Starlight Capital Global Real Estate 2026 Outlook

January 2026

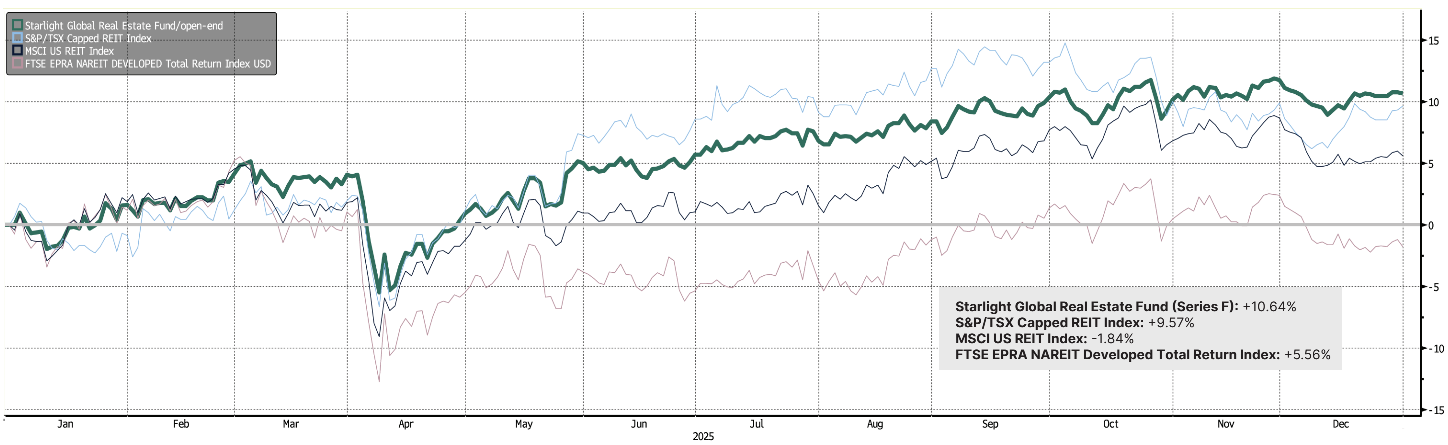
Dennis Mitchell, MBA, CFA, CBV

Chief Executive Officer and Chief Investment Officer

Managed Fund:
Starlight Global Real Estate Fund

2025 Review and Analysis

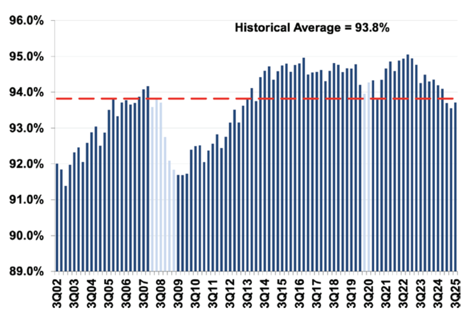
The Starlight Global Real Estate Fund generated a +10.6% total return in 2025, outperforming Canadian, US and global REITs. This top decile performance was driven by overweights in Canada and sectors with robust and enduring long-term structural drivers – such as seniors' housing, industrial and cell towers.



Source: Bloomberg Finance. As of December 31, 2025

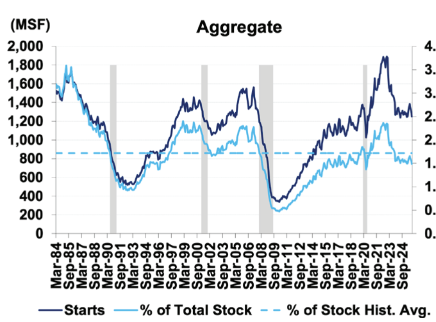
In 2025, real estate returns were driven by all three sources of total return – earnings growth, yield and multiple expansion. Earnings growth was driven by occupancy gains and rent growth as the development pipelines for real estate sectors are either very low or falling. Both contributed to strong same-property Net Operating Income ("NOI") growth, a key driver of Funds From Operations ("FFO") growth.

REIT Occupancy Is Near Peak Levels



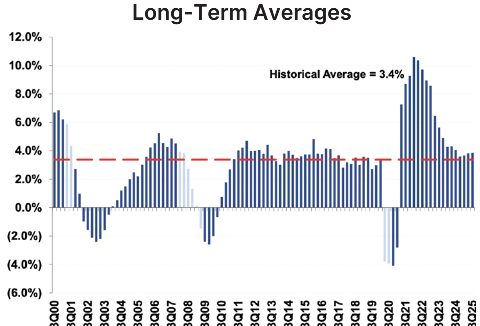
Source: Citi Research and Company Reports as of 9/30/2025

Aggregate Construction Starts



Source: FW Dodge and Citi Research

REIT Same-Store NOI Growth is Above Long-Term Averages



Source: Citi Research and Company Reports as of 9/30/2025

Growth in FFO also allowed global real estate companies to increase their dividends and distributions to investors, rewarding them with strong total returns. In 2025, the Starlight Global Real Estate Fund experienced 20 dividend/distribution increases with an average increase of 5.0%.[1]

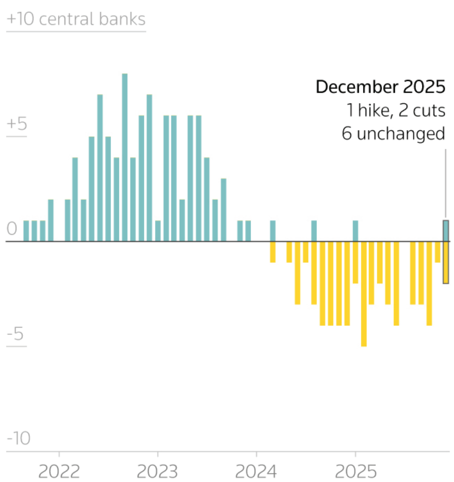
Finally, real estate multiples recovered materially as global central banks delivered 850 bps (8.5%) of easing across 32 rate reductions in 2025 – the largest easing cycle since 2009.

Developed markets interest rates as of December 2025

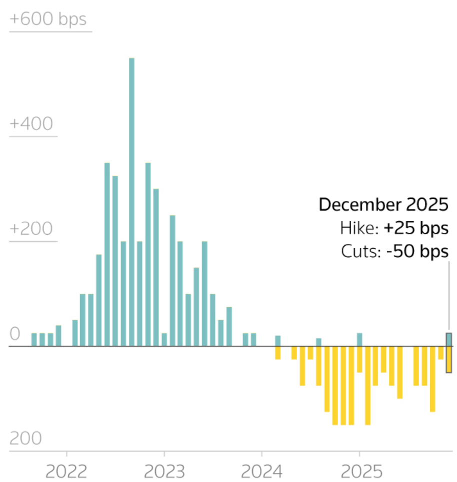
Policyrate hikes and cuts by developed market central banks

The chart shows the combined count and value of cuts and hikes by the U.S., UK, Norway, Australia, New Zealand, Canada, Euro zone, Sweden, Switzerland and Japan.

NUMBER OF HIKES AND CUTS



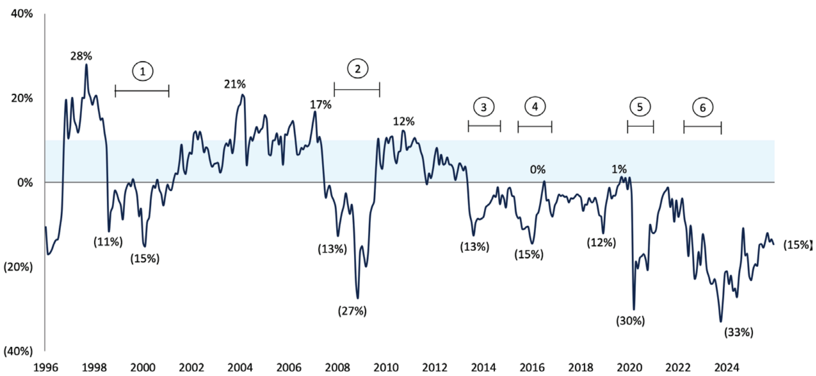
TOTAL VALUE OF HIKES AND CUTS



Source: LSEG Datastream
Sumanta Sen and Karin Stohecker - Dec 22, 2025 | REUTERS
Graphic: A column chart showing the total developed market central bank policy rates moves every month between September 2021 and December 2025.

While Canadian REITs generated strong total returns in 2025, they continue to trade at a -15.0% discount to Net Asset Value ("NAV"), compared to a historical average of -2.0% discount to NAV. US REITs now trade at a -13.6% discount to NAV compared to long-term historical premiums of +4.0%. Both markets offer material capital appreciation potential in addition to attractive, tax-efficient cash flow.

Group average premium/(discount) to estimated NAV (Jan-1996 to Dec-2025)

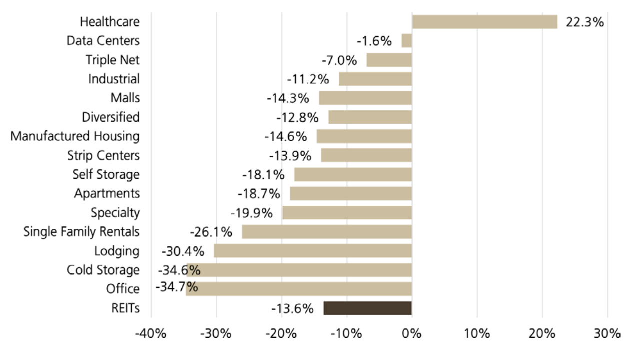


1) Tech bubble; 2) GFC & recovery; 3) Taper tantrum & recovery; 4) 2015 "sell Canada" theme & recovery; 5) COVID-19 pandemic; 6) Aggressive BoC tightening cycle

Notes: 1) Shaded area spanning 100% of NAV to 110% of NAV is referred to as our "band of fair value." Given the degree of subjectivity involved in determining NAVs, we generally view a fair-trading range as being NAV-parity up to a 10% premium. The group-average P/NAV ratio is derived via simple (unweighted) data from 33 REITs/REOCs.

Source: Bloomberg, FactSet, RBC Capital Markets estimates

Equally Weighted: Most subsectors trading at a discount to consensus NAV



Source: FactSet, UBS

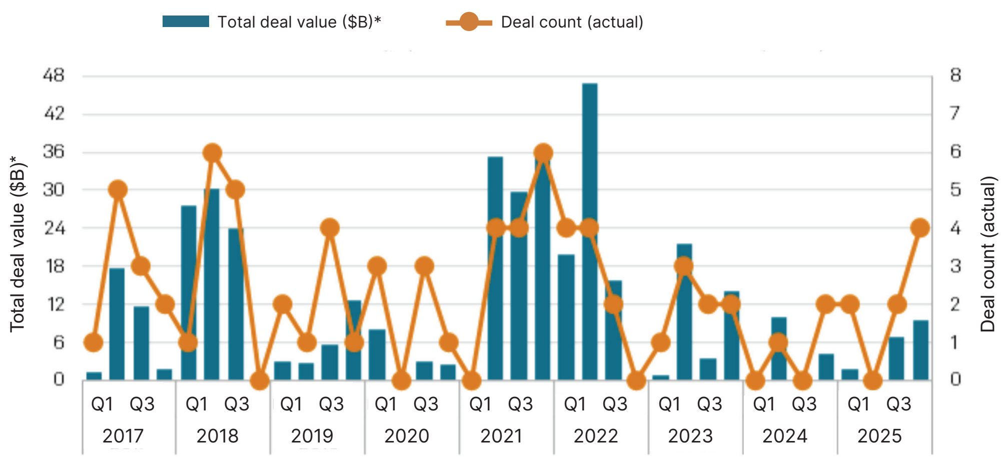
Merger and acquisition activity has continued as quality REITs trade at discounted valuations. Since 2019, on average two Canadian REIT privatizations have occurred per year. Over the same period in the United States, on average eight REIT privatization have occurred per year. The majority of the buyers have been large private equity firms looking to increase their exposure to North American real estate in sectors with strong fundamentals (industrial, residential).

REIT's - M&A Activity, 2019 - 2026 YTD

Announcement Date	Target	Acquirer	Takeover Unit Price	Premium % To Closing Price	Forward P/FFO	Forward P/AFFO	Price to NAV
6-Jan-26	Minto Apartment REIT	Crestpoint Real Estate & Minto Group	$18.00	32.0%	18.0x	20.0x	91%
21-Aug-25	Dream Residential	Morgan Properties	$10.80	60.0%	14.4x	15.7x	80%
27-May-25	InterRent REIT	CLV Group and GIC	$13.55	35.0%	20.5x	23.8x	93%
12-Sep-24	Melcor REIT	Melcor Developments	$5.50	62.2%	7.2x	11.4x	92%
19-Jan-24	Tricon Residential Inc.	Blackstone	US$11.25	30.0%	18.4x	23.9x	94%
7-Nov-22	Summit Industrial REIT	GIC and Dream Industrial REIT	$23.50	31.1%	13.7x	14.9x	119%
24-Oct-21	Cominar REIT	Consortium led by Canderel	$11.75	13.4%	10.3x	14.3x	90%
9-Aug-21	WPT Industrial REIT	Blackstone	US$22.00	16.9%	21.4x	24.7x	138%
4-Jan-21	Brookfield Property Partners	Brookfield Asset Management	US$18.17	25.6%	14.7x	20.9x	73%
20-Feb-20	Northview Apartment REIT	Starlight / KingSett	$36.25	11.5%	16.8x	20.4x	121%
15-Sep-19	Dream Global REIT	Blackstone	$16.79	18.5%	16.1x	17.7x	105%
18-Jul-19	Pure Multi-Family REIT	Cortland Partners	US$7.61	4.0%	19.5x	21.1x	101%
2-Apr-19	Starlight U.S. Multi-Family (No. 5) Class A	Tricon Capital Group	$11.10	26.0%	N/A	N/A	100%
	Historical Average (2019-2026 YTD)			**28.2%**	**15.9x**	**19.1x**	**100%**

Source: Company reports, FactSet and CIBC World Markets Inc.

Real estate M&A deal agreements involving public equity REITs by quarter



Data compiled Jan. 6, 2026.

Analysis limited to real estate deals where the buyer or target is a US equity real estate investment trust that traded on the NYSE, Nasdaq or NYSE American and where more than 50% total equity of the target company changes control.
*Total deal value is calculated by taking the first available value in the following hierarchy: Transaction value as reported at deal announcement, S&P Global Market Intelligence-calculated deal value including debt assumption. Deal value not available for all deals.
Excludes terminated deals, unaccepted bids and deals where the target's industry classification is outside the real estate sector.

Source: S&P Global Market Intelligence.

In general, 2025 was a strong year for global real estate and has set the stage for continued strong performance in 2026.

2026 Macro Environment and Total Return Outlook

In 2026, Canada's fiscal landscape will see a federal deficit projected at $78.3 billion (~2.5% of GDP), a significant increase due to the Carney government's emphasis on major capital investment and defense spending. While the substantial fiscal stimulus is expected to add 0.4% to GDP growth and help the economy stabilize, growth is expected to remain modest at an average of 1.4% due to ongoing trade tensions with the U.S. and a reversal in population growth.

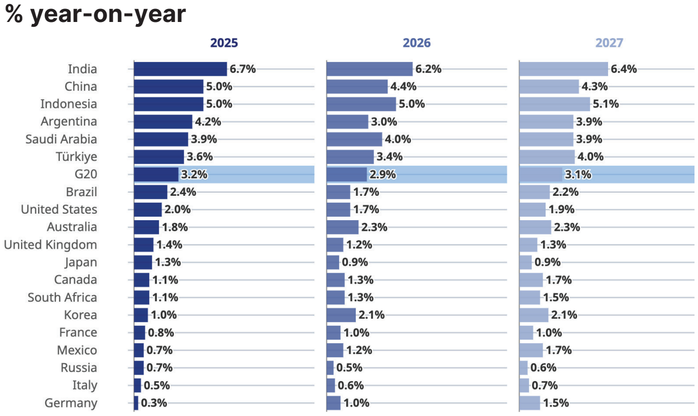
The Bank of Canada ("BOC") is forecast to hold the Overnight Rate steady at 2.25% this year. Having concluded an aggressive easing cycle that brought rates to the bottom of the BOC's estimated neutral range (2.25% – 3.25%), policymakers now view the current rate as appropriate to keep inflation anchored near the 2.0% target.

The United States fiscal outlook is dominated by a projected budget deficit of $1.7 trillion, or ~5.5% of GDP. Much of this is attributable to the One Big Beautiful Bill Act and its personal and corporate tax cuts. While these measures are expected to boost real GDP growth to 2.2% in 2026, they also contribute to a rapidly rising national debt, which has reached $38T.

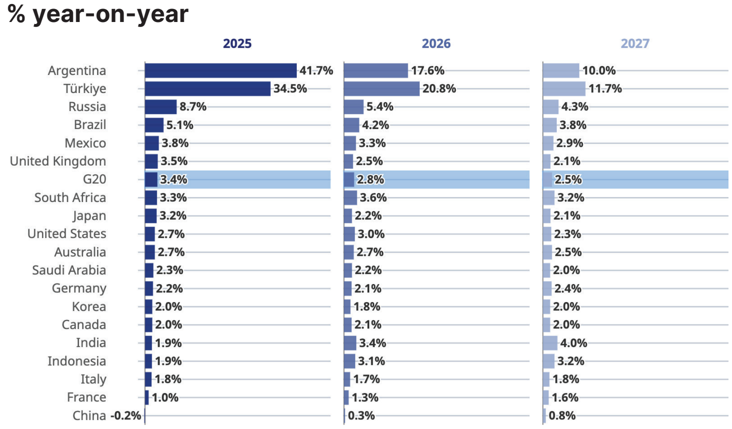
Following three rate cuts in 2025 that brought the Federal Funds Rate to 3.5%, the Federal Reserve is forecast to reduce the Federal Funds Rate by 0.25% in 2026 to 3.25%. The continued cooling of the labour market and limited impact of tariffs on consumer prices allows for additional rate cuts if necessary.

The Organisation for Economic Co-operation and Development ("OECD") sees the global economy growing at a rate that is below its long-term potential, despite inflation generally being above global policy targets. Central banks are likely to keep rates flat in 2026 with the ability to ease if geopolitical events increase risk and uncertainty. In this low growth, falling inflation scenario, global real estate tends to generate strong total returns.

Real GDP growth projections for 2025, 2026 and 2027
% year-on-year



Headline inflation projections for 2025, 2026 and 2027
% year-on-year



Source: OECD Economic Outlook. December 2025.

Globally, real estate continues to trade at a discount to NAV and below long-term historical earnings multiples. This is despite attractive and rising yields and a fundamental backdrop (low and falling supply, rising and resilient demand) across many sectors that supports strong earnings growth (occupancy and rent gains) and asset value appreciation. As the table below demonstrates, global real estate has the potential to deliver +9.0% or better total returns in 2026 from existing yields and internal earnings growth. Additional upside exists from multiple expansion given the discounted valuations in all observed markets.

Global Real Estate 2026 Total Returns Forecast				
	Canada	**United States**	**Europe**	**Australia**
Discount to NAV	-15.0%	-13.6%	-28.7%	-9.0%
Long-Term Average	-2.0%	4.0%	-10.0%	-5.0%
Potential Upside	**13.0%**	**17.6%**	**18.7%**	**4.0%**
Price/FFO Multiple	12.0x	13.0x	14.0x	17.5x
Long-Term Average	14.5x	15.0x	19.0x	14.5x
Potential Upside	**20.8%**	**15.4%**	**35.7%**	**-17.1%**
Potential Multiple Expansion	**16.9%**	**16.5%**	**27.2%**	**-6.6%**
Distribution/Dividend Yield	5.2%	4.0%	4.5%	3.2%
FFO/Unit Growth	4.0%	5.4%	5.0%	6.8%
Organic Growth	**9.2%**	**9.4%**	**9.5%**	**10.0%**

Source: Citi, Kepler Chevreux, RBC and UBS as of December 31, 2025.

Starlight Global Real Estate Fund Holdings

We favour real estate sectors with strong, secular demand trends, preferably with muted supply growth. These factors should drive high occupancies and consistent rent growth and result in long-term NAV appreciation and cash flow growth. For 2026 there are several sectors that meet these criteria.

Telecommunications Towers

Helios Towers builds and operates telecommunications towers across nine high-growth markets in Africa and the Middle East. Helios manages over 14,000 sites, providing mission-critical power and passive infrastructure to major mobile network operators such as Airtel and Vodacom through long-term, inflation-linked contracts. Helios focuses on acquiring and developing towers in markets with rapidly growing mobile and data demand and then driving organic growth by adding new tenants to these towers. Helios will commence paying dividends in 2026 making the name attractive to both growth and dividend investors.

Seniors' Housing

Welltower Inc. is the largest global owner of healthcare infrastructure and manages over 2,000 properties across the United States, Canada and the United Kingdom. The company's Welltower Business System is an AI-driven, data science platform that optimizes operations and capital allocation across its high-growth markets. Welltower also benefits from the aging population in these four nations, driving the demand for more seniors' housing. This has allowed Welltower to generate 12 consecutive quarters of 20%+ same-store NOI growth in its seniors' housing portfolio and 20.7% FFO/share growth in Q3/25.

Industrial & Datacenters

Goodman Group has transitioned from a traditional industrial landlord to a dominant global specialist in digital infrastructure and logistics. The Australian industrial real estate market enjoys high occupancy rates and significant rental growth in supply-constrained metropolitan areas. Goodman's datacenter development pipeline now accounts for 68% of its AUD $12.4B development pipeline, which is projected to grow to over AUD $17.5B in 2026. Goodman has secured a global power bank of 5 GW across 13 major cities to power this development pipeline. Goodman announced an AUD $14B partnership with Canada Pension Plan Investment Board to develop large-scale datacenters in major European hubs like Frankfurt, Amsterdam, and Paris.

Mortgage REITs

Annaly Capital Management is a US mortgage REIT that benefits from the Federal Reserve's easing cycle. Annaly invests in agency mortgage-backed securities which are backed by government-sponsored entities (Fannie Mae and Freddie Mac) that offer a high degree of credit quality and protection against default. Trump's recent demand that the GSE's purchase US $200B of mortgage bonds would be a net positive for Annaly, driving up the value of its assets and potentially reducing its funding costs. Income investors particularly like Annaly for its 12.0% dividend yield, which is sustained by strong earnings and cash flows.

The Starlight Global Real Estate Fund is a concentrated portfolio of 25 high-quality real estate companies with a track record of increasing their distributions annually. In 2025 the portfolio generated 20 distribution increases with an average increase of 5.0%. As at December 31, 2025, the Series F distribution yield was 6.83% and has been very tax-efficient with 70.9% taxed as return of capital in 2024.

We invite you to partner with us.

Starlight Capital

Investment Management

Dennis Mitchell, MBA, CFA, CBV
Chief Executive Officer and Chief Investment Officer

Dennis Mitchell joined Starlight Capital in March 2018 as Chief Executive Officer and Chief Investment Officer. He has over 20 years of experience in the investment industry and has held executive positions with Sprott Asset Management, serving as Senior Vice-President and Senior Portfolio Manager, and Sentry Investments, serving as Executive Vice-President and Chief Investment Officer.

Mr. Mitchell received the Brendan Wood International Canadian TopGun Award in 2009, 2010, and 2011 and the Brendan Wood International 2012 Canadian TopGun Team Leader Award. He also received the Afroglobal Television Excellence Award for Enterprise in 2020 and the Black Business and Professionals Association's Harry Jerome President's Award in 2021.

Mr. Mitchell holds the Chartered Financial Analyst and Chartered Business Valuator designations and earned a Master of Business Administration from the Schulich School of Business at York University in 2002 and an Honors Bachelor of Business Administration degree from Wilfrid Laurier University in 1998. Mr. Mitchell currently sits on the Board of the Toronto Foundation and is Co-Founder and Director of the Black Opportunity Fund.

About Starlight Capital

Starlight Capital is an independent Canadian asset management firm with over $1 billion in assets under management. We manage Global and North American diversified private and public equity investments across traditional and alternative asset classes, including real estate, infrastructure and private equity. Our goal is to deliver superior risk-adjusted, total returns to investors through a disciplined investment approach: Focused Business Investing. Starlight Capital is a wholly-owned subsidiary of Starlight Investments. Starlight Investments is a leading global real estate investment and asset management firm with over 375 employees and $30B in AUM. A privately held owner, developer and asset manager of over 70,000 multi-residential suites and over 7 million square feet of commercial property space. Learn more at www.starlightcapital.com and connect with us on LinkedIn at www.linkedin.com/company/starlightcapital/

Invest With Us

For more information on our investment solutions, learn more at **starlightcapital.com** or speak to our Sales Team.

Important disclaimer.

Starlight Capital
1400–3280 Bloor Street West
Toronto, Ontario, Canada M8X 2X3
info@starlightcapital.com
1-833-752-4683
starlightcapital.com

Starlight™ CAPITAL Focused Investing