

THE ASIA-PACIFIC INVESTMENT OUTLOOK

Announcer 00:00

Please welcome the panel on the “Asia-Pacific Investment Outlook,” moderated by Manisha Tank, presenter CNN International.

Manisha Tank 00:29

All right, hello, everyone. Hope you're all feeling good. I've had a cup of coffee. We've got lots of good stuff to get through in this panel. Would you all like to take your seats and then we can get started. Let's first welcome our panel this morning. We have Jeffrey, Chiang Ling Ng and Pandu. Please welcome them to Singapore. It's lovely to have you all here. Pandu, I didn't know if you were going to make it, so normally, we have these chats before we all meet by email or something like that. We didn't hear from you, and I think you're going to have a lot to say this morning, actually, funnily enough. But the first thing is, obviously, we're here to talk about the Asia Pacific investment outlook. There's a lot going on in the world at the moment, as you all well know, and every single morning, the headlines, they're shifting changing. Some people say that headlines coming from the US change every six minutes or something. I've heard that recently. But as we keep our eye on everything that's happening, we have to ask what deal flows are going to look like, what capital flows are going to look like this year in the Asia Pacific. We've got some really exciting news, as we're going to hear, in terms of sovereign wealth in this part of the world, and also some really pretty bullish stats, I think, on real estate as well. So let's get into it. I'm going to just go down the line. Jeffrey, how was, how has 2025 been so far? And how do you see us progressing into the end of the year?

Jeffrey Jaensubhakij 01:53

Well, I think 2025 has been, you know, obviously, a year of uncertainty, and for the region especially, you know, the uncertainty around the tariffs, where will they settle at? You know, could have been very debilitating, but I think there were two things that have really helped. I think the first was that China—majority already started to recover last year from a stock market perspective and so on, and stabilization of the economy, continued to do that this year and that, you know, being one-third of the Asian economy was a very substantial part. But I think the

other thing too was that very early on, it became clear that interest rates could fall, right? Not only from the perspective of the US, where obviously the administration pushed the Fed very hard on trying to get them to reduce rates, and the markets projected that forward and reacted very positively. But also because the dollar, which is affected by interest rates, also started to fall. That created an umbrella for the rest of Asia, for us, which already have, where we already have lower inflation than elsewhere, to be able to see rates come down. So with a weakening dollar and falling rates, actually, this is traditionally a very good environment for Asia Pacific. And so you've seen the capital markets, the stock markets, the bond markets, actually do quite well in our region. So I think that that will continue for the balance of the year. And you know what, what the markets are projecting, and which, you know, I think is a reasonable thing, is that, because there is so much stimulus from the monetary side, but there's also stimulus from the fiscal side, whether in Europe or in the US, that actually forms something that should more than offset the problems from tariffs. I think the problems from tariffs will be where production has to shift and how trade patterns change, and that means that some countries will do exceptionally well, some won't. And we will see movement along there, but the overall stimulus, I think, should be positive.

Manisha Tank 04:02

What about real estate, Chiang Ling? Slightly different in terms of the trajectory or the timings around those investments. But how was 2025 so far? And what are you looking at as you look into next year?

Chiang Ling Ng 04:13

Certainly, 2025 has looked a lot better than 2024. We begin to see flows into what Jeffrey also said, as interest rates stabilize, and in many places also starting to fall, money does come back to invest in real estate. It's an asset class that is illiquid, and it can drive stronger returns than public markets. And so that's where we play in. And I think that you know, with rates, the trajectory of rates looking a lot more clearer. It's going to be good for our asset class.

Manisha Tank 04:46

Pandu, Danantara, established what was it? February 2025, earlier this year, absolutely raring to go. The enthusiasm with which you're speaking about deploying capital is quite incredible. Massive budget. What is it? 900? What are we looking at? 900 billion?

Pandu Sjahrir 05:01

Probably closer to a trillion dollars of capital, or of assets injected into Danantara.

Manisha Tank 05:07

Okay. And how is it going so far? What are you projecting for next year as well?

Pandu Sjahrir 05:11

So for everyone, my name is Pandu from Danantara. It's a brand new company, much younger than any of our panels. We are about seven months old. Formed in end of February, we started with three people. Now today we're probably closer to 300 people from nine nationalities, so still very young. But what we're doing this year, frankly, is to set up the people as well as the process. Maybe a bit unique compared to other countries, we inherited about close to a trillion of asset, 1,063 companies, which I think, if you rank in sovereign funds, top 10, if not top five, in the world. So massive complexities that was given to us. And what the idea of President Prabowo is to make this really as a full corporatization of the SOE. And what does that mean? In Prabowo's mind, it is a big cultural shift, mindset shift, to move from essentially some of our companies, I've really started with a lot of political needs. The idea is to how do we make it fully corporatized? So it's a massive undertaking that we're doing, and out of the 1000 companies, only two are in the Fortune 500, but there are 18 companies that are public listed that makes up close to 30 percent of a public market. So you know, it's significant in a domestic market. But our big goal is twofold. Number one, on the companies that are already the Fortune 500s, which is PLN and Pertamina. How do we make it more of a national or global or regional champion? Those that are national champions, like the Bank Mandiris of the world, how do we make them stronger and become regional champions? And then for the rest, can they become national champions? And if not, can we consolidate them? And if those companies that you know should not be there, how can we either merge it into one of the leading companies or liquidate. So, that's one job. The second job is we actually have to increase the dividends before the dividends of all our state owned goes to the state budget. Now, we want to focus on reinvesting those dividend in the markets. We already get through law that we can invest globally, which is most important. And number two, through the law that we form in end of January, it has to be for profit. And we cannot have any politicians. The 300 people all come from private sectors, mainly. So now, the big job that we're doing this month is the first month that we are deploying capital from the dividends. Our job is here, in the Milken, is actually to start building partnerships with, you know, global fund managers. How are we able to allocate both in the public market, as well as in a private market? So this is really day one of our company.

Manisha Tank 07:51

So far, though, and let me just go straight into a follow on. Part of the investment outlook depends on the conversations that are happening. It depends on the partnerships that are beginning to form that then become that deal flow further down the line. Are you beginning to see a lot of interest in partnership? Are you managing to have those conversations? And, you know, it's apt that F1 is happening this weekend. You are like an F1 car trying to get off the grid very quickly.

Pandu Sjahrir 08:17

Yeah. I mean, this is really, I mean, for some of the existing potential partners we've had this discussion since the first Milken in April, when it was only 30 of us, so really it has been massive move within Danantara. Here, we're finalizing some discussion, but we're also meeting new potential partners within this Milken and F1 conference. I

think there's about more than a dozen of us, either here, or in other conferences within this week. And the idea is, how can we start deploying that capital? Well, both here in Indonesia as well as abroad.

Manisha Tank 08:49

As I understand it Chiang Ling, Hines has a fairly bullish position on the investment outlook for APAC, but we do have to think about challenges. In the conversations that you're having with people, what are the kind of areas where you're perhaps getting stuck, you're having a little bit more debate about the outlook?

Chiang Ling Ng 09:09

Yeah, Asia is the growth engine for our portfolio, and we're bullish about Asia because of the stronger, wealthier, and more self reliant environment that Asia now stands. The notion of stronger is about economic weight. It's about geopolitical influence. We also look at R&D spend. Asia now contributes to 50 percent of global R&D spend, and just by way example, China already spends more R&D dollars than the entirety of the European Union. Where there's R&D, there will be innovation, and the likelihood of having productivity gains is definitely higher, and that's kind of where asset value creation of wealth can happen. So for us, this is a very important pillar we're looking at in terms of how we want to stretch our opportunity here in Asia. On the point of wealth. I think some statistics will suggest that half of Asians are middle class or richer. This is about 2 billion people. Just think about the consumption. Just think about the wealth creation, the necessity to invest, as well as to provide wealth planning needs. This is a huge opportunity for all of us in this room. And thirdly, I would say that in terms of self reliance, trade across Asia, half of it stays in Asia. Of the 25 global trade routes, nine on Asia to Asia, and importantly, 70 percent of global manufacturing is in Asia. So, we're no longer a collection of assembly lines, but really the full supply chain. So, all these gets us very excited for Asia and for a firm like us as a global investment manager with 70 years of track record, our portfolio today is only 10 percent in Asia. So when you think about the economic weight, the investable universe, we think that we've got a long way to go in Asia.

Manisha Tank 11:07

So are you saying, then that, obviously, the trade environment has evolved over the last nine months or so? Are you saying, though, that that's not having an impact? Because I would have thought, you know, that might have been calculated in your projections.

Chiang Ling Ng 11:20

There are some challenges, no question, Manisha, maybe more along the lines of existing exposure in the mainland, for example. If anything, it's a diversification of production, based production lines, which, as far as we can tell right now, is more about moving to other parts of Asia. There is pressure to move back to the States a bit more of these capabilities. It will take time. It will take time. These supply chains did not build up over two, three years, or even four years. This is a 30-year trend, so there will be some disbursement. But, we think that the bones in Asia, the

infrastructure in Asia, is so well set up that, on the one hand, we cannot be too ingrained in what we already have, but also have the mindset of looking out for what could be possibilities. Just given that 60 percent of humanity is in Asia, this is the opportunity. This is human capital we cannot ignore.

Manisha Tank 12:21

Very much, understood. Jeffrey, in terms of capital flows. I know that you have some views, and 2024 was a pretty strong year. 2025 shaping up to be the same. But let's just talk about the private equity space and deal flow and the kind of money coming through. Do you think that there is, there are any elements of weakness that we need to look out for?

Jeffrey Jaensubhakij 12:42

Yeah, maybe could I expand the question a little bit, because I think I'd like to talk about two aspects of the flow, right? So, I think the first aspect, which is a positive one, is that, you know, flow, you know, investors tend to be momentum chasers, so we see something go up, and then we say, Oh, well, you know, I should have been in it. I should look at it, and then it goes up some more. And then I should have been in it. Let me get into it. And so, quite often, when performance happens, then capital flows follow. And this year, if you are measuring yourself in local currency terms, essentially—sorry in dollar terms. Essentially, Asia has outperformed assets in the US, assets in Europe, in dollar terms. And this is the first time in quite a long while, mainly because the dollar has depreciated by 10 percent, so you've got a 10 percent bump up in dollar terms relative to everything else. Just by being in Asia. And that, I think motivates in capital flows to think about, okay, so where, where else can I continue to get this kind of dollar returns? And so, I think we're starting to see global investors, whether in Europe or the US, pay attention to Asia again in a way that they've not paid attention to the last 15 years or so. Now, why have they not paid attention in the last 15 years? It's actually because, although we have been in the Pacific century now for 25 years, Asia's growth is 50 percent or higher of all global growth. But profit growth in Asia and returns to capital markets in Asia, whether it's public equities or private equities, has been substantially below everywhere else in dollar terms because the dollar had strengthened. But even you know, in local currency terms, they've been really quite disappointing, and that, unfortunately, is still a problem that Asia needs to solve. It's that, why is it that all this growth that flows into real estate is not captured in the equity markets? And it's especially important for private equity, because private equity, when they put money in, needs to be able to exit. And there are only two ways of exits, either strategic buys you, private equity buys you again, or you exit in the public markets. And so much of the pricing depends on the public markets. So, I think we still have a problem for private equity in Asia, and it's not just China. It's everywhere, but India, where the public markets have not given private equity investors an ability to exit. So, I think the capital flows, which a falling dollar and lower interest rates will definitely help to bring to Asia, still needs the public markets to not only do well for a year, which we have had, but continue to do well for a couple of years, so that the exit multiples, the exit valuations that PE can get, are sufficient for them to really put additional money in. I'm hopeful for that. But, you know, there's a lot that governments and stock markets need to do to help in terms of corporate governance. I know, you know, Japan has been very successful, and it's got a value added corporate governance push. Korea is pushing very hard. I think this, amongst other things, will really also help those public markets to perform well, allow for exits, and then private equity can then follow. I mean, today, private equity in Asia is a tiny fraction of global private flows. And, you know, to grow from that tiny fraction to something more substantial, I think the public markets needs to perform.

Manisha Tank 16:38

That's a very interesting point. Yes Chiang Ling?

Chiang Ling Ng 16:39

I like to add that I think if it's with reference to the last 15 years, cheap and abundant availability of debt, particularly in the Western markets, was probably one of the reasons why they've also outperformed really well. In Asia, we're generally borrowing from banks, maybe a private fund here or there. But you know, as we look at the global opportunities, the last 15 years was very much driven by flexible abundance of debt, particularly in America. So that has actually probably been a little bit harder on a fast forward 15 years perspective from now. So I think things could change for Asia.

Manisha Tank 17:14

Interesting. You mentioned America there, Pandu, can I take it to you? We had a really interesting conversation in the speaker's room earlier, and we were sort of talking about news flow outside our borders, outside this region. How much are you thinking about that external environment and its possible impact on the region?

Pandu Sjahrir 17:30

I think geopolitics probably now picks up 60, 70 percent. It's quite significant in terms of thought process, thinking, given that we are a new sovereign fund too, and our job is to create partnership. One of the things we do is, how do we align well with other sovereign funds? Obviously, here in Singapore, those in the Middle East, as well as in North Asia, we start establishing this type of business partnership to create capital formation both in our home countries as well as their home countries. With the idea for us is, how can we transfer, technology transfer knowledge, transfer, know how? I mean, essentially, that's what we're trying to do. But again, what's going on? We were just in UNGA last week, so we saw, you know what's going on. Our president gave a fantastic speech about unity, about peace, and where we have to give security both for side of Palestine, as well as for Israelis, right? Because that's the only way peace can be achieved, which was very well received globally. So with that, how we translate and how we're thinking about investment, I think majority of it is thinking, how does this geopolitical play? You know, somebody mentioned to me, you mentioned to me earlier, three weeks, four weeks ago, we had a issue domestically, but that was solved after three or four days, and now the business world is going on. But that actually is a good wake up call too for us, because at the end, it's about the economy. How can we make sure that there's prosperity for the people we're doing? That's why within Danantara, too, we have to start investing. How can we create also job creation for our country? Because at the end, it's all about the economy, and this is also important. You know, we live in a world that is supremely interconnected, that is now trying to be disconnected in a way. But that's very hard to do, because I do believe in the law of comparative advantage. No one country is exceptional at everything. So, we have to create this partnership. We have to be able to, for our country, create further prosperity. And you know, Danantara, essentially, for me, the way I look at is this human capital bank. We

want to recruit the best talent to come. So we mentioned 300 people, but you know, that is something that is not well known. It's almost close to nine nationalities that have joined Danantara, and probably more. So just learning from Jeffrey too, you know, how GIC first started. You know, this is something that we inspired, and as our president say, we want to copy with pride. You know, some of the best things that other countries have done. So this is, you know, day one of what we're doing. But again, you know, geopolitical concern is top of mind.

Manisha Tank 19:59

Let me just push some of these challenges a little bit further as we examine the outlook. Actually, some of the pictures that came from Jakarta and from Indonesia were quite disturbing. We've also seen Gen Z uprisings in Nepal. We've seen it happen in the Philippines, as well. And you've all talked about, and Jeffrey, you talked about, there's just a huge amount of money in this region, but then there are, as a generation, saying, well, where's my money? You know, where is all that money going? So there are expectations to manage. There is a job to be done. How do you do that job in making sure that the hearts and minds of the people move with you. That is the part also of the economic policy, isn't it?

Pandu Sjahrir 20:42

Yeah, but I mean, for us, Danantara is actually, at least domestically, it's also special, extra pressure. I told everyone in Danantara, you know, there's a Billie Jean King quote, pressure is a privilege. Working here every day you'll have significant pressure, but that's the privilege you're in, right? And the thing that I underestimated when I first started this job, and now I kind of said, Okay, this is really my job, is communication, and communication to all stakeholders. This is part of my job. But the big one is in Indonesia is, what are you doing? You're centralizing all these businesses. Are you going to be corrupt? Because the idea of corruption is significant, right? And I know what President Prabowo is trying to do is to give cold shower to this idea. We're doing cold plunge every day, and it's not four degrees. It's close to zero degrees, in terms of changing this cultural shift. That's why in Indonesia too, even business people are thinking of, how do we approach Indonesia today? Because it's a significant shift that President is doing. So you know, to answer your question and maybe better in a private session. What we're trying to do is to change the cultural perception domestically first, so that when we are here in Milken and in future Milken, you look at Indonesia not with a big trust deficit and question. I'm one to bring this to trust neutral and bring it in the next five years. If I have a goal to trust dividend, that's what we want to do. But this is a significant work we're doing, and what we have to do is communicate.

Manisha Tank 22:14

I have to say, I did watch you being interviewed in a podcast by a couple of young Indonesian interviewers, and they did grill you somewhat on these issues.

Pandu Sjahrir 22:23

The young people shift the country. If you look at what happened four weeks ago, the one that's pushing for change are the young people of Indonesia. At the end of the day, you cannot ignore them, because they will be the leaders of our country. You have to listen. We all are learning to listen and we communicate. We cannot be defensive. We have to learn, listen, and then see, okay, what are the best things we can do, and then work, work that out.

Manisha Tank 22:46

Chiang Ling, can I pick this up with you? So, you're bullish on real estate. You really believe in Asia. You really believe in you know, this is going to be a strengthened outlook as we look out for the next few years. But, how do you make sure that that is a well distributed gain for the region. And I'm sure that there are spots where you're going to see, you know, we have differentials in interest rates, we have differentials in growth. So just walk us through some of those differences in the challenges that come with it.

Chiang Ling Ng 23:12

Sure. The resiliency comes from the diversity of Asia. We're talking 50 countries in this region. On the one hand, it sounds very challenging. Different cultures, different history, different customs, different forms of government. Some markets we deal with are more tenant friendly. Others are luckily landlord friendly. So it's really looking at how to get the energy from the opportunity to blend and to make sure we create a portfolio that is diversified enough, and to drive risk adjusted returns that make sense. So, the correlation is very low in Asia. So, the question is, how do we fight for talent vis a vis Pandu, to get the best people to come work for us, to invest well, on behalf of our clients.

Manisha Tank 24:05

Interesting. You know, I read, I think it was just in the news this morning, so China is now offering visas to attract tech talent. Now, I found that really interesting. As we again, we're looking at the investment outlook. I want to talk about the race to AI. We talked about AI when we were upstairs in the speaker's room. Perhaps you just want to extend on sort of your view on this AI race that could be emerging and what it means in your industry as well.

Chiang Ling Ng 24:31

It's about using AI to drive productivity gains in our work processes, and even sometimes it links back to some of the sustainability things we have to do. Reading, how we're using our resources in the buildings, how we optimize them, and ultimately, we can use them, you know, at the optimized levels. Then clearly it goes to the bottom line, and it drives asset value. I think the other one is really to Pandu's point as well. You know, how we activate the young people? Right? How do we do things that they want, they like? And one of the things we see is the evolution and the institutionalization of living as a sector to be investing in. It is a lot harder to be owning homes for the younger generation. So what do we do with them? Right? Can we help them rent better, provide better

amenities, and better living conditions to support their ambitions and the aspirations? So, we've seen that done very well in Japan over the last 15 years. When we see this opportunity potentially becoming a big one for all of us in Asia, across Asia Pacific.

Manisha Tank 25:48

Okay, Jeffrey. As we, I'm just wanting to look at some of the challenges. Climate change. And we've already mentioned climate change, aging populations. We're increasingly talking about this now. How is that affecting the kind of, again, the kind of conversations that you're having, the kind of expectations that you might have to adjust when you look at the coming 5, 10 years?

Jeffrey Jaensubhakij 26:11

So I think, let me take those two separately. So I think for climate change, I mean, we really are already in a crisis. May already be too late. The oceans are warming. That's affecting wind patterns. It's creating extreme weather all over the globe. And yet, governments and companies and the finance industry is actually retreating from wanting to do something more quickly, in part because the things that that need to be done are all very expensive. They are low return on the investment front. And the only question is, well, if we're retreating whilst the problems are increasing, what gives? And something will give at the end. And my own fear, is that what gives, is that at some point the problems become so large that they need to be addressed in a very drastic way, both with severe, severe kind of restrictions, as well as severe needs for adaptation, which are very expensive. And when that comes, governments will be imposing restrictions which are the equivalent of taxes that you know, make it very expensive to do certain kinds of businesses and so on. And at that point, from an investor's point of view, many of the companies that look like they're earning great profits today may not be able to earn those profits. So I think it's something that as investors, we still need to think about, because we're heading in that direction. And right now, it does, it doesn't look so positive. You know, you can help ameliorate that a little bit by investing in solutions that are most likely to come out of that kind of situation in a positive way. So whether it's green buildings or whatever, so long as it covers your cost of capital. You know, those are the things that we really should focus on. On the second point, which is really around aging populations. I think this is, this is a really, you know, kind of—demography is, is, you know, is kind of the certainty that it's going to come right? You know, you know it's going to happen for sure. And I think there are two ways to address it. So, you know that your working population is going to shrink, the dependency ratio is going to rise, your costs are going to rise. And essentially, what that means is that, you know, you will have to run budget deficits or whatever, in order to, you know, pay for all of that. And you need your working population to rise in productivity to be able to pay for it without making them completely destitute as a result of that. So, the ability of any country to face the aging demography is really around whether they have the right policies to increase productivity within the working population that they have, as well as extend the working life of folks you know, to retire later and so on. But even as they retire, they need to be more productive. And so the question is, you know, what are the things that you need to do to be able to do that? And I want to come back to that AI point, because it's a very important one. Gen AI can be incredibly democratizing, because unlike previous types of tech, you know, in order to really be able to implement it, I needed to know how to code, I needed to be quantitatively minded and so on. Today, I just need to be able to speak English. And I speak it into, you know, my phone or whatever, and or type it in, and it solves a problem for me. So in theory, actually, everyone can be much more productive if we can harness the use of AI for productivity. Unfortunately, the truth is

you know, all the studies show 95 percent of people who use AI today are not harnessing it well for their productivity. They're not gaining anything out of it, and the 5 percent will win market share and so on. But, so important for a country that that we find ways in which we can harness that to gain productivity in every industry, and then that way, I think that the aging population and the costs of that that are involved in that can be somewhat solved. So I'm hopeful, but it requires us to apply our minds much more, much more to the problem.

Manisha Tank 30:37

Okay, perhaps it's another panel, like a whole panel about AI, but I think there's something around the opportunity of using AI, not being equally distributed as yet. This is not something that everybody has access to or even understands how to use. Pandu, let's take it to you. You have your own set of challenges in Indonesia, and obviously climate change is a big one that you're having to think about. There's a lot of investment that's going to have to happen on that front. How are you looking at that? And what are you looking at in terms of volumes, in terms of the capital that you're going to have to deploy to manage and solve those problems?

Pandu Sjahrir 31:13

So there's two. We've doubled down on our commitment on SDG to be carbon neutral by 2060, and I think PLN has also, our electricity grid, have also announced that they want to bring another 60 gigawatt of renewable energy in the next seven to eight years. So, there's a couple of things that we have to do. We have to reinvest in renewable project in a very meaningful way. So, number two, we also have to create new transmission line within PLN and smart grids in the distribution. But, you know, one of the things that we just announced two days ago is a big project on waste to energy, because environmental is such a big problem in Indonesia, it's a big problem because of the health problem that it creates, right? Number two, it also creates, especially for cities like Jakarta, where we probably have one of the biggest waste issue in the world, it also creates a quality of life problem. So people talk about pollution, air quality. So, you know, we just introduced a presidential decree, and Danantara will be the one responsible on executing this. We're creating, I think, essentially, one of the largest waste-to-energy projects globally. There's about 30 locations, mostly in the big cities. Jakarta Valley, top of mind for a lot of you, where we essentially create waste-to-energy projects, incinerator, mainly. But we want to partner with the best technology provider. Obviously, it will create job creation. It will create secondary businesses behind that, but the most important, it solves our environmental problem. So this is also top of mind. We've announced it two days ago. Now, there's more than 60 companies that are actively wanting to participate. And you know, hopefully we can create that into reality in the next two years. So that's really a big job for us. The big one on renewable energy too. I think we are going to do that with PLN and Pertamina. Those are the two with the big renewable energy platform. Sometime in the first quarter next year. So, you know, a lot of work to do, especially on the environmental side and the energy transition side.

Manisha Tank 33:16

Jeffrey was saying earlier about, you know, the finance community retreating somewhat from, you know, pushing for more sustainable finance. Are you? Are you finding that, is that a bit of a challenge in your conversation?

Pandu Sjahrir 33:28

So no, I think there's a lot of, especially not from the finance community, but really a lot from technology providers. I would say industrial players really focusing because Indonesia is such a big market for them to come in. But I do agree with the comment on the public market. For a lot of people here, you are capital allocator. Public market is probably the most important way to recycle capital. So for us in Danantara, too, we obviously, some people call it liquidity provider, because we have to invest in the public market. But we're really pushing. How do we increase the daily trading volume? The way I look at this is, measurement is just daily trading volume. We're only at a billion dollar today. If you look at India, a billion dollar was 2012, 2013. We have to go at least five to \$8 billion the next five, six years. So the biggest report we need to focus on is on public market. Because I know the audience here really are private equity, pension fund managers. A lot of it is really focusing on that recycling capital, if it's another, what is it called? Event where mostly our technical people, Indonesia is a great market, because it's a place for them to create capital formation. So, I agree with the two panelists on that.

Manisha Tank 34:41

Thank you for that. I'm glad that you raised India. I want to talk about India, and also China. So, we've seen this moderation in China. I wanted to get a view from all of you, actually, on what that means for the rest of the region? And also a lot of excitement about India. Is it? Is, you know, is it? Is it wise to be that excited? Is there anything that we should be on the lookout for? Chiang Ling?

Chiang Ling Ng 35:04

Yeah, I think for China, it's really been a huge shift in terms of at capital allocation. I think this was probably signaled from a couple of years ago when they talked about the three red lines, and obviously in the world of de-globalization and stuff going on in the geopolitical space, I think it was inevitable that most of the resources had to be put into new economy. And you're seeing the positives, the benefits that the Chinese economy has been able to reap from this very sharp shift in its allocation of resources. So, I think that for us, China is going to be a main market for our business in Asia. It's just a function of how we play. We may have been more into the world of bringing international investors to invest in China and hopefully sell to the locals. I think in this day and time, it is more about finding liquidity through the insurance world, onshore, and this is something that we've been very actively involved in, to replace and to recap assets in a way that suits insurance money and to the extent the asset, and particularly the cash flow profile fits insurance capital's requirements. I think it's going to be a pretty big trend for many of the investors. I think more recently, you know, there has been also C-REITs that were listed. And I think the one that strikes me as very innovating is the fact that a Singapore company was able to sponsor a REIT on the Chinese market. All of us know they tend to favor SOEs. So this, to me, is a huge breakthrough, probably a function of how tough the market is. And for us, I think the opportunity the next decade is really India. The growth opportunity there is tremendous. There will be another 170 million young people coming to the workforce between now and 2040 actually. Household incomes continue to grow. Last 10 years, maybe closer to 8 percent, and the next 10 years ratcheting up to 9 percent. So we kind of see that as maybe 20 years behind what we saw in China. So this, to us, is a great opportunity. And we've been in India for 20 years. We've never been this busy. We are developing 20 million square feet of projects across 12 projects. So, it's going to be the office of the world.

How many of you are in businesses where the global capability centers are moving to India? We're talking 2400 companies that will have global capability centers in India. And in our leasing work, our clients tell us they have transitioned into a India first strategy. So what does this mean? It basically means that for any role, let's hire an India first. If you cannot find the role in India, let's hire where you need it to be. Now, this is a very high threshold. So I think this is the biggest trend. I know India probably has disappointed many of us, including myself, in its history. But I think this is one time where I think things are a little different.

Manisha Tank 38:20

Okay, so long as AI doesn't eat in to some of those potential jobs.

Chiang Ling Ng 38:25

AI also needs human capital. We in the back, in the back of whatever we see on our headphones. It is somehow someone working somewhere to try to optimize, to try to improve the code and to make it easier for us to use.

Manisha Tank 38:39

Jeffrey, do you have that same level of enthusiasm?

Jeffrey Jaensubhakij 38:41

Yeah, no, I do. I mean, I think, I think India, you know, growth has fluctuated between five and a half to eight. I think when, when it's eight, everybody kind of gets too enthusiastic, including domestics in India, that is going to be eight forever. But then, you know, when it's five and a half or so people get too pessimistic that, oh, it's going to get so, I mean, India has been able to deliver that 6 percent, six and a half percent for decades now. And amongst the public markets, it's the only market in Asia that you can have double digit returns, or close to double digit returns in dollar, decade after decade. And why? Because India is on a development path. It's got, it's got, you know, good laws. It's got quite a lot of infrastructure on the financial system side to allow that. So I think it's definitely an area that you know, we should, we should continue to look at. Can I touch China, just very quickly? Which is that, I mean, none of us need to invest in the Chinese economy at large, we only invest in niches or pockets of things that really interest us. And for an economy that's the largest in the world, with the largest number of patents being filed, R&D spend. Largest number of tech graduates, you know, STEM graduates, and the most entrepreneurial group of tech graduates anywhere in the world, including, you know, more entrepreneurial than India, you could argue. There must be new things that are being developed that you can invest in, and we should be looking for those things and not saying that, you know, I'm going to throw the baby out with the bath water, because the bath water is dirty. I mean, it is. It is an economy that has a tremendous amount of misallocation of capital, whether, you know, government directed or even private sector directed, and they've got to work through through those things. And so growth will definitely need to slow down as they work through

that. But it doesn't mean that there aren't impressive pockets that, you know, all global investors should, should look at.

Manisha Tank 40:49

Speaking of impressive, you know, we have this conversation. So we said, China, then India rose. Do you see this? I sometimes wonder, Indonesia, this incredible country, huge population, young population. Do you think we'll be having this kind of a conversation about Indonesia 30 years out, 20 years out?

Pandu Sjahrir 41:06

Yeah, I think one of the things, Indonesia is a wonderful story, wonderful place, but we're not very good telling our story. And you know the best way, and this is probably my own gripe, honestly, is our capital market. If you have a bigger capital market, people will create the macro story for you. The macro story in Indonesia is actually fantastic. We have a great young population. Our politics, President Prabowo, has an 80 percent plus approval rating. So the politics, obviously, is safe, right? And in terms of economic growth, you know, it's four and a half 5 percent, low stable of inflation, but that's the macro. For capital allocator to come we need that liquidity in the market, but I'm actually optimistic. One of the things we're doing now by putting all the SOE into one and we're obviously a big part of that capital market. We have a significant responsibility of adding depth into our own capital market. We're happy to be the first capital. We want all of you to make money in Indonesian market, but we have to add that liquidity. And I think this is something we're very cognizant about. And, you know, we're very focused on, right? So we would love for both of them to invest more into Indonesia. But, you know, it's our job. It's our responsibility at the end, nobody else to add excitement into our own, and we have to create confidence. And that's why we're here. One of the things that we also understand, I think, our president understands, we need to communicate better of what are the wonderful things we're doing. Sometimes, we always say, action speaks louder than words. But now I'm also learning in this job, I also have to tell the narrative. We have to tell the story of the wonderful things happening in Indonesia. Most people that have come, I know some of you have come to Jakarta from the private capital side. Most of you are surprised by how well developed it is, because most of you just look at the capital market as the first reference. Indonesians themselves have under invested in our own capital market. So this is really for us, it's a good sign that we first recognize the issue. Now we have to solve it together.

Manisha Tank 43:06

Okay, I think that's a wonderful point at which to end our main conversation. The last thing I'm going to ask you, you've got about two minutes on the clock. The last thing I'm going to ask you, really, is for one word, or I'm going to be generous and say a phrase that would coin how you're feeling about the next five years. So, Jeffrey, let's begin with you. Have I caught you like a deer in the headlights?

Jeffrey Jaensubhakij 43:28

No, I think you know what, what I mentioned a little bit earlier around corporate governance. Actually, what Asian companies, if, if we can manage our companies better, improve our ROEs. We, you know, actually the results will come and then the capital will flow in. I think, you know, we've got all the growth. The top line is growing well, but the bottom line isn't growing as well. And then, per share, bottom line, it hasn't been that good. So, I think that's something that we, you know, we have to put it on ourselves to fix. As we fix that, the opportunity to raise ROEs and then to pull lots of people's capital markets attention into the region is very high.

Manisha Tank 44:08

More than a phrase, but I'll allow it.

Chiang Ling Ng 44:09

Since you've given him so much time and words, I can also do similarly. While I've been in the private asset space for the entirety of my career, it's illiquid. We have to think long term. So I would say that, you know, it's very important to ignore the short-term volatility and the noise, and really to look long term into secular trends. What is the rewiring happening in the industrial space? The people, what they want? How do we create peaceful, happy societies? And invest along those sustainable growth to create progress and prosperity for the communities we live in.

Manisha Tank 44:10

Pandu, you get you got the first word. Now, you get the last word.

Pandu Sjahrir 44:23

I think for us, cultural shift. For Indonesia to go from a developing market to a developed economy, we have to shift our culture. No longer is about the wealth that we have from what we have in terms of mining, energy source. We have now to focus on our human capital. So this is a big shift of how to increase productivity per capita for our young people. And we have a very significant amount of young people entering the job market. This is a mindset, mindset shift that we're trying to do.

Manisha Tank 45:21

Thank you so much. So interesting how our conversation gravitated towards the very human element, even though we were looking at the investment outlook, and you often think about that as sort of nominal values and, you know, sort of growth forecasts, but it really is, at the end of the day, about a human endeavor. Thank you all so much. Jeffrey, Chiang Ling and Pandu. Please show your appreciation.

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