Southeast Asia Private Equity Pulse

Q2 2026

EY Parthenon

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Private equity (PE) dealmaking in Southeast Asia (SEA) slowed in Q2 2026 amid heightened geopolitical uncertainty, which increased investor caution and prolonged decision-making cycles. While the market is busy, deal activity was notably lower than Q2 2025, with volume decreasing by 55% and value falling 58% year-on-year (yoy). SEA accounted for 2.9% of total Asia-Pacific PE deal value in Q2 2026, down from 9.6% in Q2 2025.

SEA recorded 10 deals deploying US$935.5m in Q2 2026, significantly below the preceding quarter's US$9.2b across 19 deals. The decline was largely driven by the absence of megadeals (above US$1b), which had underpinned Q1 activity. Capital deployment in Q2 2026 was concentrated in mid-market transactions, with only one large-ticket investment (i.e., deal valued above US$500m) completed.

The real estate sector accounted for 90.8% of total deal value, followed by technology (5.3%) and consumer sectors (2.2%). The dominance of the real estate's sector was entirely attributable to a single transaction, wherein ESR Group raised US$850m of additional equity capital from its existing shareholders.

Singapore remained the epicenter of SEA PE activity in Q2 2026, accounting for approximately 70% of deal volume in the region and reinforcing its status as a safe harbor for capital amid a more cautious investment environment.

While the market is active, the impact of geopolitical developments is hard to ignore. The ongoing Middle East conflict heightened uncertainty and reignited inflation concerns due to energy price volatility, contributing to a more cautious consumption and investment environment. PE funds need to factor in the impact of these issues in their evaluation of new investments as well as their existing portfolio.

Note:
Data used in this report is sourced from Dealogic and Pitchbook.
Deals include both announced and closed PE deals; analysis does not include venture capital activity.

Q2 2026: numbers in focus

US$0.9b
capital deployed across 10 deals

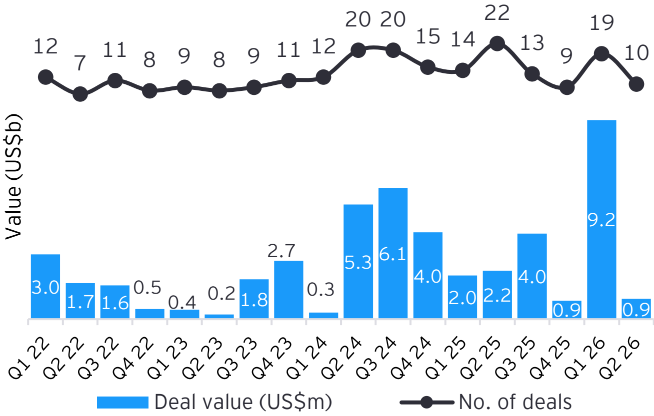
US$4.2b
in PE-backed exits across 11 deals

Liquidity conditions improved in Q2 2026, with realized proceeds reaching their highest level since Q1 2022. Although exit volume was broadly unchanged yoy, realized proceeds more than tripled to US$4.2b, primarily driven by Cuscaden Peak Investments' sale of Paragon for approximately US$3b. Exit activity, while improving, still remains a key focus area as there are many portfolio companies in the "overdue" exit window.

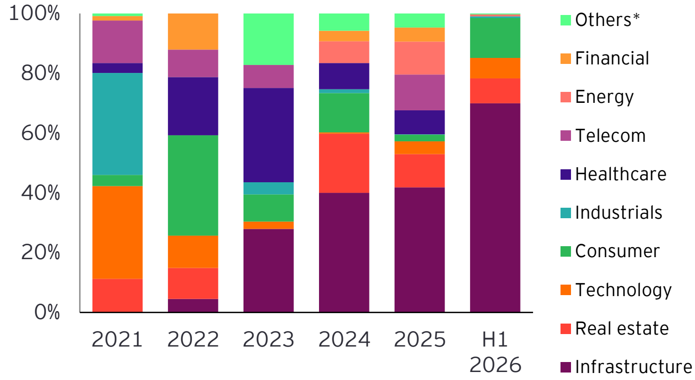
Fundraising for SEA-based PE funds remained subdued in Q2 2026, with only one fund close recorded during the quarter. The sole close was the Mainland Poultry Single Asset Continuation Fund, a general partner (GP)-led continuation vehicle co-managed by Navis Capital Partners and Pacific Equity Partner. The fund is a SEA-based entity, while its sole portfolio company, Mainland Poultry, is a New Zealand-based asset. In contrast, Asia-Pacific-based fundraising rebounded strongly, with aggregate capital raised increasing more than fivefold yoy to US$42.6b, despite fewer fund closes than in Q2 2025, highlighting continued limited partner (LP) concentration toward scale and proven managers.

Luke Pais
EY-Parthenon Asean Private Equity Leader

PE investments in SEA

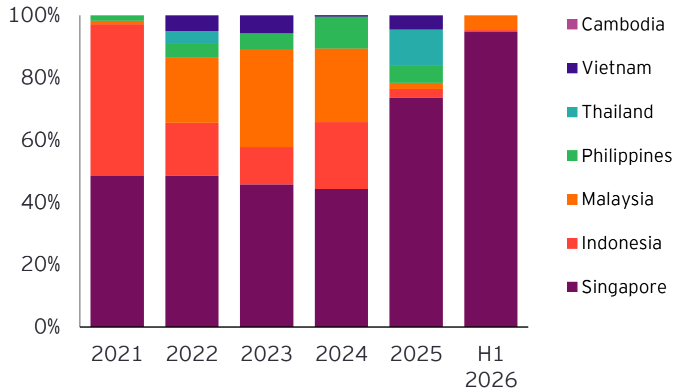


Breakdown of PE investment value by sectors



PE-backed exits in SEA

Breakdown of PE investment value by country



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Against a backdrop of heightened geopolitical uncertainty, PE activity in SEA remained selective in Q2 2026. Improving exit activity, however, provides an encouraging signal for capital recycling, supporting a more constructive outlook for sponsors in the quarters ahead. Sponsors that can balance prudent deployment with active portfolio management will be best placed to benefit as market conditions evolve.

Luke Pais
EY-Parthenon Asean Private Equity Leader

Top PE investments in Q2 2026 (US$m)

Target (HQ)	Sector	PE investor	Deal value
ESR Group (Singapore)	Real Estate	Warburg Pincus, Sixth Street	850.0
BIPO Service Singapore Pte Ltd (Singapore)	Technology	Apis Partners	50.0
Little Farms Group (Singapore)	Consumer	Asia Partners Fund Management, Panther Mountain Capital	20.5

Top PE-backed exits in Q2 2026 (US$m)

Target (HQ)	Sector	PE seller	Exit value
Paragon (Singapore)	Real Estate	Cuscaden Peak Investments**	3,027.0
Interplex Datacom (Singapore)	Infrastructure	Blackstone	900.0
Newark (Singapore)	Industrials	Dymon Asia Private Equity	136.8

Note:
*Others include business services, materials, utilities and media.
** Cuscaden Peak Investments is an indirect, wholly owned subsidiary of Temasek Holdings.
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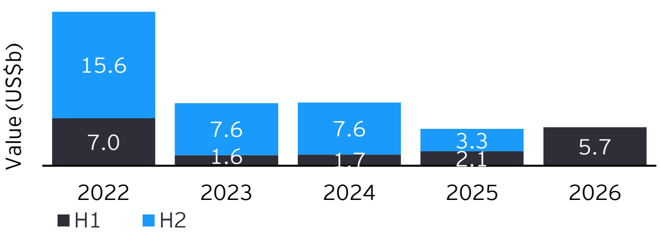
SEA enters the next phase of Asia-Pacific's private debt evolution

Asia-Pacific is increasingly being viewed as one of the most compelling growth opportunities in private debt. Despite representing only 6% of global private debt asset under management (AUM), the region accounts for more than one-third of global GDP, a mismatch that points to structural under-penetration and highlights significant room for market expansion.

Following a record US$22.6b raised by Asia-Pacific-focused private debt funds in 2022, fundraising slowed as higher interest rates, geopolitical uncertainty and investor preference for North America and Europe diverted capital away from the region. However, recovery is now beginning to take shape.

Asia-Pacific-focused private debt funds raised US$5.7b during H1 2026, nearly three times the US$2.1b raised during the same period a year earlier. At the same time, 57% of LPs surveyed in Private Debt Investor's *LP Perspectives Study 2026* indicated they expect to maintain or increase their allocations to Asia-Pacific over the next 12 months, suggesting continued confidence in the region's long-term fundamentals despite near-term market volatility.

Asia-Pacific-focused private debt fundraising (US$b)



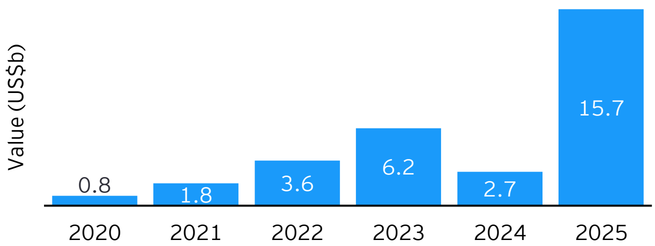
Source: Private Debt International

Several structural factors continue to support the long-term growth trajectory of Asia-Pacific private debt:

- **Healthy institutional appetite**: Institutional investors continue to show strong appetite for high-quality private debt assets in Asia-Pacific, particularly infrastructure, project finance and other cashflow-generating real assets.
- **Growing bank-private credit collaboration**: Banks are increasingly partnering with private debt managers through asset rotation and securitization to recycle credit risk and expand lending capacity. Recent examples include the acquisition of a US$13.9b Australian residential mortgage portfolio by a consortium including KKR and PIMCO, and Clifford Capital's US$705.5m infrastructure loan securitization.
- **Long-term financing demand**: According to the Asian Development Bank, developing Asia requires more than US$25t of infrastructure investment through 2030. In addition, rapid urbanization and ongoing digitalization, together with rising consumption across the region, are expected to drive significant long-term financing demand, supporting an expanded role for private debt as a financing solution.
- **Diversification beyond mature markets**: Recent redemption pressures and valuation scrutiny in parts of the US private debt market have prompted investors to diversify beyond traditional markets. Asia-Pacific is increasingly benefiting from this shift, offering stronger lender protections, lower leverage and wider spreads than many more competitive Western markets.

As the market matures, investment opportunities are expanding beyond traditional direct lending. Investors are increasingly allocating to asset-backed finance, specialty finance, capital solutions and private debt secondaries as borrower financing needs become more diverse. The rapid growth of Asia-Pacific-focused private debt secondaries fundraising highlights this evolution toward a deeper and more institutionalized private debt market.

Asia-Pacific-focused private debt secondaries fundraising (US$b)



Source: Private Debt International

While SEA's private debt market remains at an earlier stage of development than the broader Asia-Pacific market, investor interest continues to build. The region recorded one private debt fund close in Q2 2026, with CapitaLand Investment raising US$320m for its Asia Pacific Credit Program II. The market remains fragmented, reflecting diverse regulatory regimes, legal systems and varying levels of capital market development across the region. Nevertheless, growing financing needs continue to create attractive opportunities. Singapore has strengthened its position as the region's private debt hub, supported by a mature regulatory framework, an increasingly sophisticated fund management ecosystem and its ability to attract institutional capital.

Looking ahead, Asia-Pacific's private debt market is expected to continue its long-term growth trajectory as financing needs expand and institutional participation deepens.

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> SEA's private debt opportunity will increasingly be shaped by long-term structural themes across infrastructure, logistics, manufacturing and the digital economy, alongside growing opportunities for special situations strategies. Investors that combine deep local market expertise with disciplined underwriting and bespoke financing capabilities will be best positioned to capture differentiated risk-adjusted returns.

Luke Pais
EY-Parthenon Asean Private Equity Leader

Contact us to explore these trends and discuss the implications for you.

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Southeast Asia Quarterly Private Equity Pulse

This quarterly pulse looks at the private equity deal activity across Southeast Asia and provides analysis and insights on market trends and developments.

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