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# Starlight Private Global Real Assets Trust

**Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023**

May 15, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS.....	1
CAUTION REGARDING FORWARD-LOOKING STATEMENTS.....	1
BASIS OF PRESENTATION.....	2
OVERVIEW AND INVESTMENT OBJECTIVES .....	2
INVESTMENT STRATEGY.....	4
INVESTMENT RESTRICTIONS.....	4
DECLARATION OF TRUST.....	6
ORGANIZATION AND MANAGEMENT OF THE TRUST .....	6
PORTFOLIO SUMMARY .....	8
PUBLIC PORTFOLIO .....	12
PRIVATE PORTFOLIO.....	14
Q1 2023 HIGHLIGHTS .....	17
FINANCIAL AND OPERATIONAL HIGHLIGHTS.....	18
ANALYSIS OF FINANCIAL PERFORMANCE.....	18
GENERAL AND ADMINISTRATION EXPENSES.....	18
ACCRUED EXPENSES.....	19
LIABILITIES.....	19
UNITHOLDERS' EQUITY.....	19
LIQUIDITY AND CAPITAL RESOURCES.....	19
RELATED PARTY TRANSACTIONS AND SIGNIFICANT ARRANGEMENTS .....	21
ARRANGEMENTS WITH STARLIGHT CAPITAL.....	21
SUMMARY OF FEES AND EXPENSES .....	22
RISKS AND UNCERTAINTIES .....	23
USE OF ESTIMATES .....	25
SIGNIFICANT ACCOUNT POLICIES.....	25
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING .....	25
CORPORATE INFORMATION.....	27

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the financial results of Starlight Private Global Real Assets Trust (the "Trust"), an investment trust established as a trust under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust effective August 20, 2021, should be read in conjunction with the Trust's annual audited financial statements for the year ended December 31, 2022 and the unaudited condensed interim financial statements for the three months ended March 31, 2023 and 2022, and accompanying notes thereto. These documents are available on [www.starlightcapital.com](http://www.starlightcapital.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Certain time periods used in this MD&A are used interchangeably such as three months ended March 31, 2023 ("Q1 2023"), three months ended March 31, 2022 ("Q1 2022"), three months ended December 31, 2022 ("Q4 2022") and twelve months ended December 31, 2022 ("2022"), respectively. In this report, "we", "us" and "our" refer to Starlight Investments Capital GP Inc. (the "Manager") and Starlight Investments Capital LP (the "Investment Manager" and together with the Manager "Starlight Capital").

Additional information relating to the Trust, including the Trust's Annual Information Form, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purpose of assisting the reader in understanding the Trust's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, the effect of interest rates and inflation and of coronavirus (SARS- CoV-2) ("COVID-19") or other pandemics on future results or performance, achievements, events, prospects or opportunities for the Trust, the real estate industry or the infrastructure industry and may include statements regarding the financial position, investment portfolio, business strategy, budgets, projected costs, financial results, taxes, plans and objectives of or involving the Trust. In some cases, forward-looking information can be identified by such terms as "may", "might", "will", "could", "should", "would", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", or the negative thereof or other similar expressions suggesting future outcomes or events.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the Trust's control, affect the operations, performance and results of the Trust and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, risks related to the series A units ("Series A Units"), series B units ("Series B Units"), series C units ("Series C Units"), series F units ("Series F Units") or series I units ("Series I Units") of the Trust (collectively the "Units") and any risks related to the Trust and its business including uncertainties surrounding interest rates, inflation, and COVID-19 or other pandemics and the potential adverse effect or the perception of its effects on global markets, global economies and the Trust. See "Risks and Uncertainties". The reader is cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions applied in drawing a conclusion or making a forecast or projection, including management's perception of historical trends, current conditions and expected future developments, as well as other considerations believed to be appropriate in the circumstances

including the following: the Manager and/or an affiliate of the Manager, will continue its involvement as manager of the Trust in accordance with the terms of the Management Agreement (as defined herein); the Investment Manager or an affiliate of the Investment Manager, will continue its involvement as portfolio manager of the Starlight Global Real Estate LP and Starlight Global Infrastructure LP, in accordance with the terms of the Investment Management Agreement (as defined herein); and the risks referenced above, collectively, will not have a material impact on the Trust. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect given this unprecedented period of uncertainty, including the impact of persistently high inflation, the war in Ukraine, matters related to U.S. politics and an expectation of a slowing global economy, the Trust's business and performance, including the Trust's ability to remain liquid and pay its quarterly distributions.

The forward-looking statements made relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian securities laws, the Trust undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

## **BASIS OF PRESENTATION**

The Trust's unaudited condensed interim financial statements for the three months ended March 31, 2023 have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting. The Trust's presentation currency is the Canadian dollar.

## **OVERVIEW AND INVESTMENT OBJECTIVES**

The Trust is an investment trust established under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust ("DOT") effective August 20, 2021. Starlight Global Real Assets LP was a limited partnership formed pursuant to a Limited Partnership Agreement dated November 28, 2018, governed by the laws of the Province of Ontario. Starlight Global Real Estate LP is a limited partnership formed pursuant to a Limited Partnership Agreement dated April 20, 2020, governed by the laws of the Province of Ontario. Starlight Global Infrastructure LP is a limited partnership formed pursuant to a Limited Partnership Agreement dated April 20, 2020, governed by the laws of the Province of Ontario. Prior to the Reorganization (see below) the Trust obtained exposure to public securities through its investment in Starlight Global Real Assets LP. After the Reorganization, the Trust obtains exposure to public securities through its investments in Starlight Global Real Estate LP and Starlight Global Infrastructure LP (the "Public Portfolio LPs").

The Public Portfolio LPs hold actively managed global portfolios of real estate and infrastructure securities (the "Public Portfolio"). In addition to the Public Portfolio the Trust also invests in a private portfolio of Canadian real estate properties and global infrastructure assets (the "Private Portfolio", and together with the Public Portfolio, the "Portfolio").

On August 25, 2021, the Trust completed the reorganization of the Trust into a private investment trust (the "Reorganization"), as approved by holders of Units (the "Unitholders") of the Trust at a special meeting held on July 28, 2021, and as further described in the management information circular dated June 22, 2021, sent to Unitholders on June 30, 2021. In connection with the Reorganization, on August 12, 2021, the Series A Units listed under the symbol SCHG.UN were voluntarily delisted from the NEO Exchange, and all of the issued and outstanding Series A Units were automatically redesignated as Series C Units effective August 20, 2021. Holders of Series A Units received that number of Series C Units having a net asset value ("NAV") equal to the NAV of a redesignated Series A Unit. The Series C Units were renamed "Series F Units" of the Trust.

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

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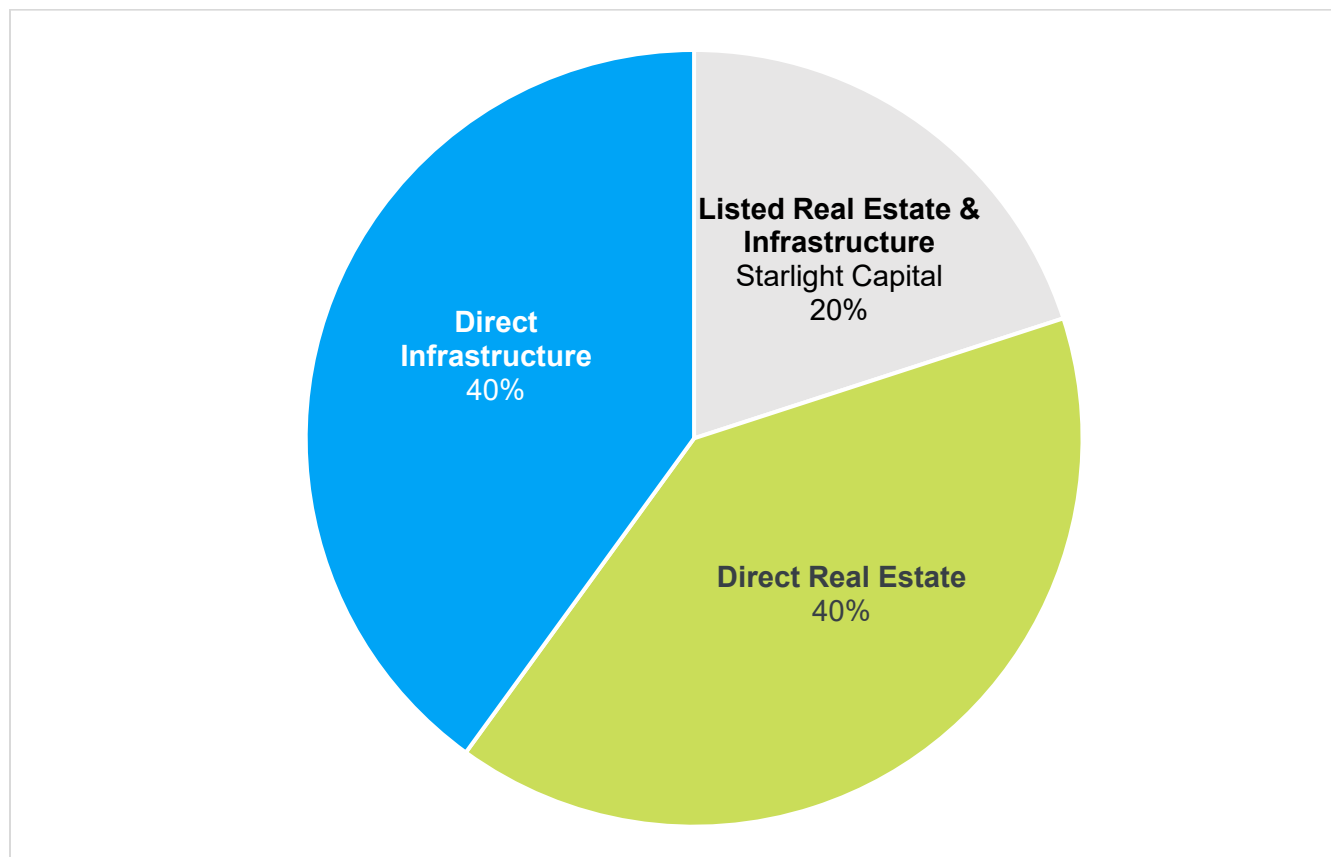
The Trust's registered address is 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3. RBC Investor Services Trust acts as custodian and administrator of the Trust. The Trust is currently offered in Canadian-dollar-denominated units.

The objectives of the Trust are to provide "Unitholders" with stable cash distributions and long-term capital appreciation through exposure to institutional quality real assets in the global real estate and global infrastructure sectors.

Starlight Capital seeks to identify potential investments for the Trust using its investment philosophy "Focused Business Investing". The fundamental investment criteria that it focuses on are recurring free cash flow, irreplaceable assets that allow a business to resist competition and generate higher returns on capital, low debt, and a strong management team. The result is concentrated portfolios that Starlight Capital expects to generate superior, risk-adjusted returns over the long term.

## INVESTMENT STRATEGY

To achieve its objectives, the Trust invests no less than 20% of the net capital raised into the Public Portfolio LPs, which hold an actively managed global portfolio of real estate and infrastructure securities targeting issuers primarily in Organization for Economic Cooperation and Development (“OECD”) countries. The Trust also invests up to 80% of the NAV in global real estate properties and global infrastructure assets in the Private Portfolio.



## INVESTMENT RESTRICTIONS

The Trust is subject to the investment restrictions set out below that, among other things, limit the securities that the Trust may acquire for the Portfolio. The Trust's investment restrictions may not be changed without the approval of the Unitholders at a meeting called for such purpose. The Trust's investment restrictions provide that the Trust may not:

- (i) purchase securities, other than securities of public and private issuers operating in, or that derive a significant portion of their revenue or earnings from, the global residential and commercial real estate sectors and the global infrastructure sector;
- (ii) invest more than 80% (at the time of investment) of its total assets in securities of private issuers (other than securities of the Public Portfolio LPs or other wholly-owned subsidiaries);
- (iii) invest more than 20% (at the time of investment) of its total assets in securities of any single issuer other than (a) securities issued or guaranteed by the government of Canada or a province or territory thereof or securities issued or guaranteed by the U.S. government or its agencies and instrumentalities, (b) the Public Portfolio LPs, or (c) wholly-owned subsidiaries;

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

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- (iv) make any investment or conduct any activity that would result in the Trust failing to qualify as a "mutual fund trust" within the meaning of the *Income Tax Act* (Canada) (the "Tax Act"), or that would result in becoming a "SIFT trust" within the meaning of the Tax Act;
- (v) borrow money or employ any other forms of leverage in the Public Portfolio greater than 50% of the NAV of the Public Portfolio LPs; obtain leverage in the Private Portfolio of greater than 75% of the fair market value (at the time of investment) of any direct real estate held in the Private Portfolio either directly or indirectly through an investment vehicle or greater than 90% of the fair market value (at the time of investment) of any direct infrastructure held in the Private Portfolio either directly or indirectly through an investment vehicle;
- (vi) issue preferred units with an aggregate preferred unit redemption price greater than 25% of the NAV of the Trust, which preferred units after being issued shall not constitute leverage for the purposes of (v) above;
- (vii) have short exposure, other than for purposes of hedging, directly or indirectly through the Public Portfolio LPs, in excess of 50% of the total assets of the Trust as determined on a daily marked-to-market basis;
- (viii) hold or acquire an interest as a member of a partnership unless the liability of the Trust as a member of such partnership is limited by operation of applicable law within the meaning of subsection 253.1(1) of the Tax Act;
- (ix) invest in or hold (a) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Trust (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (b) an interest in a trust (or a partnership which holds such an interest) which would require the Trust (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (c) any interest in a non-resident trust (or a partnership which holds such an interest) other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act; and
- (x) enter into any arrangement (including the acquisition of securities for the portfolio) where the result is a "dividend rental arrangement" for the purposes of the Tax Act, or engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Trust will not be considered a violation of the restriction (except for the restrictions in paragraphs (iv), (ix) or (x) above). If the Trust receives from an issuer subscription rights to purchase securities of that issuer, and if the Trust exercises such subscription rights at a time when the Trust's portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, the Trust has sold at least as many securities of the same class and value as would result in compliance with the restriction.

The operations of the Public Portfolio LPs are subject to the terms of their constating documents which provide, among other things, that the Public Portfolio LPs operate in a manner consistent with the investment restrictions set out above (except for the restriction in paragraph (viii) above).

## **DECLARATION OF TRUST**

The Investment guidelines of the Trust are outlined in the DOT. A copy of this document is available upon request by all Unitholders and can also be found on [www.starlightcapital.com](http://www.starlightcapital.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

As of the date hereof, the Trust was in material compliance with all investment guidelines in the DOT.

## **ORGANIZATION AND MANAGEMENT OF THE TRUST**

### ***THE MANAGER***

The Manager, the general partner of the Investment Manager and a wholly-owned subsidiary of Starlight Group Property Holdings Inc., is the manager of the Trust and is responsible for the provision of management services required by the Trust, including, among other things, providing the officers and certain trustees of the Trust (the "Trustees"). The Manager's head office is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario, Canada, M8X 2X3.

For a description of the Management Agreement, see "Related Party Transactions and Arrangements – Arrangements with Starlight Capital".

### ***THE INVESTMENT MANAGER***

The Investment Manager, a wholly-owned subsidiary of Starlight Group Property Holdings Inc., is the investment manager of the Public Portfolio LPs. The Investment Manager is responsible for the investment decisions for the Public Portfolio.

For a description of the Management Agreement, see "Related Party Transactions and Arrangements – Arrangements with Starlight Capital".



**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

**TRUSTEES AND EXECUTIVE OFFICERS**

The following are the names, city, province or state and country of residence of each of the individuals who are the Trustees and executive officers of the Trust and their principal occupations during the last five years.

<b>Name, Province or State and Country of Residence</b>	<b>Position/Title<sup>(1)</sup></b>	<b>Principal Occupations During the Last Five Years</b>
Leonard Drimmer <sup>(2)</sup> Toronto, Ontario	Independent Trustee	President and Chief Executive Officer, Property Vista Software Inc.
Glen Hirsh Toronto, Ontario	Trustee, Chairman of the Board	Chief Operating Officer, Starlight Group Properties Holdings Inc.
Graeme Llewellyn <sup>(1)</sup> Toronto, Ontario	Director of the Manager and Chief Financial Officer and Chief Operating Officer of the Trust	Chief Financial Officer and Chief Operating Officer, Starlight Investments Capital LP
Dennis Mitchell <sup>(1)</sup> Toronto, Ontario	Director of the Manager and Chief Executive Officer and Chief Investment Officer of the Trust	Chief Executive Officer and Chief Investment Officer, Starlight Investments Capital LP
Harry Rosenbaum <sup>(2)</sup> Toronto, Ontario	Independent Trustee	Principal, The Great Gulf Group of Companies Director, Starlight U.S. Multi-Family (No. 2) Core Plus Fund Trustee, Starlight U.S. Residential Fund Trustee, Northview Fund
Denim Smith <sup>(2)</sup> Toronto, Ontario	Independent Trustee	Managing Director, Investment Banking (Real Estate), Echelon Wealth Partners Trustee, Starlight Western Canada Multi-Family (No 2) Fund Managing Director, Real Estate Investment Banking Laurentian Bank Securities

Notes:

- (1) The individuals acting in the capacity of the Trust's executive officers are not employed by the Trust or any of its subsidiaries, but rather are employees of the Manager and provide services to the Trust on behalf of the Manager, pursuant to the Management Agreement.
- (2) Member of the Audit Committee.

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

**CUSTODIAN**

The custodian of the Trust is RBC Investor Services Trust of Toronto, Ontario, pursuant to a custodian contract dated December 12, 2018. The custodian has physical custody of the portfolio securities of the Trust. The custodian engagement for the Trust may be terminated by either the Investment Manager or the custodian by an instrument in writing delivered or mailed, such termination to take effect at least 90 days after the date of such delivery, unless a different period is agreed to in writing by the parties.

**PORTFOLIO SUMMARY**

As at March 31, 2023, the Trust's portfolio was comprised of units of the two Public Portfolio LPs and six investments in the Private Portfolio:

Number of Units	Description	Average Cost	Fair Value	% of Net Assets
78,222	Starlight Global Infrastructure LP	\$838,168	\$814,295	2.43%
53,487	Starlight Global Real Estate LP	579,985	544,643	1.63%
4,395,681	Alinda Infrastructure Parallel Fund IV, L.P.	5,873,864	8,569,956	25.62%
	NextPower III GP Limited	2,043,022	2,063,929	6.17%
55,000	Starlight Canadian Residential Growth Fund (Series C)	3,504,478	5,255,949	15.73%
174,317	Starlight Private Global Infrastructure Pool (Series I)	1,963,394	2,311,894	6.91%
460,181	Starlight Private Global Real Estate Pool (Series I)	4,696,922	6,335,962	18.94%
	Unison Midgard Fund LP	6,293,260	7,771,096	23.24%
<b>Total</b>		<b>\$25,793,093</b>	<b>\$33,667,724</b>	<b>100.67%</b>

As at December 31, 2022, the Trust's portfolio was comprised of units of the two Public Portfolio LPs and six investments in the Private Portfolio:

Number of Units	Description	Average Cost	Fair Value	% of Net Assets
78,222	Starlight Global Infrastructure LP	\$838,168	\$789,561	2.18%
147,327	Starlight Global Real Estate LP	1,597,539	1,452,442	4.01%
4,395,681	Alinda Infrastructure Parallel Fund IV, L.P.	5,873,864	8,731,358	24.09%
	NextPower III GP Limited	1,947,441	1,973,589	5.45%
55,000	Starlight Canadian Residential Growth Fund (Series C)	3,504,478	5,255,949	14.50%
174,317	Starlight Private Global Infrastructure Pool (Series I)	1,963,394	2,353,555	6.50%
460,181	Starlight Private Global Real Estate Pool (Series I)	4,696,922	6,758,546	18.66%
	Unison Midgard Fund LP	6,293,260	8,599,089	23.74%
<b>Total</b>		<b>\$26,715,066</b>	<b>\$35,914,089</b>	<b>99.13%</b>

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

## Trust Performance

	Q1 2023	Q1 2022
<b>Trust - Series F Units</b>	<b>-5.3%</b>	<b>4.8%</b>
<b>S&amp;P Global Infrastructure Index (CAD)</b>	<b>3.9%</b>	<b>6.1%</b>
<b>FTSE EPRA/NAREIT Developed Total Return Index (CAD)</b>	<b>1.0%</b>	<b>-5.0%</b>
<b>Blended Benchmark</b>	<b>2.4%</b>	<b>0.6%</b>

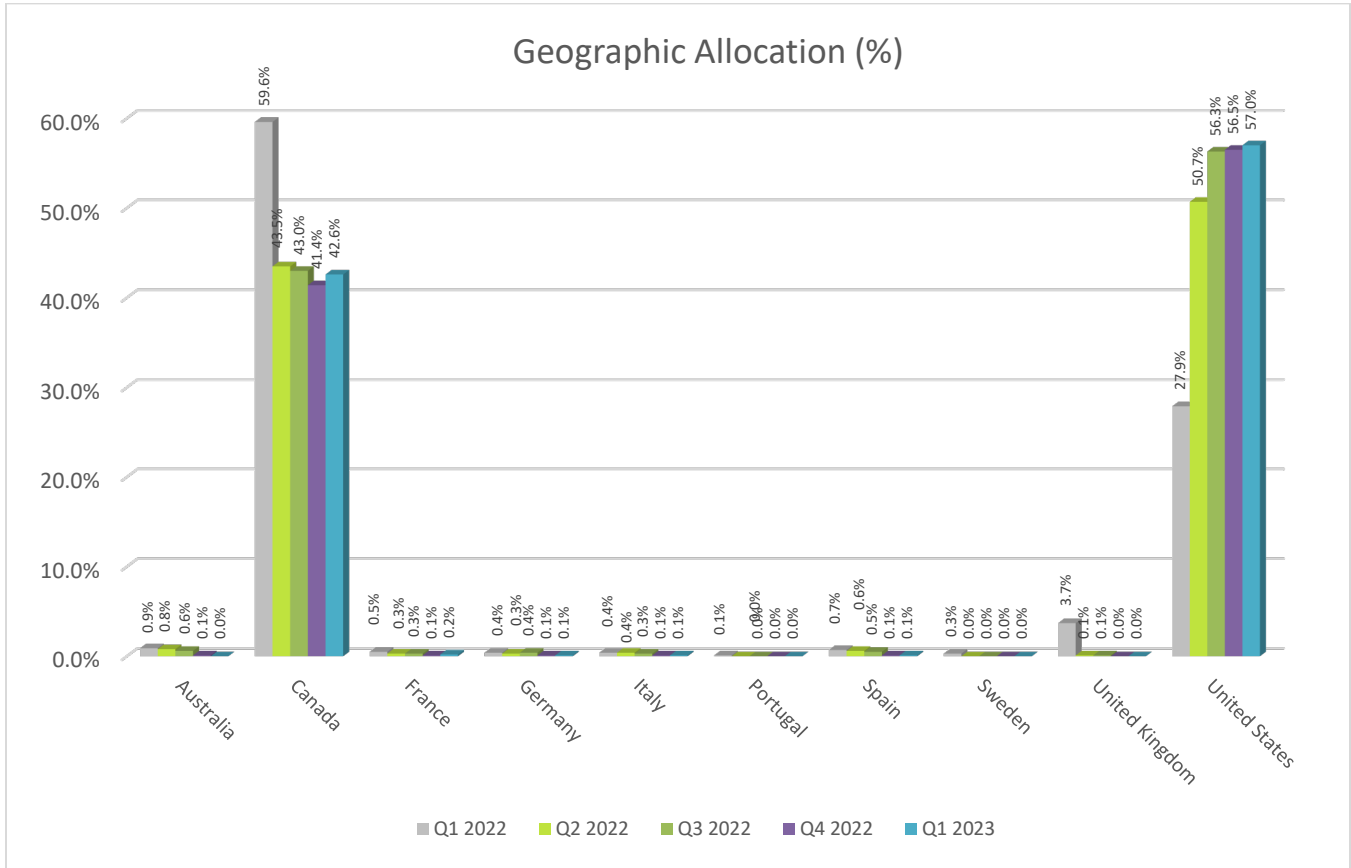
Source: Bloomberg LLP. The Blended Benchmark is represented 50% by FTSE EPRA Nareit Developed Total Return Index (CAD) and 50% by S&P Global Infrastructure Index (CAD).

The Investment Manager has deployed capital into a diversified portfolio of publicly listed global real estate and infrastructure securities along with allocations to the Starlight Canadian Residential Growth Fund ("Starlight Residential Fund"), Unison Midgard Fund LP ("Unison LP"), NextPower III GP Limited ("NextPower"), Alinda Infrastructure Parallel Fund IV, LP ("Alinda LP"), Starlight Private Global Real Estate Pool ("Starlight Private Real Estate Pool") and Starlight Private Global Infrastructure Pool ("Starlight Private Infrastructure Pool"). As at March 31, 2023, the Public Portfolio was comprised of 55 positions (December 31, 2022 – 56 positions), with twenty companies increasing their dividends or distributions by an average of 14.0% during the three months ended March 31, 2023.

**Starlight Private Global Real Assets Trust**  
 Management's Discussion and Analysis of Operations and Financial Condition  
 For the three months ended March 31, 2023

The Trust's investment portfolio geographic and sector allocations as at March 31, 2023 are shown below:

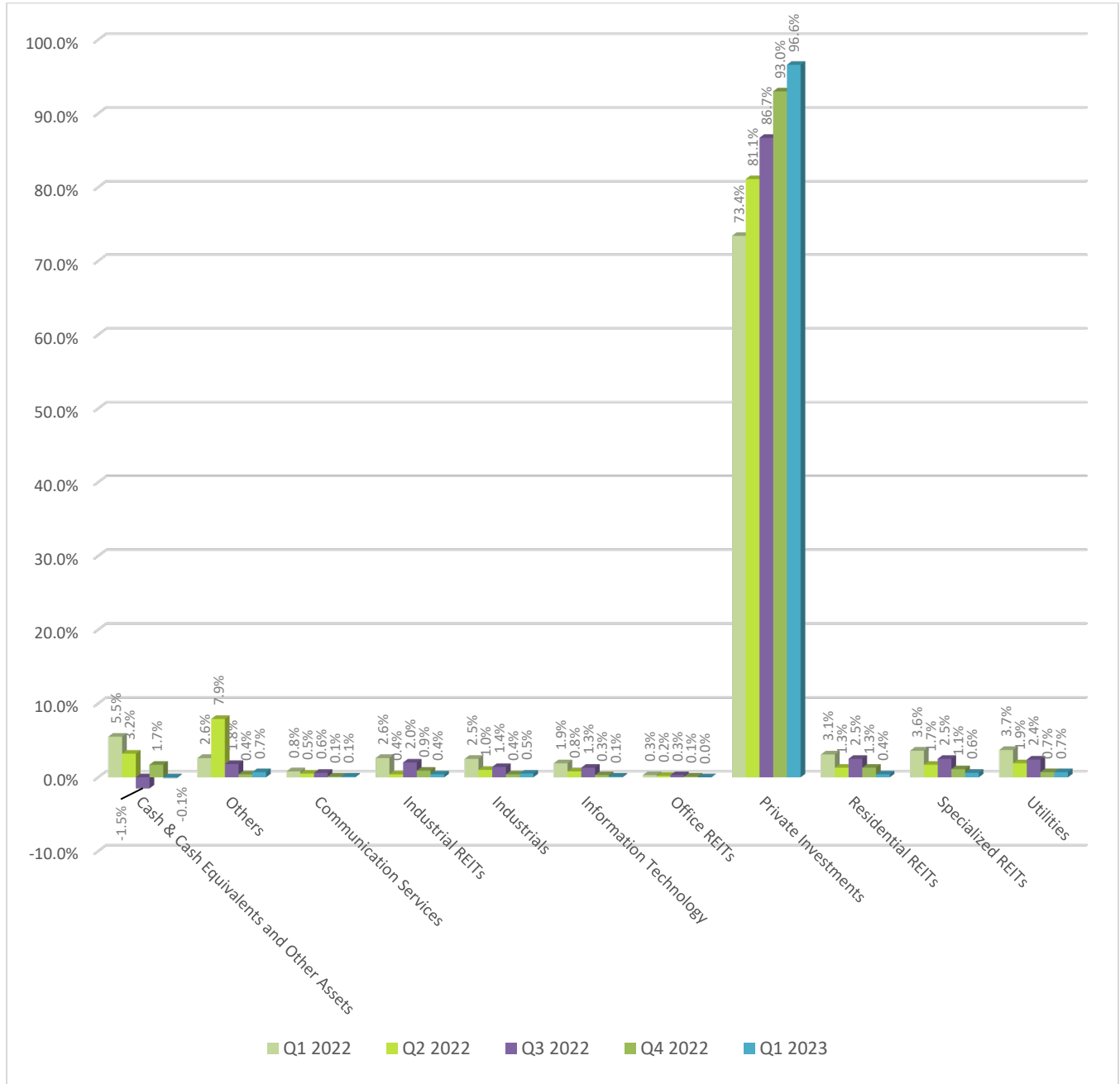
**Geographic Allocation (%)\***



\*Excludes cash and cash equivalents. Private investments have been classified in Canada based on the domicile of the legal entity.

**Starlight Private Global Real Assets Trust**  
 Management's Discussion and Analysis of Operations and Financial Condition  
 For the three months ended March 31, 2023

**Sector Allocation (%)**



## PUBLIC PORTFOLIO

In Q1 2023, the Public Portfolio returns were 3.6% (Q1 2022 – -3.9%). In Q1 2023, the Blended Benchmark returns were 2.4% (Q1 2022 – 0.6%). In Q1 2023, the Federal Reserve Bank continued raising interest rates twice by a total of 50 bps and the Bank of Canada also raised rates once by a total of 25 bps. These rate increases were expected to lower both inflation and growth expectations for both economies for 2023 and negatively impacted corporate growth expectations and equity markets during Q1 2023.

### Public Portfolio - Upside/Downside Capture

	Q1 2023		Since Inception	
	Upside Capture	Downside Capture	Upside Capture	Downside Capture
<b>S&amp;P Global Infrastructure TR</b>	<b>141.1%</b>	<b>130.2%</b>	<b>87.4%</b>	<b>97.2%</b>
<b>FTSE EPRA/NAREIT Developed TR</b>	<b>92.9%</b>	<b>30.6%</b>	<b>86.1%</b>	<b>77.2%</b>
<b>Blended Benchmark</b>	<b>143.9%</b>	<b>59.5%</b>	<b>93.8%</b>	<b>100.7%</b>

Source: Bloomberg LP & Starlight Capital. The Public Portfolio is represented by the Public Portfolio LPs. The Blended Benchmark is represented by 50% FTSE EPRA Nareit Developed Total Return Index (CAD) and 50% by S&P Global Infrastructure Index (CAD). Upside capture ratios are calculated by taking the Public Portfolio's monthly return during months when the benchmark had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the Public Portfolio's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.

Geographic overweight allocations to Canada and the U.S. and the underweight allocation to continental Europe were maintained over Q1 2023. The increase in the private investment weight in Q1 2023 was primarily due to the decrease in the public portfolio to fund the quarterly redemptions. In Q1 2023, cash positions in the Public Portfolio LPs increased to 13.7% of NAV (December 31, 2022 – 5.2%). Significant sector allocations in Q1 2023 included Utilities and Industrials (average portfolio weight of 26.6% and 19.3%, respectively) on the infrastructure side and Multi-Family Residential REITs and Industrial REITs (average portfolio weight of 22.5% and 22.4%, respectively) on the real estate side. The Investment Manager has arrived at these sub-sector allocations by examining the performance of individual companies during periods of market turmoil, their balance sheet liquidity and the resilience of their revenue during the COVID-19 pandemic.

With the expectation of the Canadian dollar declining or remaining stable relative to the U.S. dollar in Q1 2023, the Investment Manager did not maintain a currency hedge during the quarter. The Investment Manager may increase or decrease the foreign currency hedges.

The Public Portfolio LPs may enter into foreign currency forward contracts to exchange a fixed amount of U.S. dollars for Canadian dollars on a monthly basis in order to reduce the Public Portfolio's exposure to fluctuations in the Canadian dollar/U.S. dollar foreign exchange rate. As at March 31, 2023 the Public Portfolio LPs had Nil% (December 31, 2022 – Nil%) of its net assets invested in foreign currency forward contracts.

As at March 31, 2023 the Public Portfolio LPs had 84.7% (December 31, 2022 – 84.7%) of its net assets invested in equities and Nil% in fixed income (December 31, 2022 – Nil%). The effective top 10 holdings of the Public Portfolio LPs as at March 31, 2023 were:

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

Number of Shares	Description	Average Cost (\$)	Fair Value (\$)	% of Net Assets
145	American Tower Corporation	44,509	40,141	0.12%
944	Brookfield Corporation	50,181	41,537	0.12%
214	Crown Castle Inc.	44,981	38,746	0.12%
38	Equinix, Inc.	34,581	37,108	0.11%
109	SBA Communications Corporation	43,149	38,420	0.11%
1,359	AltaGas Ltd.	34,754	30,623	0.09%
686	Brookfield Infrastructure Partners L.P.	33,036	31,319	0.09%
3,698	Enel SpA	27,020	30,593	0.09%
906	Northland Power Inc.	35,931	30,701	0.09%
102	Visa Inc.	27,731	31,059	0.09%
<b>Total</b>		<b>375,873</b>	<b>350,247</b>	<b>1.03%</b>

Two of the top contributors to the Public Portfolio LPs performance in Q1 2023 were Dream Industrial REIT (“Dream”), with a total return of 27.3%, and Granite Real Estate Investments (“Granite”), with a total return of 22.3%<sup>1</sup>.

Dream is an owner and operator of industrial assets in Canada, the US and Europe. In Q4 2022 Dream announced that, in partnership with GIC, a leading global investment firm based in Singapore, it would be acquiring Summit Industrial Income REIT. The transaction increases Dream’s exposure to the Canadian industrial market which is enjoying high occupancies and strong rent growth. Dream continues to post strong operating results and the industrial real estate sector continues to benefit from several long-term structural trends (e-commerce, global trade, near- and on-shoring).

Granite is an owner and operator of industrial assets in Canada, the US and Europe. The acquisition of Summit Industrial Income REIT by Dream Industrial REIT and GIC has resulted in capital flowing into Granite, as one of the few remaining industrial REITs in Canada. Granite continues to diversify away from Magna and auto-related real estate and investors have continued to reward this evolution with a higher multiple. Granite continues to post strong operating results and the industrial real estate sector continues to benefit from several long-term structural trends (e-commerce, global trade, near- and on-shoring).

One of the top detractors from the Public Portfolio LPs performance in Q1 2023 was Alexandria Real Estate Equity (“Alexandria”). Alexandria owns, develops and operates offices and labs for life science (biotech, pharmaceutical, universities, research institutions) and technology tenants. The portfolio is clustered in innovation and research markets such as Boston, New York, San Francisco, San Diego, Seattle and the Research Triangle. Alexandria is classified as an office REIT and this subsector has come under pressure as employers are forced to embrace hybrid work models in the face of a strong labour market. Recent defaults by high profile office landlords have also negatively impacted the outlook for office REITs and trimmed their trading multiples. Specific to Alexandria have been concerns about funding for biotech and technology startups, that make up a material portion of their tenant base. We continue to hold Alexandria as the differentiated focus on life sciences has generated strong operating results in 2022 and in Q1 2023.

<sup>1</sup> Source: Bloomberg LP

## PRIVATE PORTFOLIO

### **Starlight Residential Fund<sup>2</sup>**

The Trust is a limited partner in the series C units of Starlight Residential Fund. The purpose of the Starlight Residential Fund is to acquire and hold value-add and opportunistic real estate assets in the Canadian multi-family sector. Investment properties are initially recorded at fair value, which is the purchase price including any directly attributable expenditures. The investment properties are subsequently measured at fair value primarily by using the capitalized net operating income method, which applies a capitalization rate to the future stabilized cash flows of the investment properties.

As at March 31, 2023, the Starlight Residential Fund owns 5,939 leases across 43 properties in and around the economic centres of Toronto, Ottawa, Southwestern Ontario and Vancouver/Victoria. The Starlight Residential Fund continues to execute its strategy, deploying +\$60 million on common area improvements and repositioning 1,648 suites since launch (excluding units that have been sold). As of Q1 2023, the annualized turnover across the portfolio was 13.7%. The clustering of the asset base in the core metropolitan areas within Ontario and British Columbia allows the Starlight Residential Fund to capitalize on economies of scale and scope. As a result of these investments and net operating income growth, the portfolio fair value has increased by approximately \$488M, representing an unrealized gross internal rate of return of 22.5% since launch.

### **Unison LP<sup>3</sup>**

The Trust is a limited partner of Unison LP, the manager of which is Unison Investment Management, LLC ("Unison"). The investment objective of Unison LP is to create value for its investors primarily through actively managed strategic investments in Unison LP agreements and other investment assets. Unison implements its investment objective through its investment in Unison REIT. In connection with the origination of Unison LP agreements, Unison applies a proprietary investment process and eligibility criteria. All investments are measured at fair value. The primary valuation approach employed by Unison LP is a discount cash flow model by its valuation agent Grant Thornton.

As of December 31, 2022, Unison LP held 4,645 investments across 30 states in the U.S. Unison LP investment agreement origination remains strong, acquiring 207 investments and realizing on 38 investments in Q4 2022. As of December 31, 2022, Unison LP had a net IRR of 13.7% year-to-date. Since inception, Unison LP has experienced an overall gain on the realized investments of 62.4% with a combined asset level IRR of 27.6% inception to date. There have been no defaults.

### **NextPower<sup>4</sup>**

The Trust is a limited partner in the NextPower II GP Limited Fund. The objective of NextPower is to provide attractive, long-term investment returns to investors by creating a diversified international portfolio of solar photovoltaic ("PV") plants, primarily by acquiring new-build solar PV projects with scope for development and construction funding, although operating assets with a track record may be considered. NextPower expects to invest in solar plants based in OECD countries. Investment properties are initially recorded at fair value, which is the purchase price including any directly attributable expenditures. Investment properties are typically held at cost during construction phase and are subsequently measured at fair value primarily by using discount cash flow models.

<sup>2</sup> Source: Starlight Canadian Residential Growth Fund, Report to Investors, as at March 31, 2023.

<sup>3</sup> Source: Unison Investment Management, LLC, Report to Investors, as at December 31, 2022.

<sup>4</sup> Source: NextPower, Report to Investors, as at December 31, 2022.



As at December 31, 2022, NextPower had 12 investments operational, seven investments under construction (two of which are partially operational) and four investments pre-construction. NextPower continues to execute on its strategy with a portfolio target capacity of 522.3 MWp. During Q4 2022, the portfolio valuation increased by \$105.2 million to \$578.4 million with all assets under construction advancing in line with expectations. The increase in value was primarily from increased investment spending mainly on assets in the US, Poland, Spain and Chile and an increase in market value of its investments.

#### **Alinda LP<sup>5</sup>**

The Trust is a limited partner in the Alinda Infrastructure Parallel Fund IV, L.P. Alinda Capital Partners LLC is the first infrastructure manager in the United States and one of the global pioneers in creating the asset class. The objective of Alinda LP expects long-term capital appreciation and current income by acquiring, holding, financing, refinancing and disposing of infrastructure investments and related assets. Alinda LP is expected to focus on eight to ten investments in transportation and logistics infrastructure, utility-related infrastructure and digital infrastructure located in North America (70%) and Europe (30%).

Alinda LP has made three investments in North America; one in transportation infrastructure, one in utility-related infrastructure and one in digital fiber network infrastructure. Alinda LP has produced a gross IRR of 49.1% since inception with an annual cash yield since inception of approximately 10.9%. Investments are held initially at cost and are subsequently measured at fair value primarily by using discount cash flow models.

#### **Starlight Private Real Estate Pool**

The Trust is a unitholder in the series I units of the Starlight Private Real Estate Pool, the manager of which is Starlight Capital. The Starlight Private Real Estate Pool investment objective is to achieve long-term capital appreciation and regular current income by investing globally in private real estate investments and in public REITs and equity securities of corporations participating in the residential and commercial real estate sector. Starlight Private Real Estate Pool invests up to 80% of its assets in a global portfolio of private real estate investments and a minimum of 20% in global publicly listed REITs. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. For instruments for which there is no active market, the Starlight Private Real Estate Pool may use externally provided pricing or internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

At March 31, 2023, Starlight Private Real Estate Pool was invested in five private investments with exposure to the Canadian multi-family sector, the U.S. single family housing sector, U.S. cellular towers, U.S. logistics and had exposure to a global portfolio of real estate public securities. The Starlight Private Real Estate Pool Series I performance returns for Q1 2023 was -6.6%. Performance was primarily driven by the private investment portfolio.

<sup>5</sup> Source: Alinda, Report to Investors, as at December 31, 2022.

### **Starlight Private Infrastructure Pool**

The Trust is a unitholder in the series I units of the Starlight Private Infrastructure Pool, the manager of which is Starlight Capital. The Starlight Private Infrastructure Pool investment objective is to achieve long-term capital appreciation and regular current income by investing globally in private infrastructure and infrastructure-related investments and in publicly traded companies with direct or indirect exposure to infrastructure. Starlight Private Infrastructure Pool invests up to 80% of its assets in a global portfolio of private infrastructure and infrastructure related investments and a minimum of 20% in global publicly listed infrastructure and infrastructure related securities. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. For instruments for which there is no active market, the Starlight Private Infrastructure Pool may use externally provided pricing or internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

At March 31, 2023, Starlight Private Infrastructure Pool was invested in four private investments with exposure to solar power, data centres, wireless networks/broadband, transportation, U.S. cell towers, U.S. single family housing and had exposure to a global portfolio of infrastructure securities. The Starlight Private Infrastructure Pool performance returns for Q1 2023 was -2.0%. Performance was primarily driven by the private investment portfolio.

## Q1 2023 HIGHLIGHTS

### PORTFOLIO INVESTMENTS

As of March 31, 2023, the Trust had an investment of \$1,358,938 (December 31, 2022 – \$2,242,003) in the two Public Portfolio LPs and \$32,308,786 in six investments in the Private Portfolio (December 31, 2022 – \$33,672,086). The Public Portfolio LPs had 55 investments with an effective market value of \$1,154,004 in publicly traded global real estate and infrastructure securities.

### DISTRIBUTIONS

On January 23, 2023, Starlight Capital announced the 2023 Series A, Series F and Series I quarterly distributions to Unitholders of record of \$0.1546 per Series A Unit, \$0.1523 per Series F Unit and \$0.1575 per Series I Unit, respectively (2022 – \$0.1362 per Series A Unit, \$0.1365 per Series F Unit and \$0.1381 per Series I Unit) for a total distribution of \$0.6093 per Series A Unit per annum, \$0.6184 per Series F Unit per annum and \$0.6299 per Series I Unit per annum (2022 – \$0.545 per Series A Unit per annum, \$0.546 per Series F Unit per annum and \$0.552 per Series I Unit per annum). In addition, the distributions declared included a component funded by the Trust's distribution reinvestment plan ("DRIP"), which allows Unitholders to elect to reinvest cash distributions into their respective series of Units at NAV.

As at March 31, 2023, the Trust declared one distribution of \$0.1546 per Series A Unit, one distribution of \$0.1523 per Series F Unit and one distribution of \$0.1575 per Series I Unit.

The following table shows the amount of distributions declared, non-cash distributions under the DRIP and cash distributions paid by the Trust.

<b>Period ended March 31, 2023</b>	<b>Series A</b>	<b>Series F</b>	<b>Series I</b>	<b>Total</b>
Distributions declared	342	472,909	16	473,267
Less: DRIP	(15)	(4,329)	(16)	(4,360)
<b>Cash distributions paid</b>	<b>327</b>	<b>468,580</b>	<b>–</b>	<b>468,907</b>

<b>Year ended December 31, 2022</b>	<b>Series A</b>	<b>Series F</b>	<b>Series I</b>	<b>Total</b>
Distributions declared	\$ 1,221	\$1,768,306	\$53	<b>\$1,769,580</b>
Less: DRIP	(52)	(9,333)	(54)	<b>(9,439)</b>
<b>Cash distributions paid</b>	<b>\$1,169</b>	<b>\$1,758,973</b>	<b>\$(1)</b>	<b>\$1,760,141</b>

### REDEMPTION OF UNITS

On June 29, 2020, 43,020 Series A Units, 10,483 Series C Units and 4,117 Series F Units were redeemed in accordance with the second amended and restated declaration of trust (the "Prior DOT") at NAV. Series A, Series C and Series F Unitholders received redemption proceeds of \$410,501, \$104,791 and \$40,772, respectively for total proceeds of \$556,064 at a NAV per Unit of \$9.5498, \$10.0075 and \$9.9014, respectively.

On June 29, 2021, 196,334 Series A Units and 177,742 Series C Units were redeemed in accordance with the Prior DOT at NAV. Series A and Series C Unitholders received redemption proceeds of \$2,050,669 and \$1,943,875, respectively, for total proceeds of \$3,994,545 at a NAV per Unit of \$10.4448 and \$10.9365, respectively.

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

On March 31, 2022, 83,931 series F Units were redeemed under the quarterly redemption with a NAV of \$11.0785 for total proceeds of \$765,858.

On June 30, 2022, 7,991 series F Units were redeemed under the quarterly redemption with a NAV of \$11.5057 for total proceeds of \$91,946.

On September 30, 2022, 102,207 series F Units were redeemed under the quarterly redemption with a NAV of \$12.68336 for total proceeds of \$1,296,328.

On December 30, 2022, 82,132 series F Units were redeemed under the quarterly redemption with a NAV of \$11.9955 for total proceeds of \$985,218.

On March 31, 2023, 65,275 series F Units were redeemed under the quarterly redemption with a NAV of \$11.3484 for total proceeds of \$740,767.

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

	As at March 31, 2023	As at December 31, 2022
Current assets	\$34,796,912	\$37,798,802
Current liabilities	1,351,711	1,570,788
Net assets attributable to holders of redeemable Units per series		
Series A	24,595	26,140
Series F	33,419,460	36,200,680
Series I	1,146	1,194
	<b>\$33,445,201</b>	<b>\$36,228,014</b>

## ANALYSIS OF FINANCIAL PERFORMANCE

The Trust's financial performance and results of operations for the three months ended March 31, 2023 and 2022 are summarized below:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Investment gain (loss)	\$(1,385,231)	\$911,560
Expenses	(187,908)	(174,638)
Net Investment income (loss)	(1,573,139)	736,922
Increase (decrease) in net assets attributable to holders of redeemable units	<b>\$(1,573,139)</b>	<b>\$736,922</b>

## GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses include items such as legal and audit fees, Trustee fees, investor relations expenses, Trustees' and officers' insurance premiums, and other general and administrative expenses associated with the operation of the Trust. Management fees payable to the Manager would also be included in general and administration expenses. Management fees paid or payable to the Manager in Q1 2023 were \$126,688 (March 31, 2022 – \$124,285). See "Related Party Transactions and Arrangements – Arrangements with Starlight Capital".

## ACCRUED EXPENSES

As at March 31, 2023, the Trust had \$137,677 in accounts payable and accrued liabilities (March 31, 2022 - \$124,190).

## LIABILITIES

### LEVERAGE

The Trust may obtain leverage of up to 50% of the NAV of the Public Portfolio LPs by way of a margin facility. In addition, the Private Portfolio may obtain leverage of up to 75% of the fair market value of any direct real estate held in the Private Portfolio either directly or indirectly through an investment vehicle. The Private Portfolio may also obtain leverage of up to 90% of the fair market value of any direct infrastructure held in the Private Portfolio either directly or indirectly through an investment vehicle.

As at March 31, 2023 and December 31, 2022, the Trust had no leverage.

## UNITHOLDERS' EQUITY

The Trust had the following Series A, Series F and Series I Units outstanding as of March 31, 2023, and December 31, 2022:

	March 31, 2023		December 31, 2022	
	Outstanding Units	Net assets attributable to holders of redeemable units (\$)	Outstanding Units	Net assets attributable to holders of redeemable units (\$)
Series A	2,245	24,595	2,243	26,140
Series F	2,994,105	33,419,460	3,058,999	36,200,680
Series I	100	1,146	99	1,194

The Trust has the following Series A, Series F and Series I Units outstanding as of May 3, 2023:

Series	Series A	Series F	Series I
Balance, beginning of period	2,245	2,994,105	100
Share reinvested	–	5	–
Share redeemed	–	(44)	–
Units outstanding, end of period	2,245	2,994,066	100

## LIQUIDITY AND CAPITAL RESOURCES

### LIQUIDITY

Cash flows from investments represent the primary source of liquidity to fund distributions and the Trust's expenses. The Trust's cash flow from investments is dependent upon the distribution levels of its investments, foreign currency exchange rates and from the realization of capital gains on its investments. Declines in these factors may adversely affect the Trust's net cash flow from operations and hence require distributions and expenses to be paid from return of capital through the sale of investments.

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

The Investment Manager manages the liquidity of the Public Portfolio to be able to meet the liquidity needs of the Public Portfolio LPs and of the Trust. A more detailed discussion of these risks can be found under the "Risks and Uncertainties" section in the annual information form of the Trust ("AIF") dated March 31, 2023. Also see "Risks and Uncertainties".

The Trust expects to be able to meet all its obligations, including distributions to Unitholders and expenses as they become due. The Trust has a number of financing sources available to fulfill its commitments including: (i) cash flow from operating activities; (ii) investment portfolio; (iii) issuance of equity; and (iv) ability to implement a margin facility.

Where the Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution that has been declared payable, or otherwise made payable, on the due date for such payment or for any other reason cannot pay the distribution in cash, or the Trustees otherwise elect in respect of any such distribution at the sole and absolute discretion of the Trustees, the payment will be distributed to the Unitholders in the form of additional Units, or fractions of Units, if necessary or desirable, having a value equal to the difference between the amount of such distribution declared to be payable and the amount of cash that has been determined by the Trustees to be available for the payment of such distribution. Such additional Units will be issued based on the proportionate interest of each series and with respect to such series, pro rata in proportion to the number of Units held as of record by such Unitholder on such date. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. Immediately after a proportionate pro rata distribution of such Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution.

### **CASH FLOW**

The following table details the changes in cash and cash equivalents:

	<b>Three months ended March 31, 2023</b>	<b>Three months ended March 31, 2022</b>	<b>Year ended December 31, 2022</b>
Cash from (used) in operating activities	539,584	(47,722)	\$2,211,625
Cash from (used in) financing activities	(1,412,935)	944,330	(2,088,775)
Increase (decrease) in cash	(873,351)	896,608	122,850
Cash at beginning of year	1,880,610	1,757,760	1,757,760
Cash at end of year	<b>\$1,007,259</b>	<b>\$2,654,368</b>	<b>\$1,880,610</b>

Cash used in operating activities primarily represents the distributions received from partnerships, Trust expenses and net realized and unrealized gains and losses on investments.

Cash from financing activities is a result of the distributions, redemptions, and the issuance of Units. See "Unitholders Equity".

## **COMMITMENTS**

On January 27, 2022, the Trust entered into a subscription agreement for a U.S. \$2 million commitment to NextPower. The commitment is callable on demand on a pro-rata basis with other investors. As at March 31, 2023, the Trust had a remaining commitment of U.S. \$475,366.

On November 24, 2021, the Trust entered into a subscription agreement for a U.S. \$4 million commitment to Alinda L.P., and on April 5, 2022, increased the commitment to U.S. \$5 million. The commitment is callable on demand on a pro-rata basis with other investors. As at March 31, 2023, the Trust had a remaining commitment of U.S. \$604,319.

## **RELATED PARTY TRANSACTIONS AND SIGNIFICANT ARRANGEMENTS**

Starlight Capital is considered a related party to the Trust as Starlight Capital is controlled by a significant Unitholder who owns more than 10% of the Trust.

## **ARRANGEMENTS WITH STARLIGHT CAPITAL**

Pursuant to the management agreement dated December 13, 2018 ("Management Agreement"), the Manager manages the business of the Trust, including making all decisions regarding the business of the Trust that are advisable or consistent with accomplishing the objectives of the Trust, transacting the business of the Trust, dealing with and in the assets of the Trust, and providing advisory, investment management and administrative services to the Trust. The Trust is administered and operated by the Trust's Chief Executive Officer and Chief Investment Officer and its Chief Financial Officer and Chief Operating Officer in addition to an experienced team of investment management professionals from Starlight Capital.

The Management Agreement, unless terminated in accordance with its termination provisions, will continue in effect until the winding-up or dissolution of the Trust.

Pursuant to the investment management agreement dated December 13, 2018 ("Investment Management Agreement"), the Investment Manager manages the business of the Public Portfolio LPs, including making all decisions regarding the investment portfolio of the Public Portfolio LPs in accordance with the investment objectives, investment strategy and investment restrictions of the Trust, employing leverage, and providing administrative services to the Public Portfolio LPs. The Public Portfolio LPs are administered and operated by Starlight Capital's Chief Executive Officer and Chief Investment Officer and its Chief Financial Officer and Chief Operating Officer as well as an experienced team of investment management professionals from Starlight Capital.

The Investment Management Agreement, unless terminated in accordance with its termination provisions, will continue in effect until the winding-up or dissolution of the Trust.

## **SUMMARY OF FEES AND EXPENSES**

### ***MANAGEMENT FEE***

Pursuant to the Management Agreement, the Manager is entitled to an annual management fee of 2.25% for Series A and 1.25% for Series F of the market capitalization of the Trust based on the NAV of the Trust plus the aggregate redemption price of any outstanding preferred units calculated and accrued daily and paid by the Trust monthly in arrears. The management fee for Series I Units is negotiated and paid directly by these Unitholders and not by the Trust. Any fees payable on delegation of responsibilities of the Manager to the Investment Manager will be paid out of the Manager's fees entitlement and will not result in additional fees to the Trust. The management fees on Series A Units and Series F Units for the period ended March 31, 2023 amounted to \$126,688 (March 31, 2022 – \$124,285) with \$42,785 in outstanding accrued fees on the Units due to the Manager at March 31, 2023 (March 31, 2022 – \$43,891).

### ***PERFORMANCE FEE***

Pursuant to the Investment Management Agreement, the Investment Manager is entitled to an annual performance fee equal to the product of: the weighted average number of each of the Public Portfolio LPs' units outstanding on the calculation date for such year, and 15% of (A) the amount by which the sum of:

- (i) the NAV of the Public Portfolio LPs' unit at the end of such fiscal year (calculated before taking into account the Public Portfolio LPs' performance fee payable for the fiscal year), plus,
  - (ii) the total amount of distributions paid by the Public Portfolio LP to the Trust during such fiscal year, if any, divided by the weighted average number of Public Portfolio LPs units outstanding during such fiscal year.
- exceeds (B) the greater of:
- a. the High Water Mark (as defined below), and
  - b. the Hurdle Amount (as defined below).

The "High Water Mark" for any fiscal year means the greater of: (a) \$10, and (b) the highest NAV per applicable Unit determined as at the last business day of any previous fiscal year, less the total amount of distributions paid on the applicable series during all consecutive immediately preceding fiscal years, if any, in respect of which no performance fee was paid divided by the weighted average number of units of such series outstanding during such fiscal years. The hurdle amount for any fiscal year of the Trust means an amount equal to the product of: (a) the NAV per applicable Unit on the last business day of the preceding fiscal year, and (b) 108% (the "Hurdle Amount"). The effective performance fee payable as at March 31, 2023 was \$Nil (December 31, 2022 - \$Nil).

### ***OPERATING EXPENSES***

The Trust reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement, as well as certain specified expenses ancillary to the operations of the Manager, including travel on behalf of the Trust.

The Public Portfolio LPs reimburse the Investment Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Investment Manager in connection with the performance of the services described in the Investment Management Agreement, as well as certain specified expenses ancillary to the operations of the Investment Manager.

Each series of Units is responsible for the expenses specifically related to that series and a proportionate share of expenses that are common to all series.



As at March 31, 2023, \$42,785 in management fees payable was included in accounts payable and accrued liabilities to the Manager (March 31, 2022 – \$43,891). In addition, the Investment Manager has paid \$94,892 of the Trust's operating expenses included in accounts payable and accrued liabilities which is recoverable from the Trust (March 31, 2022 – \$80,299).

## **RISKS AND UNCERTAINTIES**

There are certain risks inherent in an investment in the securities of the Trust and in the activities of the Trust. Risks and uncertainties are disclosed below, in the Trust's annual MD&A dated March 31, 2023 for the year ended December 31, 2022 and in the AIF. The annual MD&A and AIF are available on SEDAR at [www.sedar.com](http://www.sedar.com). Current and prospective Unitholders of the Trust should carefully consider such risk factors.

The following risks and uncertainties have been updated by management from the Trust's annual MD&A:

### ***RECENT AND FUTURE GLOBAL FINANCIAL DEVELOPMENTS***

Recent geopolitical turmoil has contributed to elevated volatility in global energy, commodity and currency markets and the effects could be substantial and long-lasting. This is in addition to continued market concerns around global monetary policy, inflation, the United Kingdom's withdrawal from the European Union and political party instability, COVID-19 or other pandemics, and matters related to U.S. politics, all of which may adversely impact global equity markets. Global growth is widely forecast to slow and the continued expectation of further interest rate hikes, persistently high inflation and the war in Ukraine have added to this sentiment. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Trust and the value of the investment portfolio.

### ***RISKS RELATING TO THE PORTFOLIO ISSUERS***

As the Trust invests globally in businesses in the residential and commercial real estate sectors and the global infrastructure sector, the Trust is subject to certain risk factors to which the investment portfolio issuers are subject and which could affect the business, prospects, financial position, financial condition or operating results of the Trust as a result of its investment in such issuers.

The value of the assets of the Trust will vary as the value of the securities in the investment portfolio changes. The Trust has no control over the factors that affect the value of the securities in the investment portfolio. Factors unique to each company included in the investment portfolio, such as changes in its management, strategic direction, achievement of goals, interest rates, inflation, COVID-19 or other pandemics, mergers, acquisitions and divestitures, changes in distribution policies, changes in law and regulation and other events, may affect the value of the securities in the investment portfolio. A substantial drop in equities markets could have a negative effect on the Trust and could lead to a significant decline in the value of the investment portfolio and the value of the Units.

The value of the securities acquired by the Trust will be affected by business factors and risks that are beyond the control of the Manager or the Investment Manager, including:

- (a) operational risks related to specific business activities of the respective issuers;
- (b) quality of underlying assets;
- (c) financial performance of the respective issuers and their competitors;
- (d) sector risk;
- (e) COVID-19 or other pandemics;
- (f) fluctuations in exchange rates;
- (g) fluctuations in interest rates and the impact of inflation; and

(h) changes in government regulations.

### ***RISKS RELATING TO THE VALUATION OF THE PORTFOLIO***

Fluctuations in the respective market values of the securities in the investment portfolio may occur for a number of reasons beyond the control of the Trust and may be both volatile and rapid with potentially large variations over a short period of time. Independent pricing information regarding certain of the Trust's securities and other investments may not be readily available at all times. Valuation determinations will be made in good faith by the Trust. The Trust may have some of its assets in investments which by their very nature may be extremely difficult to value accurately.

### ***INFRASTRUCTURE RISK***

As the Trust invests in infrastructure entities, projects and assets, the Trust may be sensitive to adverse economic, regulatory, political or other developments. Infrastructure entities may be subject to a variety of events that adversely affect their business or operations, including service interruption due to environmental damage, operational issues, COVID-19 or other pandemics, access to and the cost of obtaining capital, and regulation by various governmental authorities. There are substantial differences between regulatory practices and policies in various jurisdictions, and any given regulatory authority may take actions that affect the regulation of instruments or assets in which the Trust invests, or the issuers of such instruments, in ways that are unforeseeable. Infrastructure entities, projects and assets may be subject to changes in government regulation of rates charged to customers, government budgetary constraints, the imposition of tariffs and tax laws, COVID-19 or other pandemics, and other regulatory policies. Additional factors that may affect the operations of infrastructure entities, projects and assets include innovations in technology that affect the way a company delivers a product or service, significant changes in the use or demand for infrastructure assets, terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets. The Trust may invest in entities and assets that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose instruments may react similarly to various events that are unforeseeable.

### ***REAL ESTATE RISK***

The assets, earnings and share values of companies involved in the real estate industry are influenced by general market conditions and a number of other factors, including but not limited to:

- economic cycles;
- interest rates and inflation;
- consumer confidence;
- the policies of various levels of government, including property tax levels and zoning laws;
- the economic well-being of various industries;
- COVID-19 or other pandemics;
- overbuilding and increased competition;
- lack of availability of financing to refinance maturing debt;
- vacancies due to tenant bankruptcies and other reasons;
- losses due to costs resulting from environmental contamination and its related clean-up;
- casualty or condemnation losses;
- variations in rental income;
- changes in neighbourhood values; and
- functional obsolescence and appeal of properties to tenants.

In addition, underlying real estate investments may be difficult to buy or sell. This lack of liquidity can cause greater price volatility in the securities of companies like REITs, which own and manage real estate assets.

### ***SIGNIFICANT OWNERSHIP BY STARLIGHT CAPITAL***

As of the date hereof, Daniel Drimmer and his affiliates hold an approximate 16.33% interest in the Trust through ownership of Series F Units. Starlight Capital has the ability to exercise influence with respect to the affairs of the Trust and significantly affect the outcome of Unitholder votes, including transactions in which an investor might otherwise receive a premium for its Units over the then current market price.

### ***FLUCTUATIONS IN NAV AND NAV FOR EACH SERIES OF UNIT***

The NAV and series NAV for each series of Unit will vary according to, among other things, the value of the investments held by the Trust. The Manager, the Investment Manager and the Trust have no control over the factors that affect the value of the investments held by the Trust, including factors that affect the equity and debt markets generally, such as general economic and political conditions, war or other armed conflicts, COVID-19 or other pandemics, fluctuations in interest rates and factors unique to each issuer included in the investment portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### **USE OF ESTIMATES**

The preparation of the Trust's financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties management believes will materially affect the methodology or assumptions utilized in making those estimates in its audited annual financial statements.

As at March 31, 2023, no material estimates were used in determining the recorded amount for assets and liabilities in the annual audited financial statements.

### **SIGNIFICANT ACCOUNT POLICIES**

There were no changes to the Trust's accounting policies in Q1 2023.

### **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Trust maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, will be detected or prevented.

**Starlight Private Global Real Assets Trust**  
Management's Discussion and Analysis of Operations and Financial Condition  
For the three months ended March 31, 2023

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These inherent limitations include, without limitation, the possibility management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates that the Trust will be continually evolving and enhancing its systems of controls and procedures.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Trust's disclosure controls and procedures (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and concluded that the design and operation of the Trust's disclosure controls and procedures; and internal controls over financial reporting were effective and continue to be appropriate for the three months ended March 31, 2023.

## CORPORATE INFORMATION

### INVESTMENT MANAGER

#### STARLIGHT INVESTMENTS CAPITAL LP

1400 - 3280 Bloor Street West  
Centre Tower  
Toronto, ON, M8X 2X3

### AUDITOR

#### Deloitte LLP

Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto ON M5H 0A9

### CUSTODIAN AND TRANSFER AGENT

#### RBC Investor Services Trust

155 Wellington Street West,  
Toronto, ON M5V 3L3

### Board of Trustees and Audit Committee

#### LEONARD DRIMMER <sup>(1)</sup>

Independent Trustee

#### GLEN HIRSH

Trustee, Chairman of the Board

#### HARRY ROSENBAUM <sup>(1)</sup>

Independent Trustee

#### DENIM SMITH <sup>(1)</sup>

Independent Trustee

<sup>(1)</sup> Audit Committee Member

### Executive Management Team

#### DENNIS MITCHELL

Chief Executive Officer and Chief Investment Officer

#### GRAEME LLEWELLYN

Chief Financial Officer and Chief Operating Officer