Key Differentiating Factors

- There is modest long-term economic growth potential, but it is set against a very low real estate supply pipeline.
- Economic exposure to tariffs and trade risk is relatively limited. There is some growth potential from looser fiscal policy in Germany.
- The cost of capital is low, especially in core continental Europe.
- There are plenty of low vacancy markets, especially in the residential sector.
- There is growth potential in non-traditional sectors that need capital for improvements and institutionalization.

Top Investment Picks

- **Living:** apartments, single-family rentals, senior housing, co-living, student accomodation
- **Logistics and storage:** focus on urban assets that form part of the infrastructure needed to support living sector expansion
- **Data centers:** low latency, inference-driven assets in FLAP-D locations and emerging locations such as Milan
- **Hospitality:** capex injection for under-managed hotels, institutionalization play for open-air hospitality

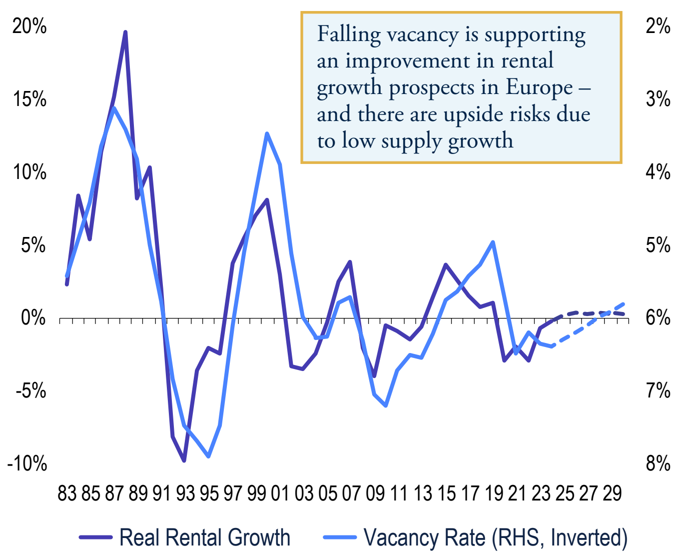
ASIA PACIFIC RANGE OF ANNUAL PRIME ALL PROPERTY CITY-SECTOR RETURNS FORECASTS (2025-29, %)*



*Average of total returns across office, retail and logistics sectors for the major city investment markets of Beijing, Brisbane, Hong Kong, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney & Tokyo as well as multifamily for Tokyo & Osaka.

Sources: JLL, PMA, PGIM Real Estate. As of May 2025.

EUROPE ALL PROPERTY ANNUAL PRIME REAL RENTAL GROWTH AND VACANCY RATE (%)



Sources: PMA, Cushman & Wakefield, PGIM Real Estate. As of May 2025.

Forecasts are not guaranteed and may not be a reliable indicator of future results.

PART II

PORTFOLIO CONSTRUCTION

Core / Core + Strategies

Optimism toward core still holds given that low values imply an attractive entry point, but while uncertainty is high, investors should pivot toward basic needs demand, focusing on living sectors.

- There are some common themes around the world, most notably that core assets offer an attractive entry point after going through a significant value correction, with income returns set to be higher than during much of the last cycle.
- With typically long leases, low leverage and a buy-and-hold investment approach, core investors can look through current volatility – although the same logic also supports a wait-and-see approach given the risk values fall further.
- Low liquidity will hold back value growth on existing assets and portfolios, but is likely to generate attractive acquisition opportunities.
- In the current environment, living sector assets look to offer the best risk-return profile, notably in Europe where housing shortages are acute and the supply pipeline remains low.
- In the United States, the push into non-traditional real estate sectors continues as core investors look to boost income growth potential and improve diversification.
- The story around offices is once again more challenging as occupiers will be wary of committing to long leases in the current uncertain environment.
- Identifying markets with low vacancy, or low effective vacancy where there is obsolescence, will be key to deploying capital effectively in current conditions.

WHY CORE NOW?

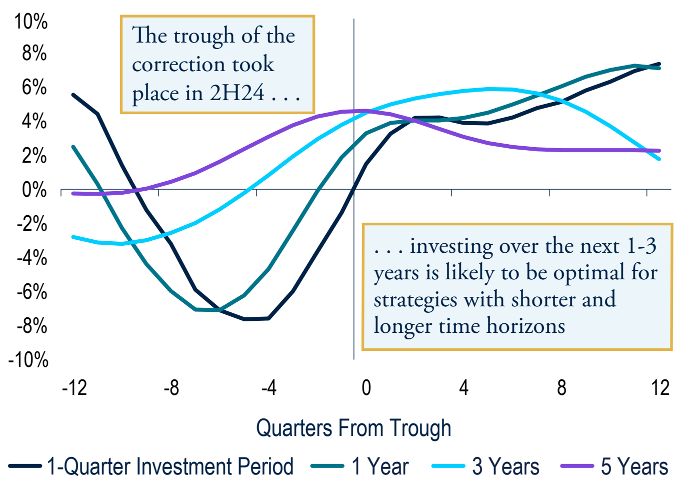
What hasn't changed?

- Attractive entry point after a big correction, values have now stabilized in most markets.
- Higher income returns than in the last cycle.
- Opportunity to invest into supply constrained markets to drive income growth over time.
- Support from long-term demand drivers linked to basic needs, living and digitalization.
- Expanding opportunity set, reflecting a broadening of sector and geographical choice.

What has changed?

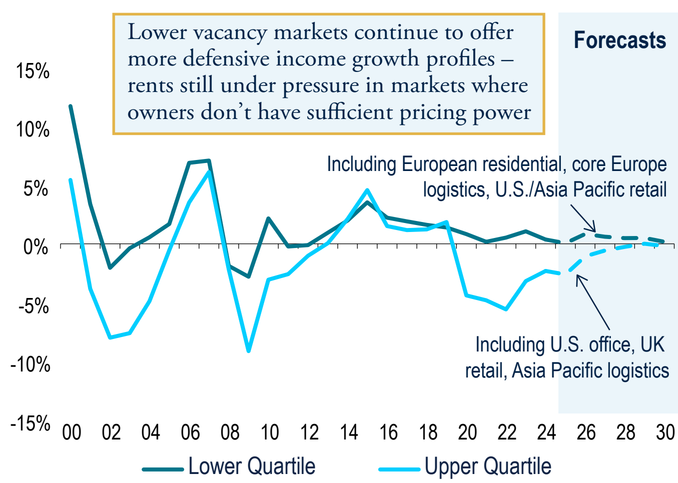
- Risks are now higher, while short-term returns forecasts have edged lower.
- Weaker demand story impacts execution of strategies in higher risk or cyclical strategies – the return of office and retail plays are on hold.
- The cost of capital has moved higher or at least is falling less quickly.
- Low liquidity, less capital inflows.

ANNUALIZED FORWARD-LOOKING GLOBAL ALL PROPERTY PRIME REAL CAPITAL VALUE GROWTH BY INVESTMENT TIME HORIZON – AVERAGE OF PAST CYCLES (%)



Source: PGIM Real Estate. As of May 2025.

REAL RENTAL GROWTH BY GLOBAL MARKET VACANCY QUARTILE (%)



Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

Value-Add Strategies

The uncertain environment means appetite for value-add is being scaled back, but there are still compelling opportunities on a longer-term basis, with target strategies and approaches differing by geography. Five common themes emerge.

1 VALUE REBOUND

There is plenty of potential for upside as the next real estate cycle gets underway, most notably in **Australia**, **Europe** and the **United States** where value declines were significant. Market and sector divergence continues with apartments, data centers and alternative living well placed for growth **(Exhibit A)**.

2 NEED FOR CAPITAL

Capex requirements are rising due to low new supply and, in some markets, toughening ESG standards. Real estate that is not institutionally managed can be profitably upgraded, for example in **European** storage and hospitality. An aging stock profile in **Asia Pacific** and shifting relative values in the **United States** also offer opportunities (**Exhibit B**).

3 SUPPLY SLOWDOWN

Supply growth is historically low around the world, including in previously fast-expanding **U.S.** apartment and logistics markets, and in **Mexico** and **Asia Pacific**. Where occupancies are elevated, such as in **Europe**, there is an opportunity to drive rental growth in existing or renovated properties.

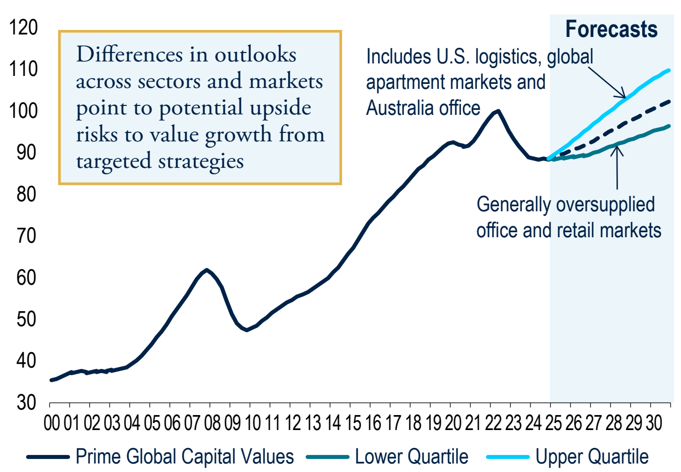
4 ATTRACTIVE ENTRY POINT

Debt and equity liquidity remains low compared to the last cycle. This makes for an attractive entry point to acquire assets below valuation with the potential to capture immediate upside.

5 EXPANDING OPPORTUNITY SET

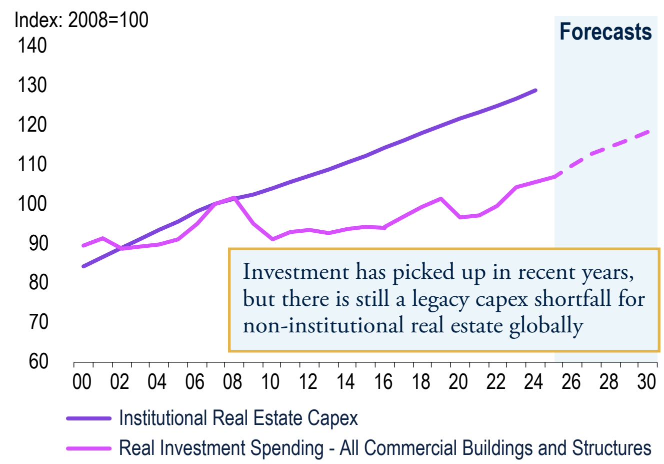
There are two principal routes by which we expect the value-add opportunity set to expand. First is via a shift toward non-traditional, more operational sectors. Second is by geography, as institutionalization plays out in underinvested markets.

EXHIBIT A: INDEX OF PRIME GLOBAL CAPITAL VALUES (2022=100)



Sources: CoStar, Cushman & Wakefield, JLL, PMA, PGIM Real Estate. As of May 2025.

EXHIBIT B: INDEX OF GLOBAL CAPEX SPENDING (%)



Sources: MSCI, OECD, Oxford Economics, PGIM Real Estate. As of May 2025.

Credit Strategies

DEBT RETURN DRIVERS

HIGH INTEREST INCOME

New loan coupons continue to be cyclically high, benefitting from high base rates and attractive lending margins.

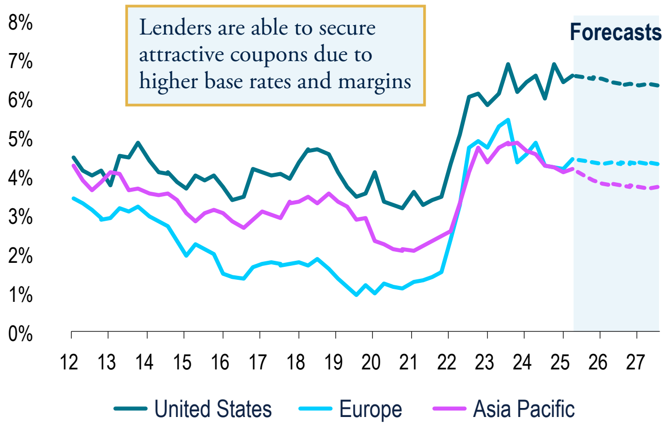
CONSERVATIVE LOAN METRICS

Due to higher interest rates, senior loan amounts will continue to be constrained by debt service coverage, keeping leverage levels modest.

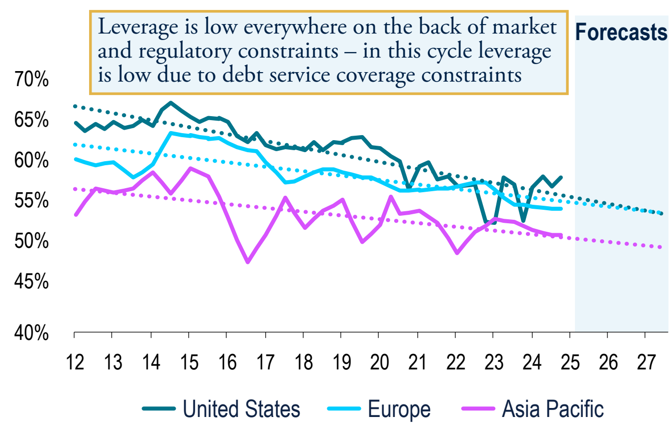
ATTRACTIVE ENTRY POINT

Elevated buy-in yields, low attachment points and expectations of improving credit profiles from growth in property NOI and values, point to the prospect of attractive debt returns.

SENIOR BANK LOANS ON OFFICE ALL-IN DEBT COSTS (%)



LTVS ON SENIOR LOANS (%)



Sources: PMA, Bloomberg, Oxford Economics, Bayes Business School, IREBS, MSCI/Real Capital Analytics, PGIM Real Estate. As of May 2025.

PRIVATE CREDIT STRATEGIES

CORE

Modest leverage secured by stabilized real estate owned and operated by high quality sponsorship

- Focus on long term structural trends driving occupier and investor demand.
- High quality, stabilized assets positioned for enduring long-term relevance.
- Assets located in strong markets and micro-locations and owned and operated by strong sponsors.
- Investment grade equivalent senior loan investments with substantial borrower equity and predictable income streams.
- Contractual investor protections from covenants and controls that address liquidity and risk.

TRANSITIONAL

Loans against light transitional properties, levered and unlevered, and mostly floating rate

- Focus on well-located existing or newly built assets with in-place income.
- Assets that feature value-add and/or lease up business plans to increase property income and exit via sale or refinance.
- Levered and un-levered senior whole loans with moderate LTVs.
- Loan supporting business plans that improve income profile and property value driving positive credit migration.
- Capitalize on demand for improving existing assets, which need to be upgraded to meet future standards.

HIGH YIELD

Providing dynamic solutions across the capital stack

- Lower available debt on new senior loans creates a significant funding gap for alternative and flexible capital sources.
- Providing capital solutions for funding sustainable refurbishment and development projects.
- Bridge funding to allow for stabilization prior to sale / refinance / term out.
- Restructuring and growth capital for strong sponsors with stressed capital stacks secured by attractive real estate.
- Capitalize on under-supply of suitable stock in some markets.

PART III

INVESTMENT THEMES

Investment Opportunities

Structural investment themes still hold, but some strategies are more exposed to a softening near-term demand and liquidity story. High conviction themes, including living sector plays and data centers, are common to most markets and regions, while other opportunities vary significantly by geography.

	Theme		Rating	Real Estate Approach	United States	Mexico	Europe	Asia Pacific
STRUCTURAL TRENDS	Living	Traditional	🟢	Apartment/multifamily	✓		✓	✓
			🟢	Single-family rentals	✓		✓	
		Operational	🟢	Student/co-living			✓	✓
			🟢	Senior housing	✓		✓	✓
		Related urban infrastructure	🟢	Urban/infill logistics	✓		✓	✓
			🟡	Self storage			✓	
	Data Centers		🟢	Colocation			✓	✓
			🟡	Hyperscale	✓			✓
	Credit		🟢	Senior/whole loan	✓		✓	✓
			🟢	Subordinated	✓		✓	✓
			🟡	Development finance	✓		✓	✓
	Logistics		🔴	Big box/supply chain	✓	✓	✓	✓
			🟡	Trade-driven		✓		
			🟡	Manufacturing-related		✓		
TACTICAL OPPORTUNITIES	Cyclical / Recovery	Hospitality	🟡	Hotels			✓	✓
			🟢	Open-air accommodation			✓	
		Retail	🟡	High street/luxury				✓
			🟡	Discount formats			✓	
		Office	🔴	CBD office			✓	✓
			🟡	Medical office	✓			
		Public markets	🟢	Undervalued REITs	✓			

KEY TO RATINGS:

🟢 **HIGHEST CONVICTION THEMES,** most resilient to uncertain market conditions.

🟡 **CONTINGENT THEMES,** more caution and selective approach needed while uncertainty is elevated.

🔴 **SELECTIVE THEMES,** market uncertainty causing significant headwinds that affect execution.

INVESTMENT RESEARCH TEAM

GLOBAL

Peter Hayes, PhD
Managing Director
Global Head of Investment Research

AMERICAS

Lee Menifee
Managing Director
Head of Americas Investment Research

Margaret Harbaugh
Executive Director
Americas Research Team Lead

Bradley Doremus, CFA
Executive Director

Yvonne White
Director

Dean Joseph Deonaldo
Vice President

Tre' McMillan
Analyst

EUROPE

Greg Kane
Managing Director
Head of European Investment Research

Florian Richter
Vice President

Matthew Huen, CFA
Vice President

ASIA PACIFIC

Natasha Lee
Vice President

Tiffany Tan
Associate

DEBT

Henri Vuong
Executive Director
Head of Debt Investment Research

DISCLOSURES

Important information

For Institutional Investors only. All investments involve risk, including the possible loss of capital. Past performance and target returns are not a guarantee and may not be a reliable indicator of future results.

Links to videos and websites are intended for informational purposes only and should not be considered investment advice or recommendation to invest. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

PGIM Real Estate is the real estate investment management business of PGIM, the principal asset management business of Prudential Financial, Inc. ("PFI"), a company incorporated and with its principal place of business in the United States. PGIM is a trading name of PGIM, Inc. and its global subsidiaries. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). Registration with the SEC does not imply a certain level of skill or training. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide. In the United Kingdom, information is issued by PGIM Private Alternatives (UK) Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Private Alternatives (UK) Limited is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 181389). These materials are issued by PGIM Private Alternatives (UK) Limited to persons who are professional clients as defined under the rules of the FCA. In the European Economic Area ("EEA"), information is issued by PGIM Luxembourg S.A. with registered office: 2, boulevard de la Foire, L1528 Luxembourg. PGIM Luxembourg S.A. is authorized and regulated by the Commission de Surveillance du Sector Financier in Luxembourg (registration number A00001218) and operating on the basis of a European passport. In certain EEA countries, this information, where permitted, may be presented by either PGIM Private Alternatives (UK) Limited or PGIM Limited in reliance of provisions, exemptions, or licenses available to either PGIM Private Alternatives (UK) Limited or PGIM Limited under temporary permission arrangements following the exit of the United Kingdom from the European Union. PGIM Limited and PGIM Private Alternatives (UK) Limited have their registered offices at: Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. PGIM Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number: 193418). PGIM Private Alternatives (UK) Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number: 181389). These materials are issued by PGIM Luxembourg S.A., PGIM Limited or PGIM Private Alternatives (UK) Limited to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II) and/or to persons who are professional clients as defined under the rules of the FCA. PGIM operates in various jurisdictions worldwide and distributes materials and/or products to qualified professional investors through its registered affiliates including, but not limited to: PGIM Real Estate (Japan) Ltd. in Japan; PGIM (Hong Kong) Limited in Hong Kong; PGIM (Singapore) Pte. Ltd. in Singapore; PGIM (Australia) Pty Ltd in Australia; PGIM Luxembourg S.A., and PGIM Real Estate Germany AG in Germany. For more information, please visit pgimrealestate.com.

GENERAL/CONFLICTS OF INTEREST

These materials represent the views, opinions and recommendations of the author(s) regarding the economic conditions, asset classes, securities, issuers or financial instruments referenced herein. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without prior consent of PGIM Real Estate is prohibited. Certain information contained herein has been obtained from sources that PGIM Real Estate believes to be reliable as of the date presented; however, PGIM Real Estate cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM Real Estate has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. Past performance is no guarantee or reliable indicator of future results. No liability whatsoever is accepted for any loss (whether direct, indirect, or consequential) that may arise from any use of the information contained in or derived from this report. PGIM Real Estate and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM Real Estate or its affiliates.

The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients or prospects. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. For any securities or financial instruments mentioned herein, the recipient(s) of this report must make its own independent decisions.

Conflicts of Interest: Key research team staff may be participating voting members of certain PGIM Real Estate fund and/or product investment committees with respect to decisions made on underlying investments or transactions. In addition, research personnel may receive incentive compensation based upon the overall performance of the organization itself and certain investment funds or products. At the date of issue, PGIM Real Estate and/or affiliates may be buying, selling, or holding significant positions in real estate, including publicly traded real estate securities. PGIM Real Estate affiliates may develop and publish research that is independent of, and different than, the recommendations contained herein. PGIM Real Estate personnel other than the author(s), such as sales, marketing and trading personnel, may provide oral or written market commentary or ideas to PGIM Real Estate's clients or prospects or proprietary investment ideas that differ from the views expressed herein. Additional information regarding actual and potential conflicts of interest is available in Part 2 of PGIM's Form ADV.

INFORMATIONAL PURPOSES

These materials are for informational or educational purposes. In providing these materials, PGIM (i) is not acting as your fiduciary and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as PGIM will receive compensation for its investment management services.

These materials do not take into account the investment objectives or financial situation of any client or prospective clients. Clients seeking information regarding their particular investment needs should contact their financial professional.

The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PGIM Real Estate's efforts to monitor and manage risk but does not imply low risk.

These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.

留意事項

- ◆ 本資料は PGIM リアルエステートが作成したものです。PGIM リアルエステートは、米国 SEC の登録投資顧問会社である PGIM インクの不動産運用ビジネス部門として、PGIM インクを通じて業務を行っています。
- ◆ 本資料は、PGIM ジャパン株式会社が当社お客様向けに情報提供するものであり、特定の金融商品の勧誘又は販売を目的としたものではありません。また、本資料に記載された内容等については今後変更されることもあります。
- ◆ 記載されている市場動向等は現時点での見解であり、これらは今後変更することもあります。また、その結果の確実性を表明するものではなく、将来の市場環境の変動等を保証するものでもありません。
- ◆ 本資料に記載されている市場関連データ及び情報等は信頼できると判断した各種情報源から入手したものですが、その情報の正確性、確実性について当社が保証するものではありません。
- ◆ ここに記載されているモデル・アロケーションは例示を目的としたものであり、個別銘柄の購入や売却など、いかなる投資の推奨も目的としたものではありません。また、当社グループが運用するポートフォリオにおける今後の投資行動について示唆するものでもありません。
- ◆ 本資料に掲載された各インデックスに関する知的財産権及びその他の一切の権利は、各インデックスの開発、算出、公表を行う各社に帰属します。
- ◆ 過去の運用実績は必ずしも将来の運用成果等を保証するものではありません。
- ◆ 本資料は法務、会計、税務上のアドバイスあるいは投資推奨等を行うために作成されたものではありません。
- ◆ PGIMジャパン株式会社による事前承諾なしに、本資料の一部または全部を複製することは堅くお断り致します。
- ◆ “Prudential”、“PGIM ”、それぞれのロゴおよびロック・シンボルは、プルデンシャル・ファイナンシャル・インクおよびその関連会社のサービスマークであり、多数の国・地域で登録されています。
- ◆ PGIM ジャパン株式会社は、世界最大級の金融サービス機関プルデンシャル・ファイナンシャルの一員であり、英国プルーデンシャル社とはなんら関係がありません。

リスクについて

投資一任契約に基づき当社が PGIM リアルエステートが運用を行う不動産投資戦略に投資を行う場合、次のようなリスクが含まれている場合があります。以下のリスクにより元本欠損が生じる可能性または当初元本を上回る損失が生じる可能性があります。以下のリスクは、主なリスクであり、これらに限定されるものではありません。

- ◆ 国内または世界経済の悪化、地域市場やテナントの財政状態の悪化、物件の売手及び買手の数の変動、物件の需要供給バランス、融資の供給状態、金利の上昇、為替の変動、不動産に関わる税制の変更、エネルギー価格及びその他の経費の変動、環境に関わる法律や規制の改正、都市計画法やその他政府の取決めや財政政策の変更、 キャッシュフローへの依存度が高いという特性に起因する物件リスクに対する人々の選好度の変化、使用されている建築資材に関わるリスクや運営上の問題点、天災、保険で保障されない不可抗力やその他 PGIM リアルエステートのコントロールを超えた要因で発生しうるリスクがあります。
- ◆ 不動産エクイティおよびデットは、他の資産クラスに比べ比較的流動性の低い資産です。そのため、投資家の償還要求を満たすまでに、かなりの時間を要する場合があります。
- ◆ PGIM リアルエステートは各投資家に対する受託者としての義務を果たすもので、償還請求を満たす目的で、投資資産の売却やその他の行動を起こす義務を負いません。加えて、最近の経験が示すように、不動産は長期的なサイクルを描く傾向にあり、このことは不動産価格のボラティリティを著しく高めることとなります。
- ◆ PGIM リアルエステートが投資を行う物件と運用戦略のパフォーマンスは、投資を行う米国市場およびそのサブ市場における健全な経済環境に左右されます。
- ◆ パフォーマンス目標を達成するのに必要な要素には物件タイプや地理的分散が含まれており、これらはリスクを減らし、広く分散したポートフォオを維持することを意図しています。物件の立地、資産クラス、物件タイプ、投資戦略および投資の資金調達の仕方という様な、物件に関する選択とパフォーマンスは目標リターンの達成に対して影響を与えます。
- ◆ パフォーマンス目標の達成を妨げる要素の一部には次の様なものが含まれます。米国市場又は特定の市場や一部の市場に影響を与える、経済および資本市場および人口動態トレンドにおける予期しない突然の大きな変化。またそれらは物件のパフォーマンスや投資家の商業不動産に対する需要に影響を与えます。
- ◆ 外貨建の有価証券については、為替相場の変動等により、受取り円貨額が当初円貨での支払いから変動する可能性があります。これにより投資元本を割り込むことがあります。
- ◆ レバレッジを行なう場合、運用資産を担保とすることから、保有する資産価格が急激に下落した場合には、必要証拠金の充足が不可能となり、場合によっては投資元本を上回る損失が生じることがあります。
- ◆ 不動産デットには固定クーポンものも含まれることから、金利の変動により不動産デットの価値が上下する可能性があります。
- ◆ 不動産デット戦略のパフォーマンス目標を達成するのに必要な要素には投資案件の選択、ファンドマネージメントチームの案件をソーシングし選択する能力、それらを実際に問題無く執行する能力、商業不動産市場においてデットの需要が継続すること等が含まれます。このパフォーマンス目標の実現を妨げる要因には、マクロ経済環境や商業不動産業界における著しいマイナスの変化や商業不動産に対して提供されるデットの過剰供給、そして対象物件のパフォーマンス低下等が含まれます。

費用について

PGIM リアルエステートが運用を行う不動産投資戦略への投資にあたっては、PGIM ジャパン株式会社と投資一任契約を締結していただくことを前提としています。

◆ 投資一任業務の対価として、投資顧問報酬（資産残高に対し最大 1.10%（税抜き 1.00%）※の逓減料率）が費用として発生します。投資顧問報酬については、契約資産の性質、運用方法、対象等に応じて、別途協議のうえ取り決めることがあります。

◆ 当社と投資一任契約を締結いただいた上で、PGIM リアルエステートが運用を行う海外籍のリミテッド・パートナーシップ等のビークルを通じて、PGIM リアルエステートの不動産投資戦略に投資を行う場合、当該ビークルの資産から間接的にご負担いただく運用報酬とは別に、投資顧問報酬として最大 0.165%（税抜き 0.15%）が発生します。

◆ 上記投資顧問報酬とは別に、保管等に係る諸費用が発生し、契約資産から控除されることがあります。これらの費用は運用状況等により変動するものであり、事前に料率、上限額などを表示することができません。したがいまして、お客様が支払うべき手数料の金額の合計もしくはその上限を記載することはできません。

◆ ビークルにかかる運用報酬は、ビークルにより異なりますので、金額およびその上限額を記載することはできません。ビークルの資産から間接的にご負担いただく運用報酬とは別にリーガル費用、ドキュメンテーション費用、監査費用等の諸費用が発生し、ファンドの受託資産から控除されます。これらの費用は、運用状況により変動するため、事前に具体的な料率・上限額を表示することができません。このように金額およびその上限額を記載することができない費用があることから、ファンドの受託資産から控除される形で投資家が実質的に負担する費用の合計額もしくは上限を記載することはできません。

◆ 金額及びその上限額を記載することができない費用があることから、お客様が支払うべき手数料の金額の合計もしくはその上限を記載することはできません。

※ 記載の数値は当社が現在、投資一任業務で提供している運用戦略にかかる投資顧問報酬で最も高いものを記載しております。実際の投資顧問報酬は、個別の契約内容、受託資産残高等によって異なります。

会社概要

商号	PGIM ジャパン株式会社 PGIM Japan Co., Ltd.
所在地	東京都千代田区永田町 2-13-10　プルデンシャルタワー
代表取締役社長	國澤　太作
設立年月日	2006 年 4 月 19 日
主要株主	Prudential International Investments Company, LLC（100%）
資本金	2 億 1,900 万円
主要業務	① 投資運用業 ② 投資助言・代理業 ③ 第 二 種金融商品取引業
登録番号等	金融商品取引業者　関東財務局長（金商）第 392 号
加入協会	一般社団法人投資信託協会 一般社団法人日本投資顧問業協会 一般社団法人第二種金融商品取引業協会

PGIMJ119336
4550059-20250604