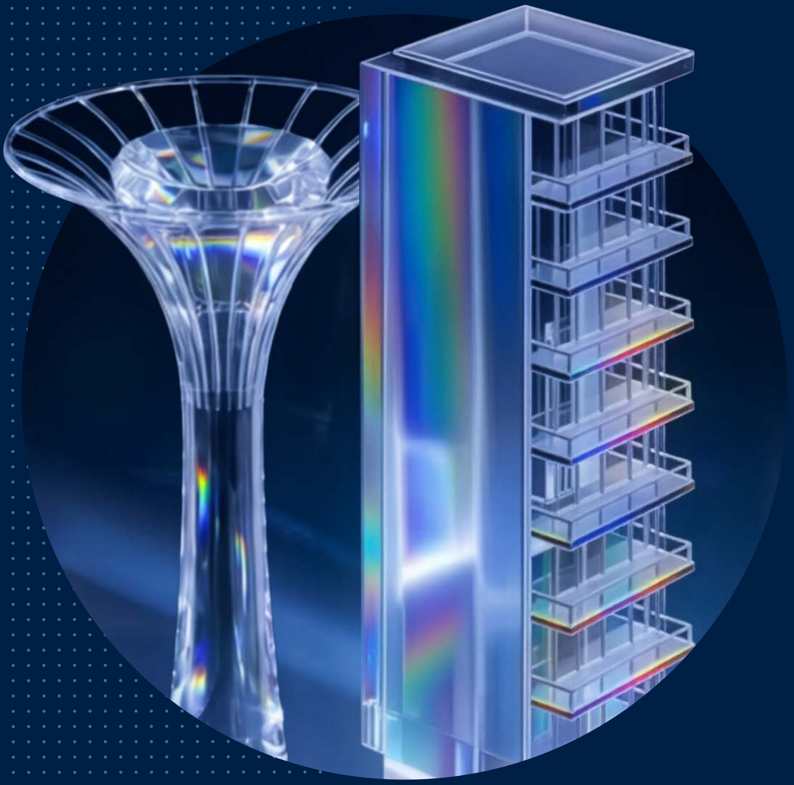
PGIM

2026 REGIONAL REAL ESTATE VIEWS

ASIA PACIFIC



June 2026

KEY TAKEAWAYS

A new cycle is underway, and real estate in Asia Pacific offers an attractive combination of cash flow generated by resilient, basic needs-driven demand and growth potential.

Here are three key takeaways from the report:

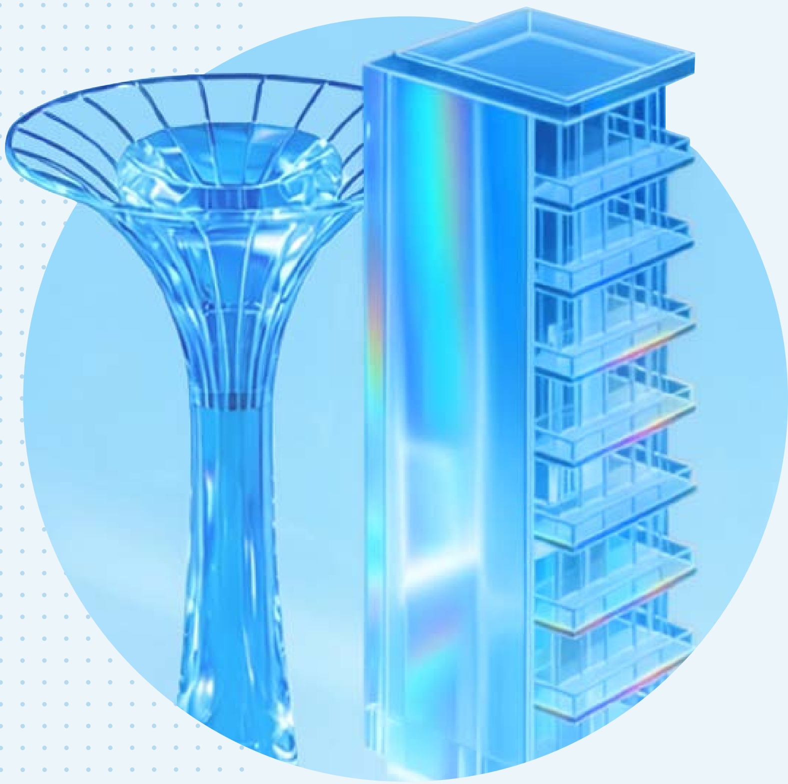
01 **Capitalize on upside potential.** 2026 is expected to be a strong investment vintage in this cycle, via basic needs investing for everyday life or targeting market momentum.

02 **Take a focused approach.** Be selective about where to deploy capital as gaps between winners and losers may widen.

03 **Diversify to manage risk.** Diversifying by geography, sector, and capital type helps to build a resilient portfolio.

PART 01

ASIA PACIFIC OVERVIEW

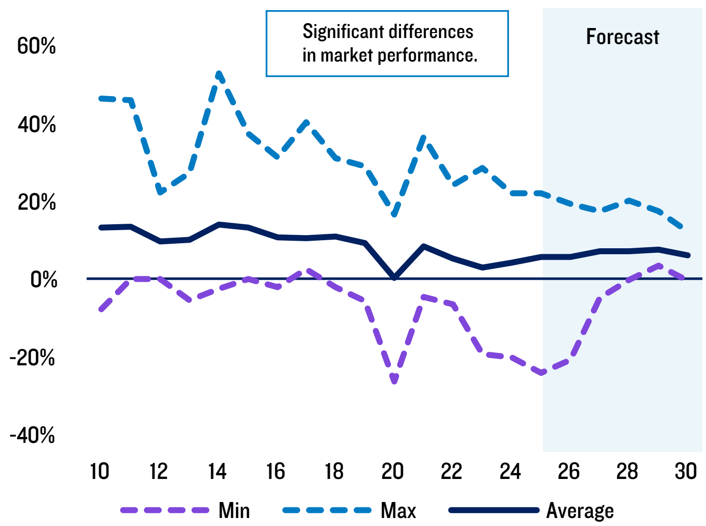


STEADY INCOME AND INCOME GROWTH TO ANCHOR FORWARD RETURNS

As the cycle becomes increasingly income-led, forward returns are expected to be driven primarily by income growth, while performance dispersion across cities and sectors continues to create targeted opportunities.

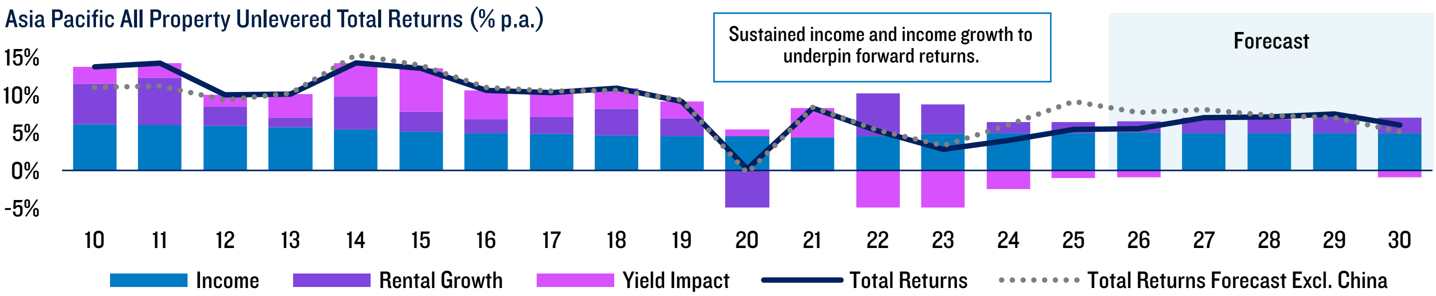
- Forward returns are expected to improve further as repricing pressures moderate across most markets. Overall, Asia Pacific real estate values are moving through the trough with select markets recovering since early 2025.
- Unlike the previous cycle, the next phase of returns is expected to be driven more by income and income growth than by broad-based yield compression, as elevated inflation and higher-for-longer interest rates delay the pace of monetary easing.
- Market performance is not uniform across the region, with meaningful dispersion in return profiles across cities and sectors, reinforcing the importance of deliberate market selection.
- Income growth prospects remain supported by several structural and cyclical factors, including:
  - Constrained new supply in several gateway markets, particularly where development has slowed amid elevated construction and financing costs.
  - Sustained demand for well-located, high-quality space across selective office, logistics, and living segments.
  - Housing affordability pressures and supply shortages that continue to support rental growth in the living sector.

Asia Pacific All Property Unlevered Average, Highest and Lowest Total Returns (% p.a.)



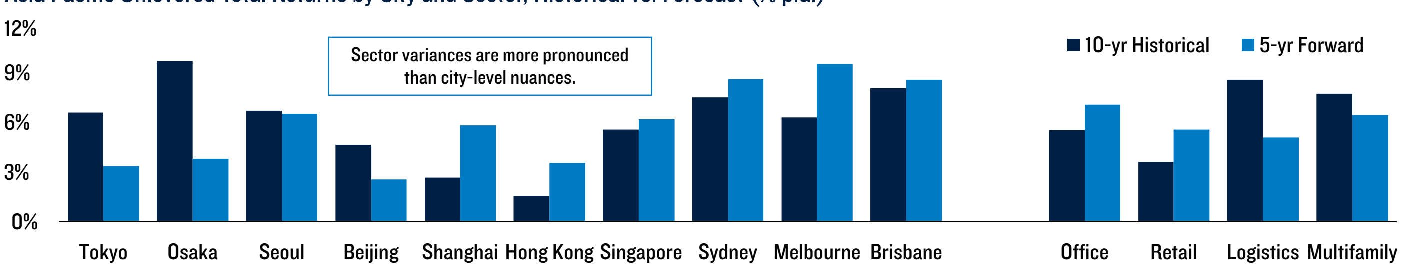
Note: Average of total returns across office, retail, and logistics sectors for Tokyo, Osaka, Seoul, Beijing, Shanghai, Hong Kong, Singapore, Sydney, Melbourne, and Brisbane, and Australia (Sydney, Melbourne and Brisbane) and Japan (Tokyo and Osaka) multifamily. Sources: JLL, PMA, PGIM. As of June 2026.

Asia Pacific All Property Unlevered Total Returns (% p.a.)



Note: Average of total returns across office, retail, and logistics sectors for Tokyo, Osaka, Seoul, Beijing, Shanghai, Hong Kong, Singapore, Sydney, Melbourne, and Brisbane, and Australia (Sydney, Melbourne and Brisbane) and Japan (Tokyo and Osaka) multifamily. Sources: JLL, PMA, PGIM. As of June 2026.

Asia Pacific Unlevered Total Returns by City and Sector, Historical vs. Forecast (% p.a.)

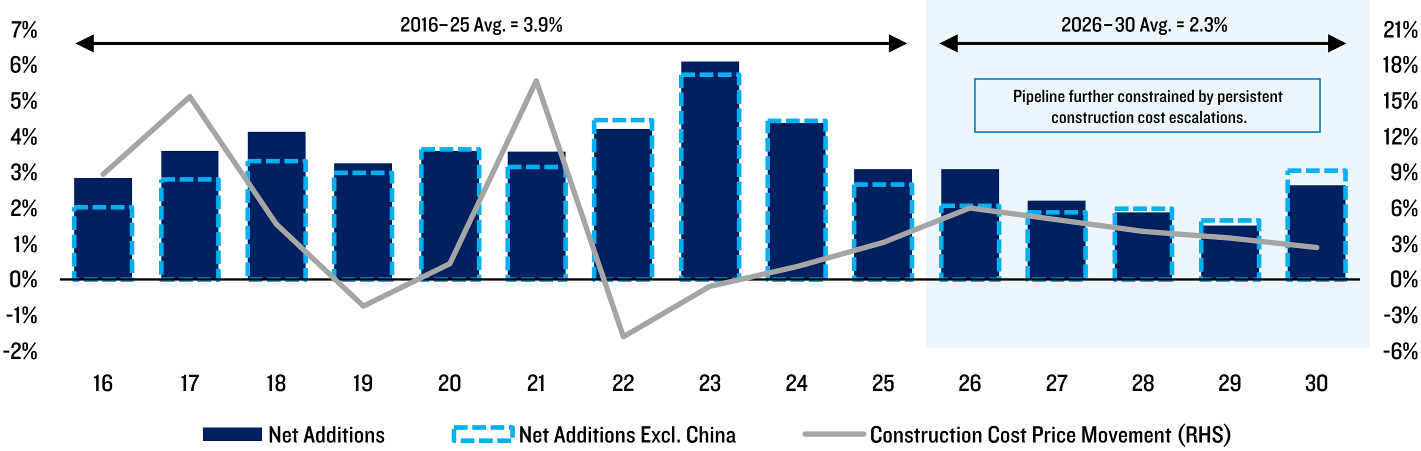


Sources: JLL, PMA, PGIM. As of June 2026.

CONSTRAINED SUPPLY TO UNDERPIN RENTAL GROWTH ACROSS ASIA PACIFIC

Construction activity has slowed broadly across the region and is expected to ease further, largely due to elevated construction costs and still-restrictive financing conditions, thereby improving supply-demand balances and supporting rental growth across selective city-sectors.

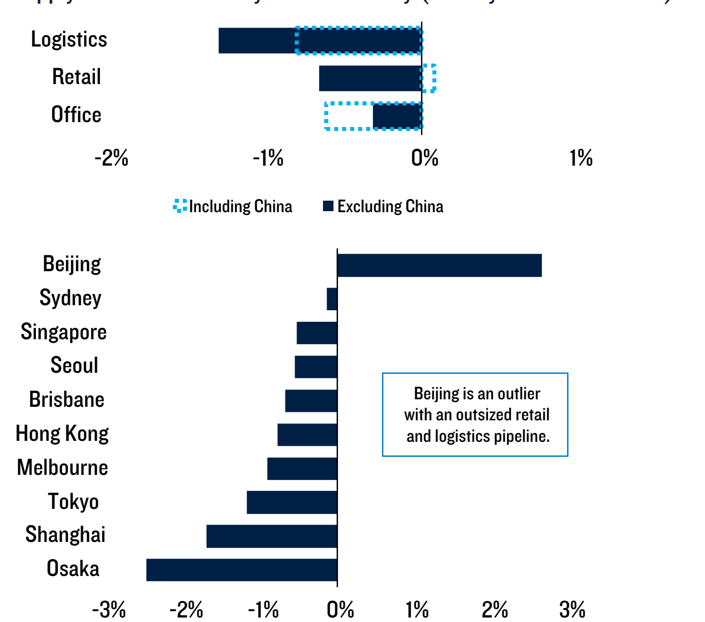
Asia Pacific New Supply Growth and Construction Cost Price Movement (% p.a.)



Note: Reflects the net additions of office, retail, and logistics sectors for Tokyo, Osaka, Seoul, Beijing, Shanghai, Hong Kong, Singapore, Sydney, Melbourne, and Brisbane. Sources: BLS, JLL, PMA, World Bank, PGIM. As of June 2026.

- Supply growth across Asia Pacific is projected to remain below the pace seen in the last cycle, reflecting weaker development activity in recent years.
- Although financing conditions are expected to gradually improve, elevated construction costs and tighter capital availability—partly amid renewed geopolitical tensions and higher energy prices—are anticipated to continue constraining new supply in many markets.
- The slowdown in completions is evident across commercial asset classes, and despite softer expansionary demand, more limited new completions are expected to help contain vacancy and support rental resilience in prime assets.
- At the city level, supply conditions remain highly varied, reinforcing the importance of targeted local market selection rather than relying on broader market averages.
- In the living sector, persistent housing shortages in several gateway cities, including Tokyo, Osaka, and Sydney, continue to support rental growth and occupancy, alongside shifting demographic preferences.

Supply Growth Forecast by Sector and City (Last Cycle vs. 2026–30F)

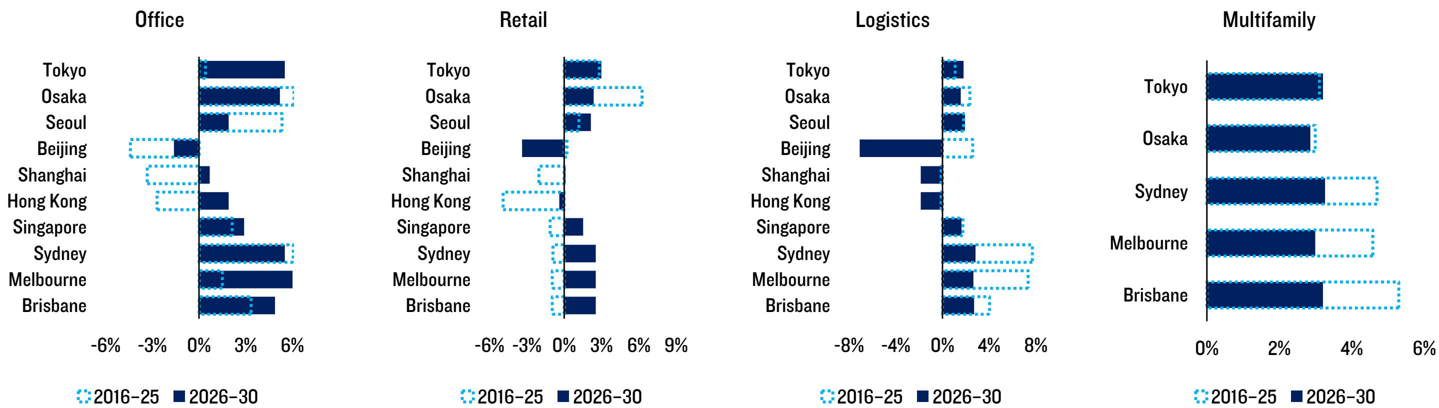


Notes: Last cycle refers to the period of 2016–2025. Supply growth forecasts reflect commercial real estate, with Japan retail and Osaka logistics excluded due to insufficient data/time series. Sources: JLL, PMA, PGIM. As of June 2026.

DEVELOPED MARKETS BETTER POSITIONED FOR RENTAL UPSIDE AMID TIGHTER MARKET BALANCES

Rental performance across Asia Pacific remains uneven, reflecting differences in underlying supply-demand balances. Developed markets with tighter conditions are better positioned to capture rental upside, while weaker balances in emerging markets contribute to a more varied growth outlook.

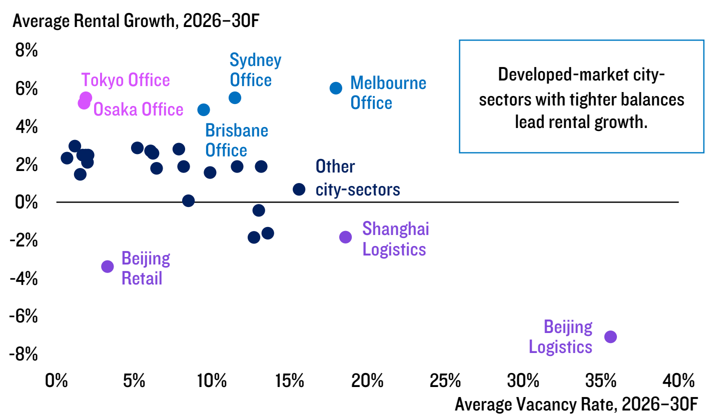
Average Rental Growth by City-Sector, Historical vs. Forecast (% p.a.)



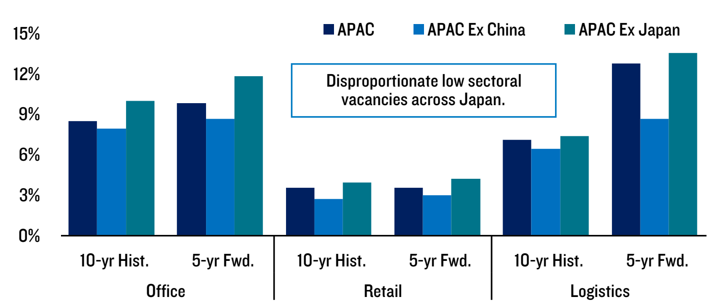
Sources: JLL, PMA, PGIM. As of June 2026.

- Rental growth prospects across Asia Pacific remain uneven, with developed markets generally better positioned than emerging markets as tighter supply-demand balances help keep vacancy contained across selective city-sectors.
- Although regional vacancy rates are forecast to rise, this is driven largely by weaker market conditions in China. Japan's exceptionally low starting vacancies mean market conditions there remain more resilient than headline Asia Pacific averages suggest.
- This reinforces the case for deliberate market selection, as broad regional or sector averages often mask significant differences in leasing conditions, pricing power, and forward income growth potential.
- Office occupier demand remains selective amid elevated cost pressures and limited expansionary requirements, but better-quality assets in stronger, developed-market submarkets are expected to continue to offer disproportionate rental uplift potential.
- In logistics, performance is expected to remain bifurcated, with lower-vacancy markets such as Tokyo, Osaka, and parts of Australia continuing to support rental growth, while more supplied logistics markets in Greater China face persistently softer leasing conditions.
- Structurally tight housing markets and constrained new supply continue to underpin occupancy and rental growth in multifamily across gateway cities in Japan and Australia.

Rental Growth (% p.a.) & Vacancy Rate (%) by City-Sector Forecasts



Vacancy Rate by Sector, Historical vs. Forecast (%)



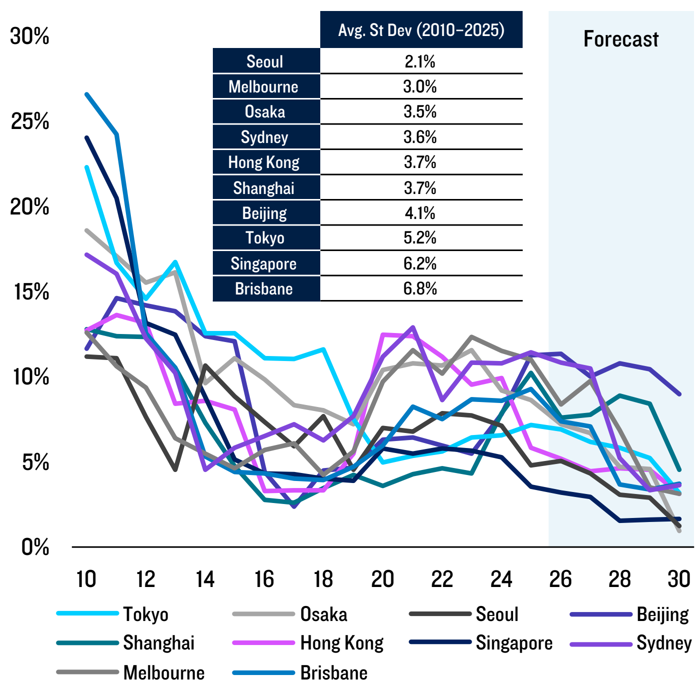
Sources: JLL, PMA, PGIM. As of June 2026.

RISK-REWARD DIFFERENCES FURTHER REINFORCE DELIBERATE MARKET SELECTION

While yields in several country-sectors remain above historical norms following the recent repricing cycle, the medium-term path will continue to diverge, creating differentiated risk-reward and timing opportunities across the region.

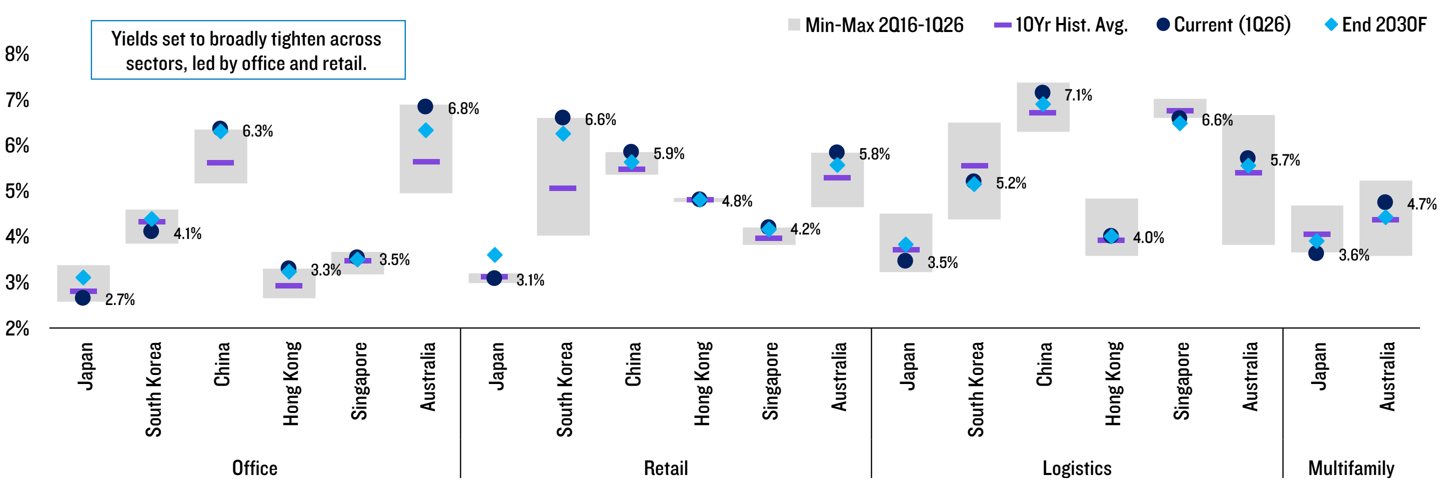
- Inherent market risk varies meaningfully across Asia Pacific countries, as reflected in differing capital return volatility. Markets such as Seoul, Melbourne, Osaka, and Sydney have historically exhibited more stable return patterns, while Singapore, Brisbane, and Tokyo have shown greater variability.
- This supports a selective deployment approach, as similar headline return expectations may mask very different risk profiles. Value should therefore be assessed not only by forward returns, but also by consistency and resilience across cycles.
- Yields across most country-sectors have repriced higher from prior-cycle troughs and, in several cases, still sit above their 10-year historical averages.
- This is particularly evident across office and retail in countries such as Australia, where repricing has already created a wider entry spread relative to recent history. In China, repricing pressures appear less fully resolved and yields are expected to still face some upward pressure in the coming quarters.
- Looking ahead, yields are expected to compress gradually over the medium term for markets where income growth proves more resilient and investment dynamics improve, while those facing more challenging leasing fundamentals will remain above their structural levels for longer.

All Property Capital Return By City, 5-yr Rolling Standard Deviation (%)



Sources: JLL, PMA, PGIM. As of June 2026.

Yields by Country Sector (%)



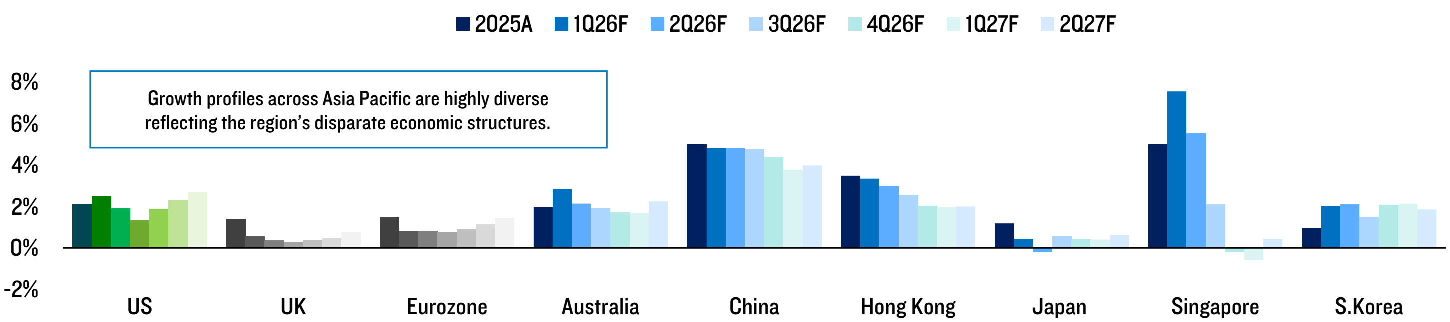
Sources: JLL, Oxford Economics, PMA, PGIM. As of June 2026.

HIGHLY DIFFERENTIATED ASIA PACIFIC ECONOMIC BACKDROP REINFORCES SELECTIVE ALLOCATION

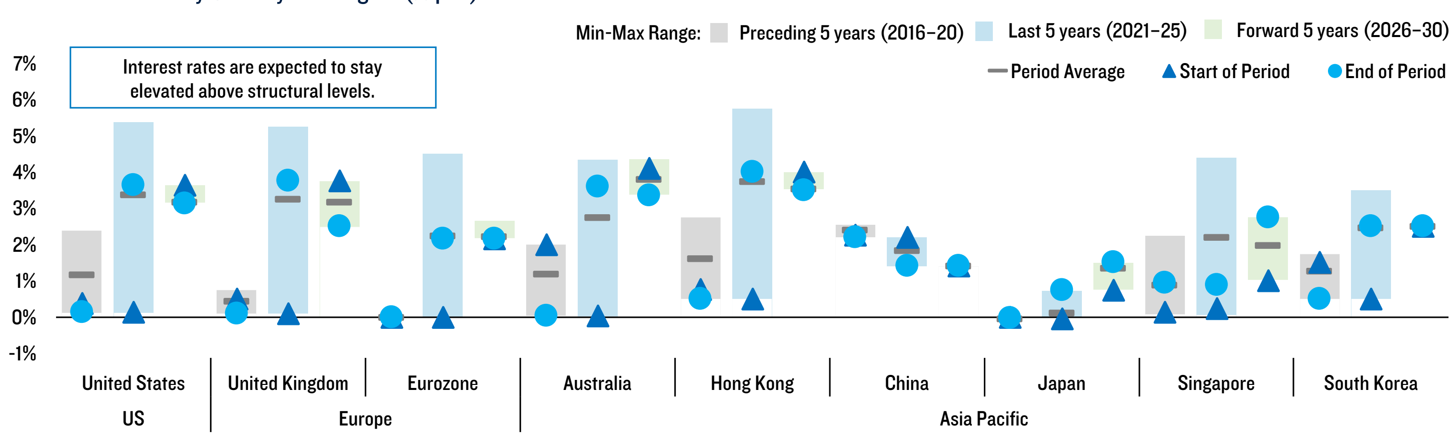
Asia Pacific markets are entering the next phase of the cycle with materially different growth and interest-rate backdrops. As macro conditions diverge, so does real estate, reinforcing the need for selective market allocation and careful calibration of risk-reward in investment portfolios.

- Asia Pacific's growth outlook remains highly differentiated, although the region continues to compare favorably with other major economies, supported by structurally stronger domestic demand that enhances its relative growth advantage.
- Growth conditions across Asia Pacific are expected to stay disparate, with Singapore and Australia showing stronger near-term momentum, while Japan and South Korea face a softer trajectory. These differences will shape income resilience and rental growth prospects across the countries.
- Benchmark policy rates are projected to remain above the ultra-low levels seen in the prior cycle, even where easing has begun. Financing conditions will therefore become only incrementally more supportive, limiting the scope for a broad-based yield compression cycle.
- The combination of differing growth momentum and varied rate settings implies that countries will move through the cycle at different speeds. Markets supported by firmer domestic demand and more accommodative real interest rate conditions are likely to provide a stronger backdrop for rental growth and capital market recovery.
- Against the more fragmented regional outlook, the case for active and deliberate market selection is paramount, with relative returns upside increasingly shaped by local growth prospects, policy settings, and valuation levels.

Real GDP Growth Outlook by Country and Region (% p.a.)



Benchmark Rates by Country and Region (% p.a.)



Sources: Oxford Economics, PGIM. As of June 2026.

COMPELLING REGIONAL ECONOMIC AND MARKET DIVERSIFICATION BENEFITS

Asia Pacific real estate markets continue to exhibit meaningful diversification benefits, with relatively low correlations across city-sectors. In a more fragmented macro and market environment, this strengthens the case for deliberate portfolio construction across countries, sectors, and strategies.

- Annual real GDP growth correlations across Asia Pacific economies are only partially aligned despite increasing regional integration, with economic cycles still varying materially across countries, providing economic diversification across markets.
- Similarly, pairwise correlations across city-sector total returns are far from uniform, with many combinations exhibiting only modest or low relationships over time. Performance drivers remain sufficiently differentiated across cities and sectors to support meaningful diversification benefits within a regional portfolio.
- Diversification benefits are strongest at the city-sector level rather than through broad country or sector exposures alone. This reiterates the importance of granular portfolio construction, where combining assets with different occupier, supply, and pricing dynamics can help strengthen overall portfolio resilience.
- The multi-speed and divergent cycles in Asia Pacific underscore the case for diversified real estate exposure. Portfolio efficiency is enhanced not simply by adding markets, but by selecting combinations of city-sectors with lower correlations and complementary growth profiles.

Pairwise Correlation of City-Sector Total Returns, 2Q 2016–1Q 2026

	TK OFF	OS OFF	SL OFF	BJ OFF	SH OFF	HK OFF	SG OFF	SYD OFF	MEL OFF	BRI OFF	TK RET	OS RET	SL RET	BJ RET	SH RET	HK RET	SG RET	SYD RET	MEL RET	BRI RET	TK LOG	OS LOG	SL LOG	BJ LOG	SH LOG	HK LOG	SG LOG	SYD LOG	MEL LOG	BRI LOG	TK MF	OS MF	SYD MF	MEL MF	BRI MF
TK OFF	1.00																																		
OS OFF	0.76	1.00																																	
SL OFF	-0.23	-0.61	1.00																																
BJ OFF	-0.08	0.38	-0.55	1.00																															
SH OFF	-0.23	0.09	-0.32	0.88	1.00																														
HK OFF	0.16	0.39	-0.62	0.63	0.68	1.00																													
SG OFF	0.25	0.45	-0.40	0.36	0.15	0.42	1.00																												
SYD OFF	0.46	0.57	-0.55	0.47	0.46	0.78	0.16	1.00																											
MEL OFF	0.35	0.66	-0.62	0.74	0.60	0.69	0.35	0.84	1.00																										
BRI OFF	0.67	0.59	-0.31	-0.20	-0.31	0.15	0.22	0.25	0.12	1.00																									
TK RET	0.46	0.07	0.00	-0.41	-0.30	0.08	-0.22	0.11	-0.31	0.48	1.00																								
OS RET	0.31	0.17	-0.17	-0.01	0.18	0.47	-0.22	0.40	0.02	0.42	0.80	1.00																							
SL RET	0.54	0.45	-0.35	0.23	0.28	0.67	0.06	0.70	0.42	0.43	0.61	0.77	1.00																						
BJ RET	0.07	0.12	-0.36	0.12	0.04	0.28	0.01	0.15	-0.09	-0.01	0.49	0.48	0.51	1.00																					
SH RET	-0.30	-0.03	-0.17	0.49	0.51	0.28	0.14	0.17	0.31	-0.29	-0.37	-0.13	0.16	0.18	1.00																				
HK RET	0.14	0.03	-0.20	0.11	0.28	0.66	0.20	0.34	0.06	0.21	0.56	0.68	0.73	0.51	0.06	1.00																			
SG RET	0.54	0.21	-0.16	-0.07	0.03	0.49	0.06	0.49	0.12	0.44	0.78	0.74	0.84	0.43	-0.23	0.80	1.00																		
SYD RET	0.40	0.53	-0.54	0.31	0.28	0.73	0.25	0.81	0.58	0.26	0.26	0.50	0.69	0.37	0.19	0.37	0.46	1.00																	
MEL RET	0.47	0.46	-0.47	0.25	0.29	0.81	0.28	0.78	0.50	0.36	0.47	0.69	0.84	0.40	0.02	0.67	0.74	0.88	1.00																
BRI RET	0.45	0.45	-0.36	0.30	0.31	0.75	0.41	0.78	0.60	0.10	0.16	0.36	0.61	0.20	0.04	0.46	0.52	0.83	0.86	1.00															
TK LOG	-0.44	-0.20	0.01	0.63	0.59	0.01	-0.06	-0.14	0.14	-0.62	-0.49	-0.26	-0.24	0.10	0.34	-0.13	-0.36	-0.32	-0.33	-0.23	1.00														
OS LOG	-0.32	-0.07	0.20	0.43	0.30	-0.29	-0.11	-0.26	0.04	-0.45	-0.57	-0.43	-0.36	-0.04	0.36	-0.50	-0.55	-0.31	-0.49	-0.38	0.72	1.00													
SL LOG	0.17	0.44	-0.04	0.14	-0.07	-0.09	0.45	-0.02	0.23	0.08	-0.47	-0.48	-0.12	-0.12	0.44	-0.33	-0.43	0.10	-0.13	0.07	-0.01	0.32	1.00												
BJ LOG	-0.16	0.23	-0.41	0.77	0.61	0.34	0.38	0.01	0.32	-0.19	-0.35	-0.13	0.01	0.24	0.24	0.18	-0.10	-0.14	-0.05	-0.06	0.72	0.46	0.09	1.00											
SH LOG	-0.37	0.08	-0.44	0.87	0.76	0.39	0.20	0.11	0.40	-0.36	-0.42	-0.11	0.03	0.25	0.47	0.12	-0.18	-0.05	-0.04	-0.07	0.79	0.53	0.00	0.91	1.00										
HK LOG	-0.12	0.13	-0.37	0.82	0.88	0.77	0.25	0.57	0.66	-0.30	-0.22	0.18	0.47	0.21	0.49	0.49	0.28	0.39	0.48	0.49	0.52	0.18	-0.07	0.60	0.72	1.00									
SG LOG	-0.50	-0.78	0.52	-0.33	-0.14	-0.39	-0.11	-0.70	-0.70	-0.31	0.11	-0.13	-0.36	-0.10	-0.15	0.16	0.01	-0.65	-0.45	-0.50	0.16	-0.02	-0.41	0.03	0.00	-0.13	1.00								
SYD LOG	0.02	0.06	0.16	0.38	0.34	0.17	0.49	0.20	0.41	-0.39	-0.55	-0.48	-0.10	-0.32	0.37	-0.16	-0.17	0.10	0.02	0.35	0.29	0.36	0.44	0.15	0.16	0.43	-0.07	1.00							
MEL LOG	-0.16	0.01	0.12	0.45	0.40	0.09	0.42	0.01	0.28	-0.41	-0.59	-0.51	-0.11	-0.09	0.66	-0.10	-0.32	-0.07	-0.16	0.09	0.50	0.52	0.64	0.38	0.40	0.44	-0.01	0.79	1.00						
BRI LOG	0.12	0.12	0.33	0.05	-0.02	-0.11	0.30	0.05	0.18	-0.13	-0.41	-0.48	-0.06	-0.24	0.39	-0.20	-0.18	0.02	-0.09	0.14	0.04	0.35	0.73	-0.07	-0.10	0.11	-0.13	0.72	0.76	1.00					
TK MF	0.49	0.28	-0.02	-0.34	-0.38	0.01	-0.05	0.13	-0.05	0.55	0.57	0.39	0.25	-0.05	-0.66	0.22	0.50	0.12	0.24	0.10	-0.56	-0.49	-0.40	-0.27	-0.42	-0.30	-0.01	-0.40	-0.67	-0.36	1.00				
OS MF	0.31	0.25	0.00	-0.25	-0.23	-0.22	-0.35	0.03	-0.07	0.41	0.32	0.30	0.11	-0.07	-0.06	-0.15	0.04	0.05	-0.04	-0.13	-0.34	-0.15	0.00	-0.35	-0.34	-0.40	-0.23	-0.47	-0.40	-0.17	0.34	1.00			
SYD MF	-0.24	-0.26	0.18	-0.24	-0.17	-0.25	-0.47	0.00	-0.09	-0.12	-0.02	-0.07	0.05	0.01	0.45	-0.18	-0.16	0.03	-0.17	-0.22	-0.15	0.02	0.21	-0.47	-0.20	-0.14	-0.03	-0.10	0.11	0.24	-0.25	0.46	1.00		
MEL MF	0.04	0.25	-0.22	0.18	0.15	0.11	-0.19	0.35	0.39	0.15	-0.09	0.05	0.26	-0.03	0.58	-0.14	-0.12	0.34	0.08	-0.01	-0.12	0.06	0.38	-0.21	0.03	0.10	-0.43	-0.01	0.16	0.25	-0.15	0.50	0.77	1.00	
BRI MF	-0.10	-0.57	0.58	-0.89	-0.70	-0.49	-0.35	-0.48	-0.80	0.09	0.51	0.16	-0.11	0.04	-0.28	0.09	0.17	-0.22	-0.17	-0.28	-0.51	-0.40	-0.27	-0.73	-0.74	-0.65	0.51	-0.34	-0.37	-0.10	0.25	0.05	0.22	-0.10	1.00

Pairwise city-sector correlation analysis underscores diversification value across the region.

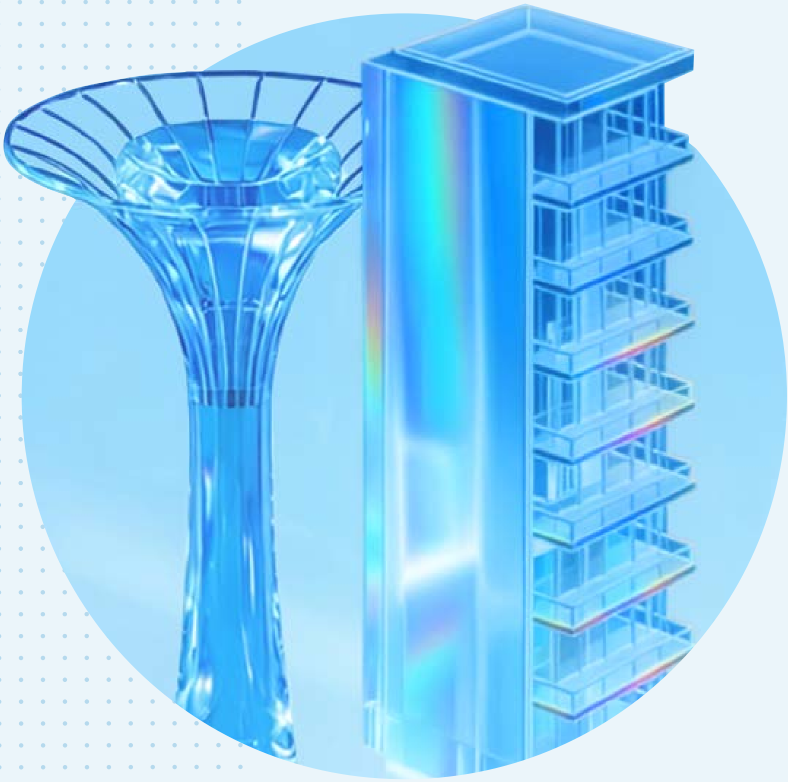
City Code	
TK	Tokyo
OS	Osaka
SL	Seoul
BJ	Beijing
SH	Shanghai
SG	Singapore
SYD	Sydney
MEL	Melbourne
BRI	Brisbane

Sector Code	
OFF	Office
RET	Retail
LOG	Logistics
MF	Multifamily

Sources: JLL, PMA, PGIM. As of June 2026.

PART 02

INVESTMENT THEMES



FOCUS ON REAL ESTATE FOR EVERYDAY LIFE AND INVESTING INTO CYCLICAL MOMENTUM

Elevated uncertainty calls for a portfolio tilt toward the living sector to benefit from structural demand growth and resilient cash flow generation. At the same time, looking beyond near-term risks, low valuations and capex shortfalls mean today's market represents an attractive entry point for strategies that capitalize on market momentum.

EQUITY & CREDIT	
Everyday Life	**Market Momentum**
Nature of Opportunity Real estate investment opportunities that lean into the resilience of basic needs demand, comprised predominantly of strategies focused on delivering the living space and critical urban infrastructure that households need for everyday life.	**Nature of Opportunity** Despite elevated global risks, liquidity is improving and there are significant opportunities related to the anticipated upward momentum of cyclical valuations, supporting strategies targeting leasing growth, capex deployment, and capital stack restructuring.
Three Key Structural Drivers • Housing shortages • Aging demographics • Digitalization/AI penetration	**Three Key Tactical Drivers** • Leasing upswing • Capex shortfalls • Debt refinancing/restructuring
Capital Deployment Approaches CORE/CORE + • Buy-and-hold • Build-to-core • Senior lending VALUE-ADD • Development financing • Operating platforms • Mezzanine debt CREDIT-SPECIFIC • Bridge-to-agency	**Capital Deployment Approaches** CORE/CORE + • Active asset management • Reversionary growth • Senior lending VALUE-ADD • Conversions/modernization • Institutionalization • Mezzanine debt CREDIT-SPECIFIC • Transitional finance
Asia Pacific Target Sectors • Living (Multifamily, Senior housing & Co-living) • Modern logistics • Data centers • Necessity retail	**Asia Pacific Target Sectors** • Hotels • CBD office

INVESTMENT OPPORTUNITY: SUMMARY TABLE

Variations in such factors as the exposure to global risks, cyclical dynamics, the degree of institutional participation, and exit liquidity mean that the opportunity set differs across sectors and geographies. While the opportunity set is broad early in the cycle, investors need to remain focused on the parts of the market that can deliver resilient returns and are conducive to value creation.

			Geography			
Theme	Strategy	Target Sector	U.S.	Mexico	Europe	APAC
EVERYDAY LIFE	Living	**Senior living**	●	○	●	●
		Multifamily	■	○	●	●
		Single family	■	○	●	○
		Manufactured housing	●	○	○	○
		Student/co-living	■	○	●	■
	Critical urban infrastructure	**Urban logistics**	●	●	●	●
		Low latency data centers	●	○	●	●
		Necessity retail	●	○	●	●
		Medical office	●	○	○	○
		Self storage	■	○	●	○
	Credit-specific	Bridge-to-agency	●	○	○	○
MARKET MOMENTUM	Leasing upswing	**Big box/manufacturing logistics**	■	●	▲	■
		Hotels	○	○	●	●
		Open-air hospitality	○	○	●	○
		Discretionary retail	■	○	■	▲
		Office	■	○	■	■
	Capital injections	**Conversions e.g. office to living/hotel**	●	○	●	●
	Credit-specific	Transitional finance	●	○	●	●

Note: Global target sectors shown in **bold and blue**.

Key to Table
- ● **Highest conviction strategies,** most resilient to evolving market conditions.
- ■ **Contingent strategies,** apply broadly but some caution required given market risks.
- ▲ **Selective strategies,** market risks and headwinds potentially affect execution.
- ○ Strategy not under consideration in that geography.

KEY INVESTMENT THEME

EVERYDAY LIFE

Opportunities that lean into the resilience of basic needs demand, comprised predominantly of strategies focused on delivering the living space and critical urban infrastructure that households need.

LIVING

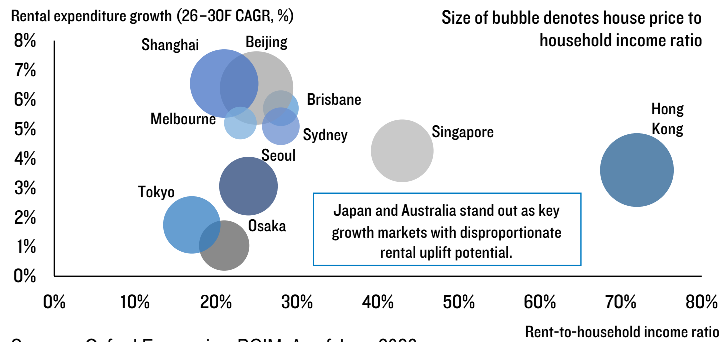
Living strategies anchored by the basic need for shelter continue to deliver resilient rental growth. Constrained supply, worsening home affordability, and shifting preferences among younger generations are expanding opportunities across multifamily and adjacent living formats.

- Living demand remains underpinned by the non-discretionary need for shelter, with affordability pressures in several markets continuing to support rental demand over home ownership.
- The strongest opportunities are concentrated in cities where rent-to-income ratios remain elevated and rental expenditure is expected to grow steadily, reinforcing the depth of multifamily demand.
- At the same time, limited new housing supply—constrained by elevated construction costs and tighter planning conditions—is expected to continue to support occupancy and rental growth in key gateway markets.
- Demographic change is also widening the opportunity set across living formats, with expanding population cohorts through 2035 enlarging the underlying rental demand pool. Alongside aging and shifting household preferences, this supports multifamily as well as senior housing and co-living in selected markets.

TOP INVESTMENT PICKS

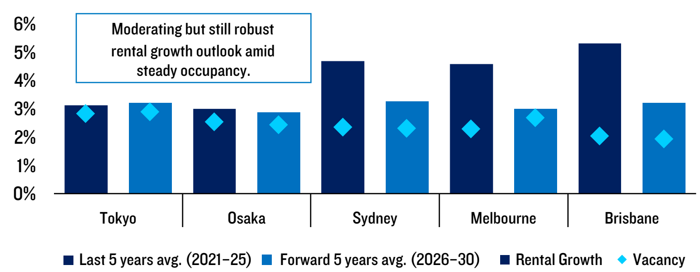
- Multifamily in Japan and Australia
- Senior housing in Australia
- Co-living in Singapore and Hong Kong

Housing Affordability by Country



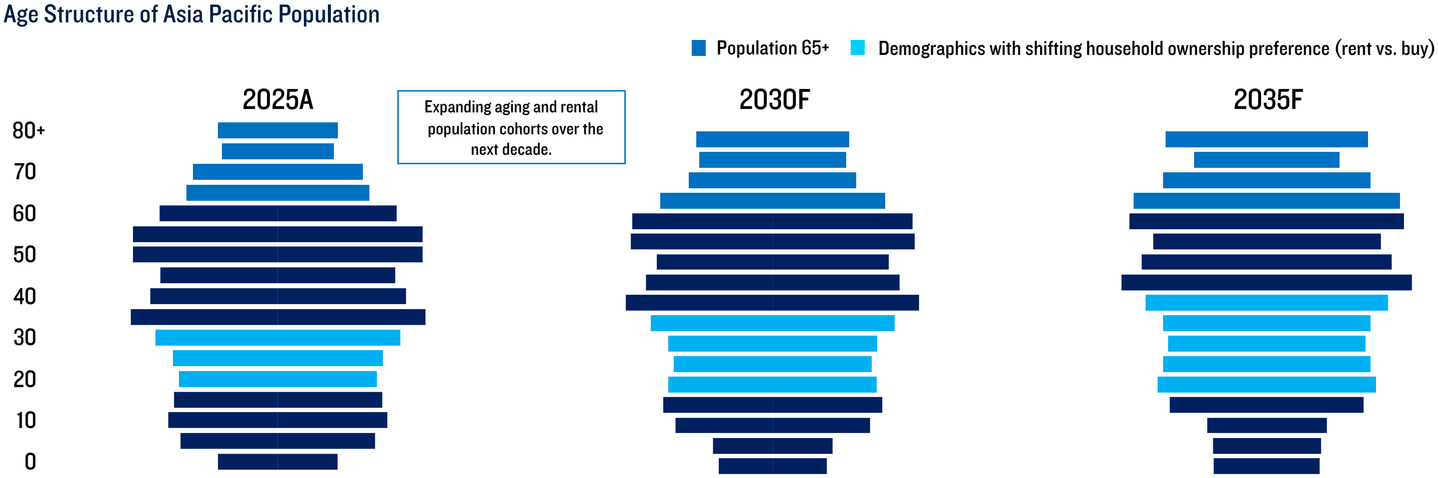
Sources: Oxford Economics, PGIM. As of June 2026.

Multifamily Rental Growth And Vacancy By City (%)



Sources: Oxford Economics, PMA, PGIM. As of June 2026.

Age Structure of Asia Pacific Population



Sources: Oxford Economics, PGIM. As of June 2026.

MODERN LOGISTICS

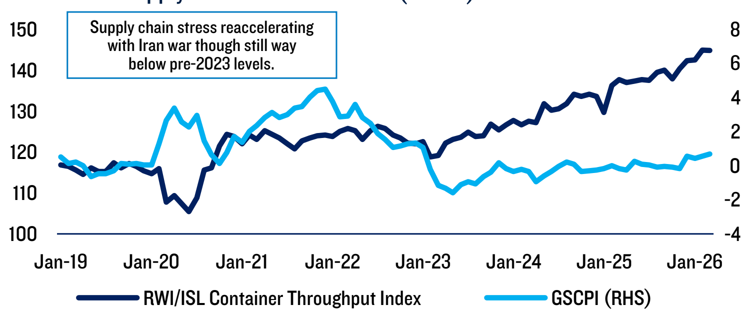
Shifting trade flows, supply chain reconfiguration, and evolving inventory strategies are becoming increasingly important drivers of logistics demand. Combined with sustained e-commerce growth and constrained availability of modern facilities, this continues to support infill logistics demand.

TOP INVESTMENT PICKS

- Focus on modern logistics in regional hubs and infill locations with strong connectivity
- Reconfiguration/upgrading of antiquated assets to modern facilities

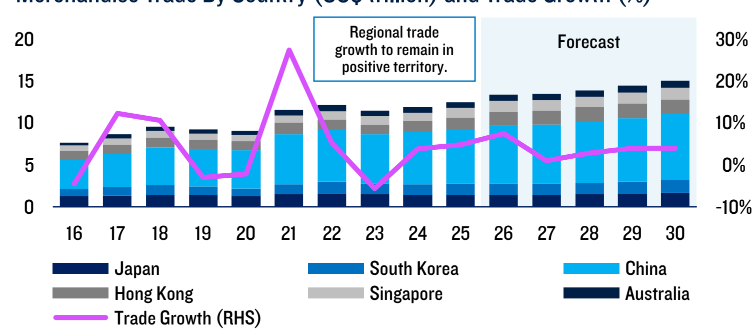
- Asia Pacific logistics is less directly exposed to external trade disruption than headline export metrics may imply, as occupier demand in major cities is driven largely by domestic consumption, e-commerce fulfilment, 3PL-led distribution networks, and regional producers, rather than U.S.-linked manufacturing or pure export demand.
- The strongest occupier demand is increasingly concentrated in modern assets that can accommodate automation, higher throughput, and more sophisticated inventory management. In many gateway cities, however, suitable quality stock is limited.
- Supply remains difficult to scale in larger urban markets, where land scarcity, planning constraints, and elevated construction costs continue to restrict delivery of modern logistics space, reinforcing the mismatch between occupier requirements and available inventory.
- The risk-reward profile across logistics markets remains mixed and increasingly submarket-specific. Developed markets generally offer reasonable income yields, supported by healthier rental growth, while weaker-outlook markets have repriced more materially and now provide wider yield spreads to compensate for softer leasing fundamentals.

Global Container Throughput (2015=100, Seasonally Adjusted) and Global Supply Chain Pressure Index (GSCPI)



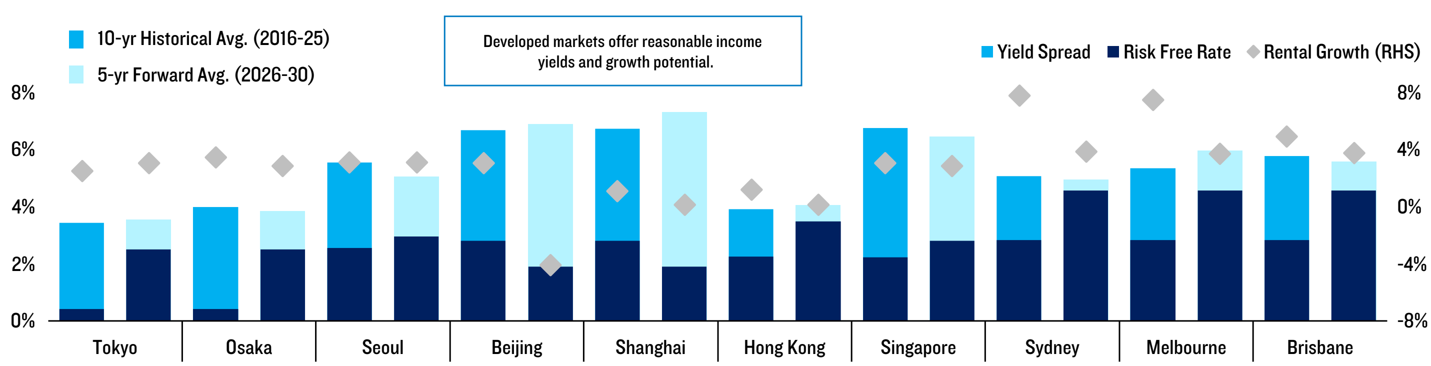
Sources: Federal Reserve Bank of New York, ISL, Oxford Economics, PGIM. As of June 2026.

Merchandise Trade By Country (US$ trillion) and Trade Growth (%)



Sources: Oxford Economics, PGIM. As of June 2026.

Logistics Yield Spreads and Rental Growth by City, 10-yr Historical vs. 5-yr Forward Averages (%)



Sources: JLL, Oxford Economics, PMA, PGIM. As of June 2026.

DATA CENTERS

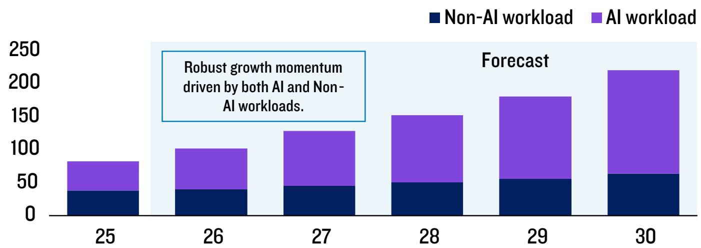
Data storage demand remains underpinned by public cloud adoption, with AI providing an additional growth driver. Varied supply conditions across capital cities are also shaping increasingly differentiated market dynamics.

TOP INVESTMENT PICKS

- Tier I markets (Tokyo, Osaka, Sydney, Melbourne) established with dominant cloud service providers presence
- Hyperscale colocation data centers partnering with experienced third-party operators

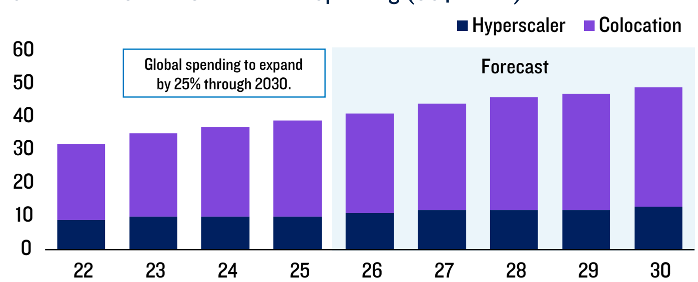
- Rapid advances in digital infrastructure, including AI-related workloads and ongoing cloud adoption, continue to support demand across hyperscale colocation data centers in key Asia Pacific markets.
- While the pipeline is expanding, actual delivery remains constrained by planning approvals, grid access, and the need to secure sufficient and enhanced power capacity.
- This is creating more varied supply conditions across capital cities and, in turn, a more differentiated pricing outlook.
- Data centers also offer investors a broad risk-return spectrum, ranging from relatively stable lease-like cash flows to higher-return opportunities linked to operational performance and value creation beyond traditional real estate.
- Partnering with experienced operators remains the most effective route to accessing the sector, given the technical complexity, operational intensity, and execution requirements involved.

Estimated Global Data Center Capacity Demand (GW)



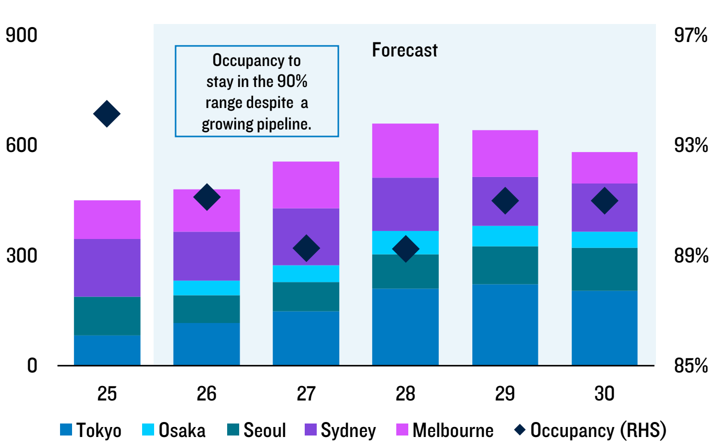
Sources: Gartner, IDC, Nividia Capital Markets, McKinsey Data Center Demand Model, PGIM. As of June 2026.

Global Data Center Construction Spending (US$ billion)



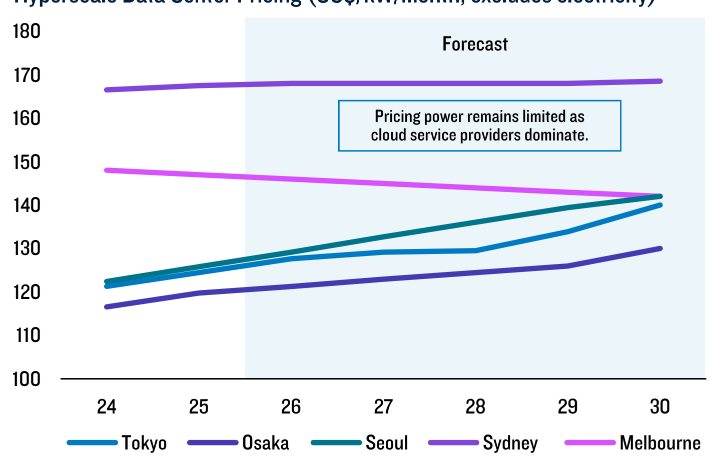
Notes: Includes construction spending by providers. Excludes enterprise spending and any other capital expenditure outside of construction (such as equipment).
Sources: Synergy Research Group, McKinsey, PGIM. As of June 2026.

Data Center New Supply (MW) and Occupancy (2025–30, %)



Sources: DC Byte, PGIM. As of June 2026.

Hyperscale Data Center Pricing (US$/kW/month, excludes electricity)



Sources: DC Byte, Structure Research, PGIM. As of June 2026.

NECESSITY RETAIL

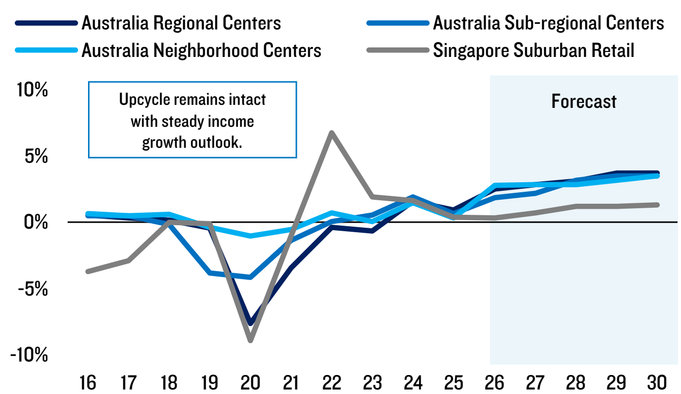
Necessity-based retail continues to offer defensive income amid a gradual but uneven cyclical recovery. Despite elevated cost pressures, the normalization of e-commerce is providing a tailwind, while malls, anchored by non-discretionary retail, continue to demonstrate resilience.

- Necessity-based retail is supported by resilient domestic spending on everyday needs, with food, groceries, and essential services continuing to underpin occupier demand and steady rental growth across regional, sub-regional, and suburban malls over the coming years.
- Pipeline growth is expected to remain constrained with limited new development due to elevated construction costs and muted developer-investor appetite. Vacancies across most submarkets remain low and well below structural levels, and are expected to stay tight, supporting sustained rental uplifts.
- Regional, sub-regional, and suburban retail formats are expected to continue delivering steady income-led returns, supported by resilient demand and moderate rental growth. Forward returns also benefit from marginal yield compression as monetary policy normalizes and capital market conditions improve.

TOP INVESTMENT PICKS

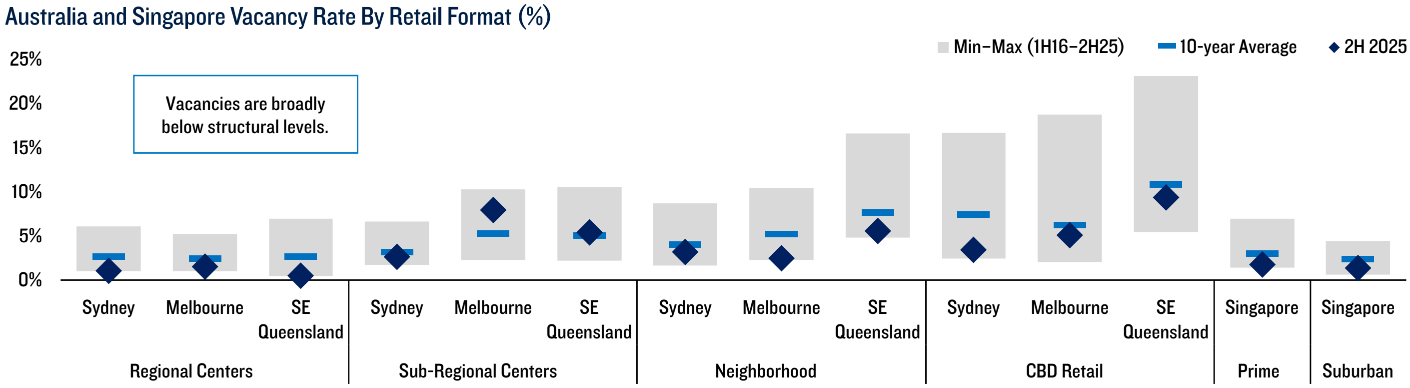
- Regional and sub-regional malls in Australian capital cities and suburban shopping centers in Singapore with defined catchments

Australia and Singapore Net Rental Growth (% p.a.)

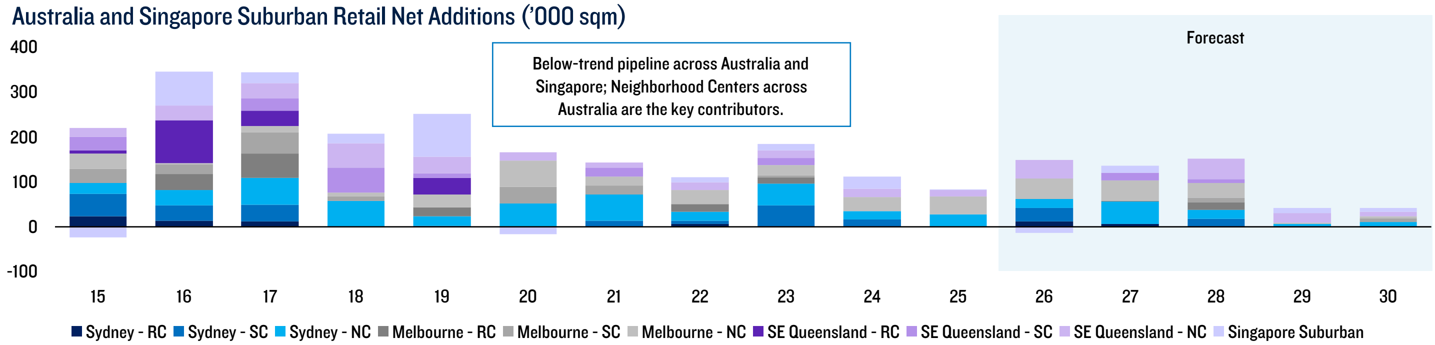


Sources: JLL, PGIM. As of June 2026.

Australia and Singapore Vacancy Rate By Retail Format (%)



Australia and Singapore Suburban Retail Net Additions ('000 sqm)



Note: RC denotes Regional Centers, SC denotes Sub-regional Centers, and NC denotes Neighborhood Centers.
Sources: JLL, PGIM. As of June 2026.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital. Past performance and forecasts are not reliable indicators of future results.

KEY INVESTMENT THEME

MARKET MOMENTUM

There are significant opportunities related to the anticipated upward momentum of cyclical valuations, supporting strategies targeting leasing growth, capex deployment, and capital stack restructuring.

HOTEL

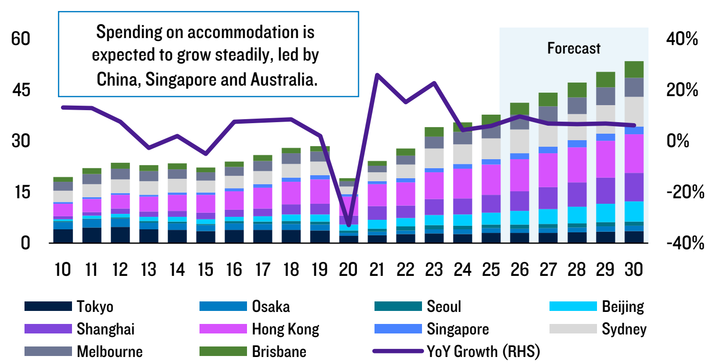
Hospitality fundamentals are benefiting from the recovery in travel, accommodation spending, and business activity, while new supply remains constrained. As occupancies normalize and tourism flows continue to rebuild, hotel assets are increasingly well positioned for sustained income growth.

TOP INVESTMENT PICKS

- Partner third party operators via management contracts for rebranding/refurbishment
- Focus on limited-service hotels and destination hotels

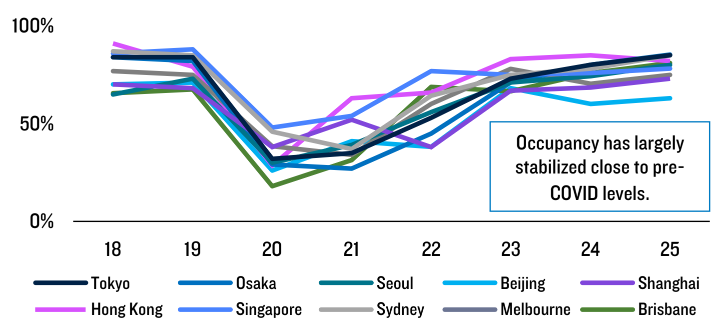
- The recovery in intra-regional travel, accommodation spending, and broader business activity is continuing to strengthen hotel demand across the region, supporting revenue growth in the coming years.
- Many tourism-driven markets still have room to recover, as occupancies and hotel income metrics in several cities remain below prior peaks despite the ongoing normalization in travel flows.
- Business travel is also returning, driving hotel and serviced apartment demand in core urban locations, particularly in capital cities benefiting from improving corporate activity.
- Gateway markets such as Singapore remain well positioned to benefit from the upcycle, supported by their role as regional corporate hubs and sustained growth in accommodation spending over the medium term.
- In Japan, opportunities remain in luxury hotels across capital and regional cities, as well as resort destinations, underpinned by rising inbound tourism and policy efforts to attract higher-spending travelers.
- At the same time, elevated construction costs are constraining new supply, which can help support occupancy, pricing power, and income growth as tourism demand continues to rebuild.

Accommodation Spend by City (US$ billion) and Total Growth (YoY %)



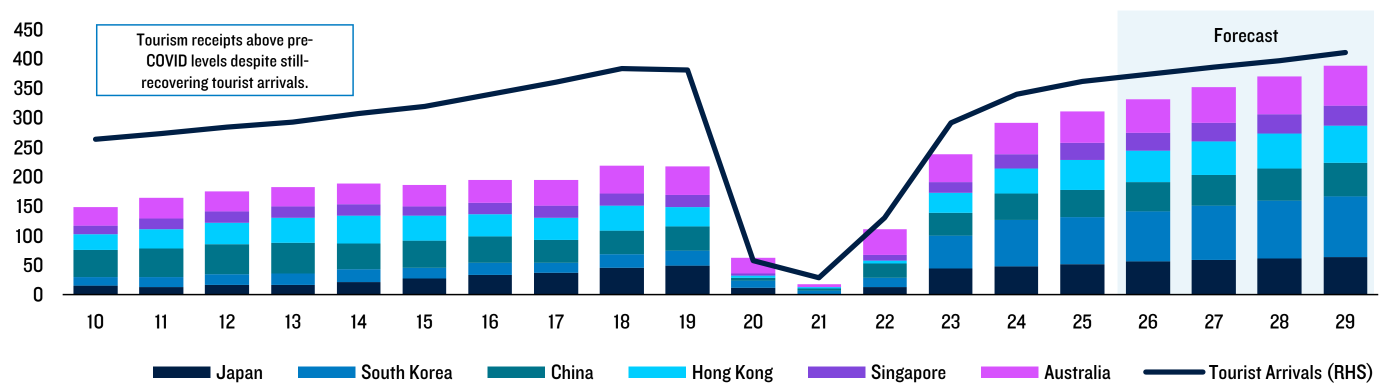
Sources: Oxford Economics, PGIM. As of June 2026.

Hotel Occupancy Rates By Gateway City (%)



Sources: CBRE, JLL, Knight Frank, Savills, STR, PGIM. As of June 2026.

International Tourist Receipts (US$ Billion) and Visitors (Million)



Sources: EIU, PGIM. As of June 2026.

CBD OFFICE

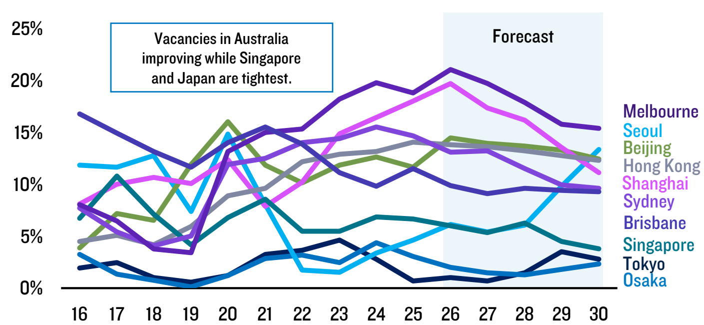
Flight to quality and tighter supply pipelines are expected to continue, supporting prime CBD rental growth, while selective opportunities to reposition older stock underpin incremental value recovery.

- The office sector has faced a difficult backdrop in recent years as net absorption slowed amid heightened macro volatility, but corporate consolidation activity is increasingly reinforcing the flight to quality trend, with occupiers concentrating demand in prime CBD assets.
- Recentralization activities are becoming more pronounced as occupiers prioritize efficient, ESG-aligned buildings in core CBD locations over fringe or suburban stock, supporting stronger demand for modern offices.
- The supply outlook is also bifurcated: medium-term pipelines are generally below the preceding cycle across most markets, with Tokyo and Seoul the main exceptions, although both are entering this period from cyclically low vacancy rates.
- Rental performance is expected to remain differentiated across locations. CBD rents are projected to stay more resilient and continue outperforming the broader office sector across Asia Pacific, despite the persistent drag from weaker China markets.
- At the same time, limited availability of high-quality stock in select developed markets, such as Japan and Australia, continues to create opportunities to reposition or refurbish older assets, allowing investors to leverage the upcycle and unlock incremental returns through quality upgrades.
- Newer, higher-quality office buildings are generally better aligned with evolving occupier preferences, making modernization strategies an effective way to support rental uplift and value recovery over time.

TOP INVESTMENT PICKS

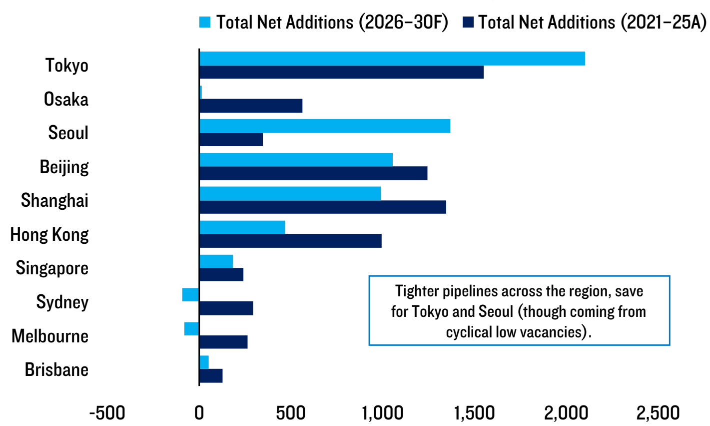
- Flight to quality—prime, Grade A office assets in developed Asia Pacific gateway cities
- Value-add plays to reposition older stock

Prime Office Vacancy Rate (%)



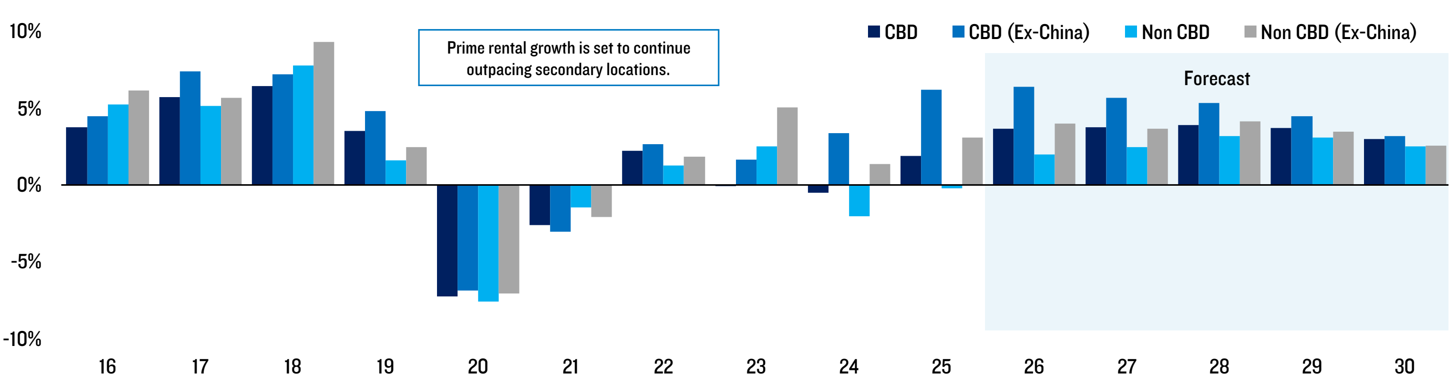
Sources: JLL, PGIM. As of June 2026.

Prime Office Net Additions, Historical vs. Forecast ('000 sqm)



Sources: JLL, PGIM. As of June 2026.

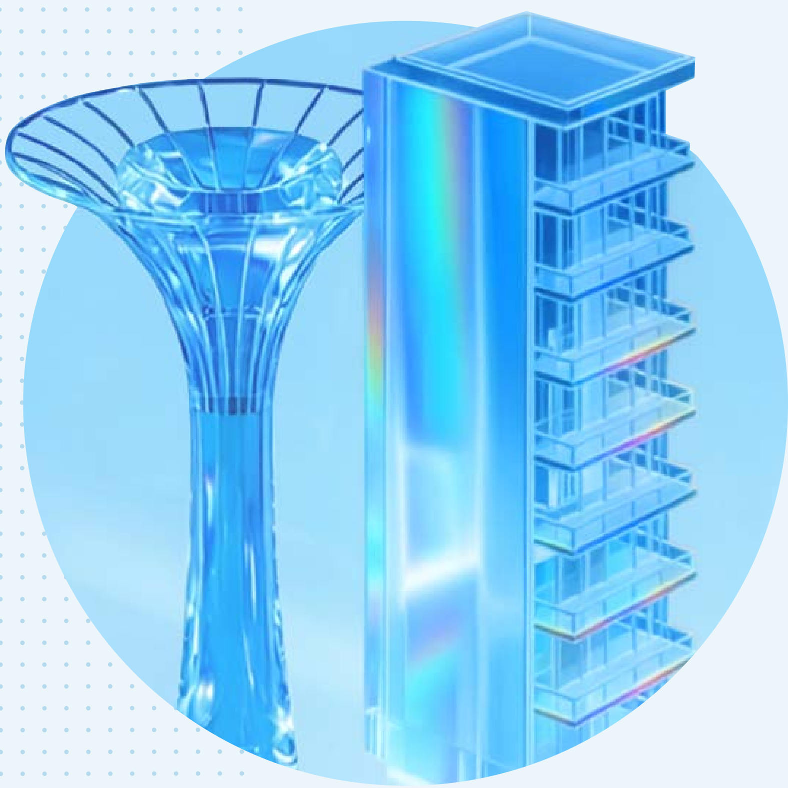
Prime Office CBD vs. Non-CBD Net Effective Rental Growth (% p.a.)



Sources: JLL, PMA, PGIM. As of June 2026.

PART 03

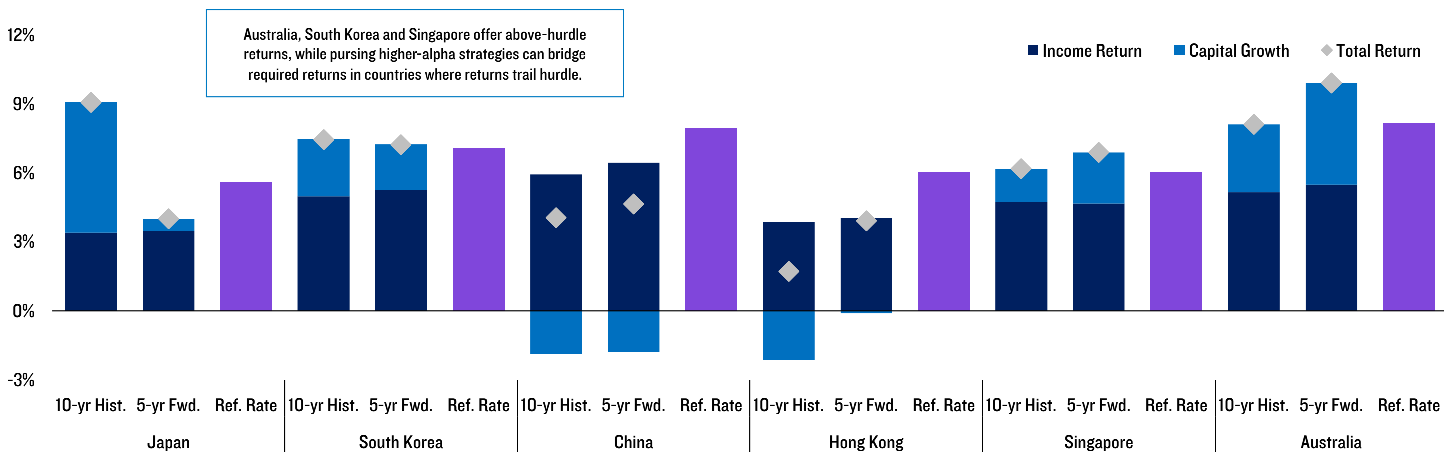
PORTFOLIO CONSTRUCTION



CORE/CORE+ STRATEGIES: EQUITY AND DEBT

Bifurcated sector outlooks point to an overweight to office and residential assets within core portfolios, while more constrained return spreads in retail and logistics call for a more selective deployment approach. Debt strategies supplement exposure to city-sectors where equity returns trail hurdle rates, while offering a more defensive income profile.

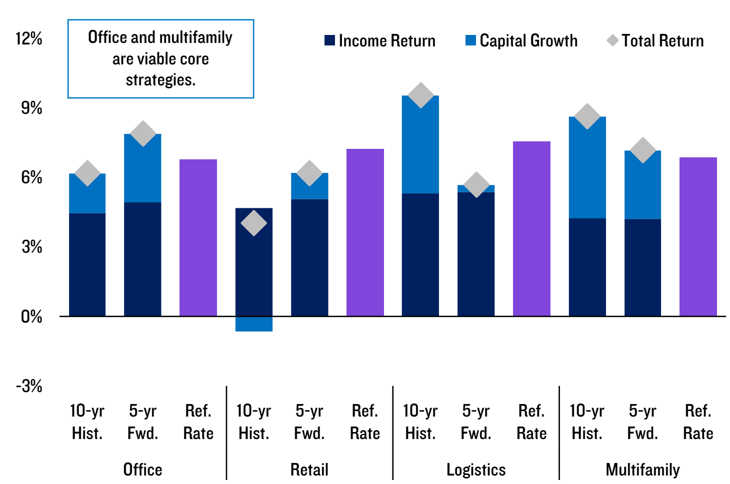
Unlevered Total Return Decomposition And Reference Hurdle Rate By Country (in LCU, %)



Notes: Reference hurdle rates are derived from PGIM Asia Pacific Investment Research's proprietary Asia Pacific pricing model, computed from market level data. Capital growth comprises rent growth and yield impact.
Sources: JLL, Oxford Economics, PMA, PGIM. As of June 2026.

- Core allocations to focus on asset classes with stronger income visibility, supported by cyclical and structural tailwinds, particularly across developed markets such as South Korea, Singapore, and Australia.
- Where forward returns fall short of reference hurdle rates, capital deployment will require greater discrimination at the city-sector level. In markets such as Japan, however, still-accretive financing and resilient income growth can continue to support core strategies despite tighter return spreads, while also enhancing regional diversification.
- Australia and Singapore continue to offer attractive forward return prospects, but elevated global macro uncertainty strengthens the case for diversifying across multiple markets rather than relying too heavily on a single geography.
- At the sector level, multifamily is best positioned relative to core return hurdles, while office offers selective medium-term recovery potential. Retail and logistics are likely to require a more tactical approach, with narrower return spreads making market and submarket selection essential.

Unlevered Total Return Decomposition and Reference Hurdle Rate by Sector (in LCU, %)



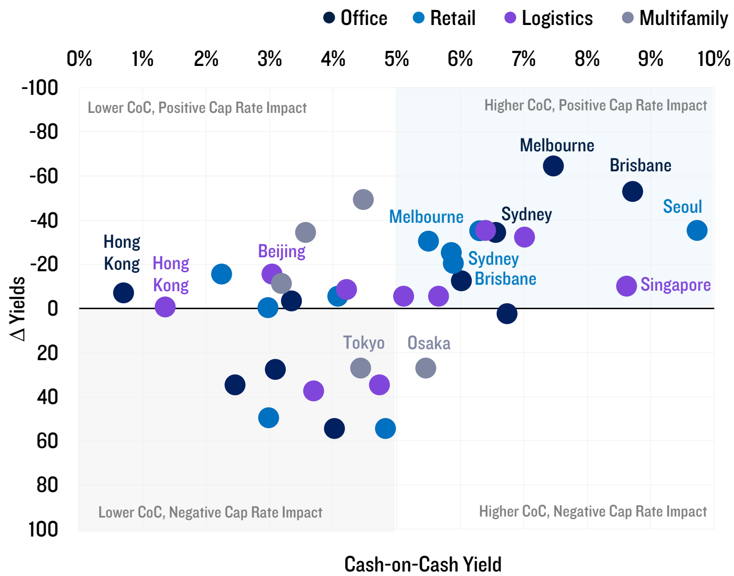
Notes: Reference hurdle rates are derived from PGIM Asia Pacific Investment Research's proprietary Asia Pacific pricing model, computed from market level data. Capital growth comprises rent growth and yield impact.
Sources: JLL, Oxford Economics, PMA, PGIM. As of June 2026.

VALUE-ADD STRATEGIES: EQUITY AND DEBT

As the upcycle unfolds gradually, value-add strategies will depend increasingly on execution, as improving market stability creates greater scope for alpha generation while lower entry values remain supportive. Opportunities are widening where repricing has been more pronounced and operational improvement or selective development can unlock value.

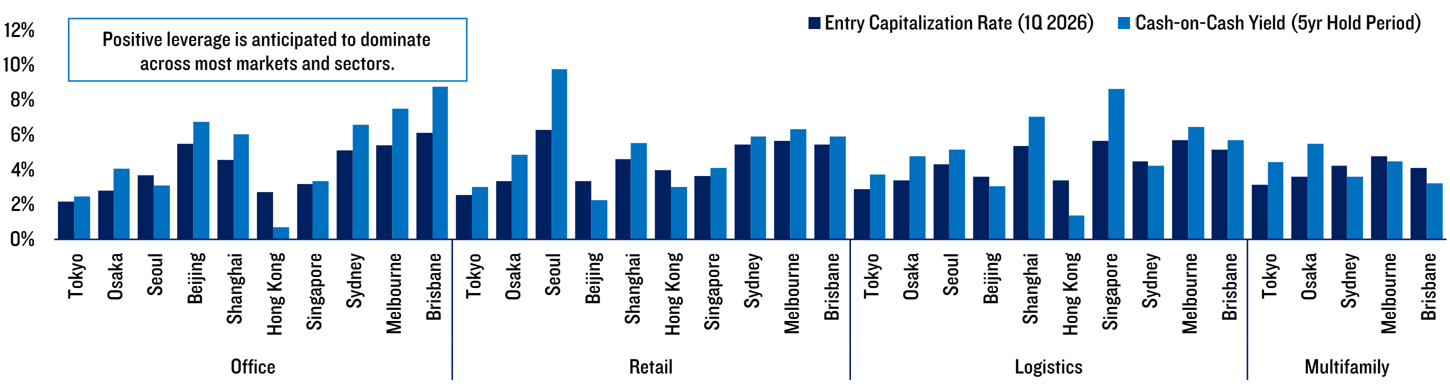
- As core returns recover, value-add outperformance will depend less on leverage or broad-based yield compression and more on active execution, particularly in markets where pricing has reset and recovery remains at an earlier stage.
- Lower entry values remain an important tailwind in markets where capital values have corrected materially. At the same time, more resilient markets with healthy underlying fundamentals may still offer scope to generate alpha through:
  - Repositioning and refurbishment initiatives.
  - Lease-up and rental reversion strategies.
  - Other asset management measures with more limited downside risk.
- A broader opportunity set is emerging where higher financing costs are straining capital stacks, creating openings for both equity and debt capital to support recapitalizations, capex programs, and transitional business plans.
- Operational sectors and selective development opportunities offer attractive value creation potential, particularly in living and selective office and logistics markets, where structural demand remains supportive, supply is constrained and favorable hold-period, cash-on-cash yields create scope for upside.

Cash-on-Cash Yield (5yr Hold Period) (%) vs. Capitalization Rate Movements (bps)



Sources: JLL, Oxford Economics, PMA, PGIM. As of June 2026.

Entry Capitalization Rate (1Q 2026) vs. Cash-on-Cash Yield (5yr Hold Period) (%)



Notes: Refers to Cash-on-Cash yields based on an investment hold period of 5 years from 2Q 2026 to 1Q 2031. The CoC yields are computed based on the projected cash flows with the following cost of debt and loan-to-value (LTV) assumptions: Japan (2.5%, 55%), South Korea (4.3%, 60%), China (3.5%, 50%), Hong Kong (4.5%, 55%), Singapore (3.5%, 55%), Australia (5.4%, 50%). Singapore logistics reflects a land leasehold tenure of 60 years.
Sources: JLL, Oxford Economics, PMA, PGIM. As of June 2026.

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