

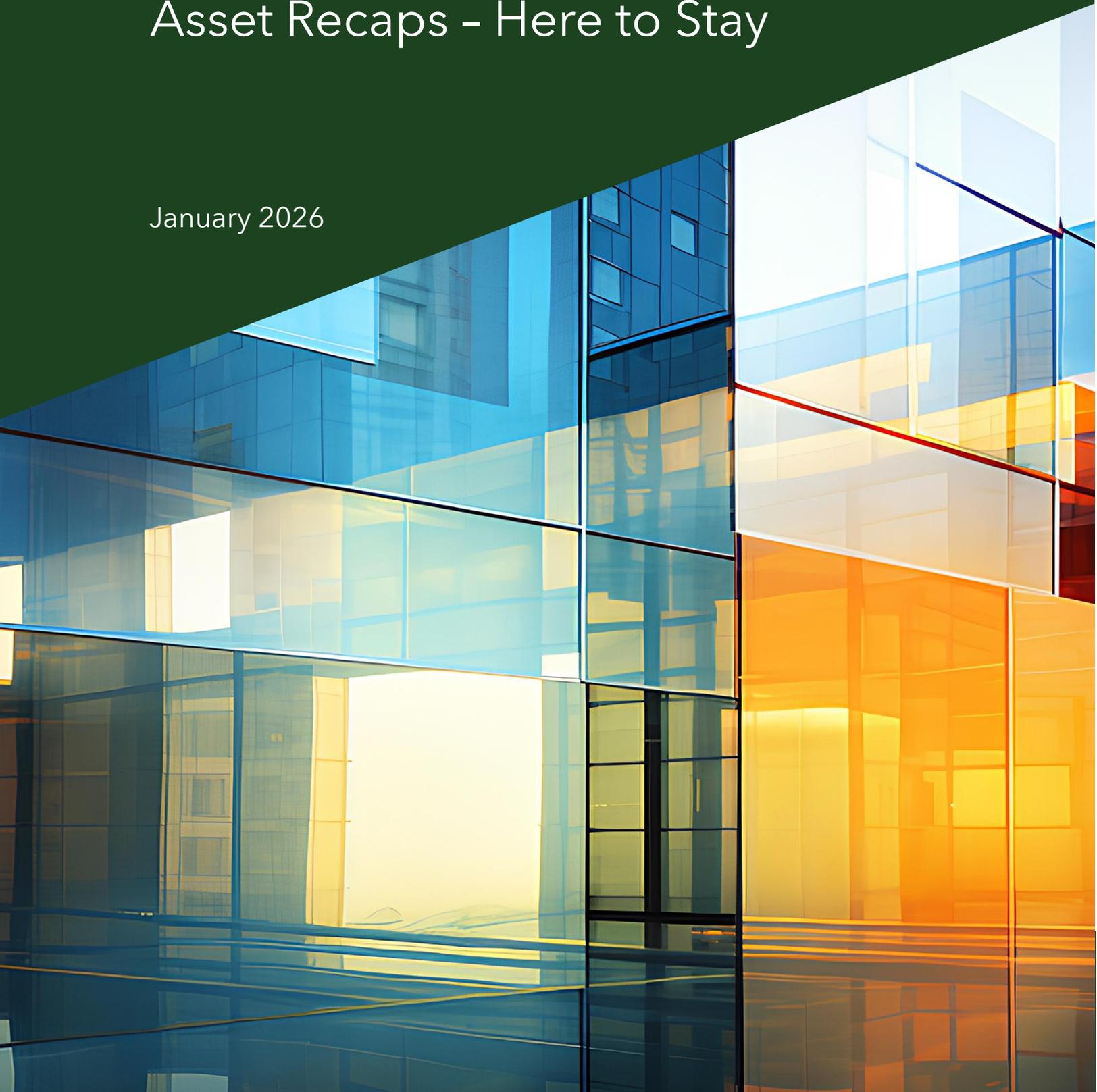


BGO
Strategic Capital
Partners

Real Estate Secondaries | Market Reflections

Asset Recaps – Here to Stay

January 2026



Setting the Stage

Asset recaps (i.e. direct secondaries) have become a core feature of the real estate private equity market, accelerated by dislocations from the recent rate hiking cycle. Today, liquidity needs and financing stresses have created challenges across regions, property types, capital structures, and sponsorship profiles. Property value declines, bid-ask spreads, and lower transaction volumes have constrained sponsor realizations and distributions, further pressuring fundraising. While property values have stabilized, financing markets have improved, and fundraising has rebounded from recent lows, the recovery remains uneven. Liquidity has yet to fully return across the real estate private equity landscape, with ongoing geopolitical uncertainty continuing to weigh on investment decision-making. We believe that these market conditions have and will continue to create the most attractive opportunities within direct secondaries as sponsors seek secondary capital. What was once a burgeoning opportunity set dominated by traditional LP secondaries has evolved into a real estate secondary market characterized by the increasingly complex and bespoke asset- and portfolio-level recapitalizations.

Direct secondaries – a permanent strategy

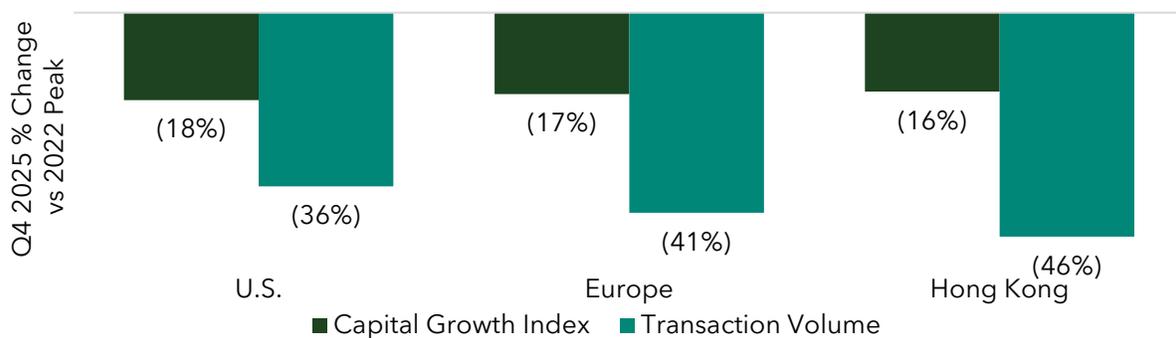
In the direct secondary format, we anticipate an enhanced ability to be highly selective over sector, asset and sponsor exposure. Investors should have the ability to construct portfolios targeting the most desirable sectors, while avoiding those that may be out of favor. Assets can be selected out of larger portfolios where the real estate fundamentals and pricing make the most sense. Limited capital availability should generate opportunities to work with high conviction sponsors, including those that specialize within markets and/or sector verticals. Relatedly, we anticipate an increased ability to achieve better terms across economics, alignment and control.

Capital constraints are expected to be the guiding principle behind direct secondary capital needs within the real estate cycle that is underway. We anticipate the direct secondary opportunity set to grow as current market conditions persist and sponsor adoption of the real estate secondary market continues, increasing the role of direct secondaries in the private real estate ecosystem.

Global Market Illiquidity

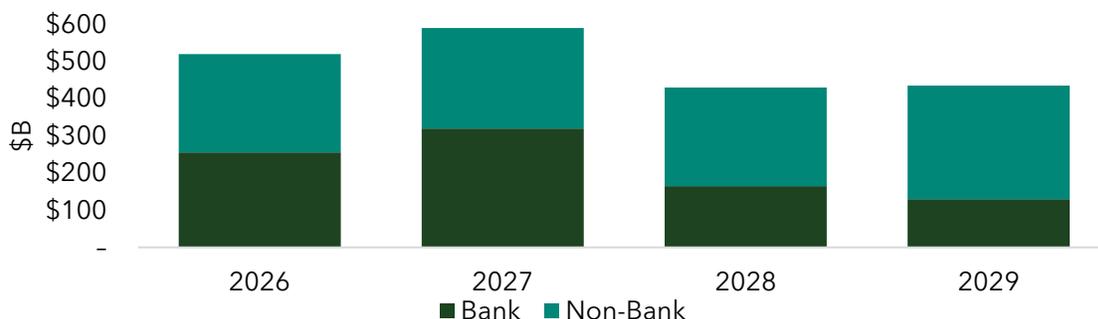
The rapid rise in interest rates from 2022 to 2024, coupled with broader macroeconomic uncertainty, has contributed to property value declines from their peaks in 2022. Transaction volumes followed this trend: Trailing twelve-month U.S. multifamily sales volumes remain down 64% vs 2022 levels,¹ and industrial transactions remain 45% below 2022 levels in Europe.² While transaction volume is expected to improve, slower valuation recovery coupled with supply overhangs for certain property types and geographies have inhibited the closing of bid-ask spreads.

Change in Capital Growth Index and Transaction Volume from 2022 Peak³



Credit headwinds persist in commercial real estate despite recent rate cuts in the U.S. and Europe. In the U.S., over \$500 billion of CRE debt is projected to mature in 2026 with another ~\$1.5 trillion coming due from 2027-2029. Lower quality office has experienced the brunt of pain. However, "in-favor" property types acquired at peak pricing have been negatively impacted with refinancing gaps for certain projects, particularly those experiencing prolonged business plans and hold periods.

U.S. Commercial Real Estate Loan Maturities⁴



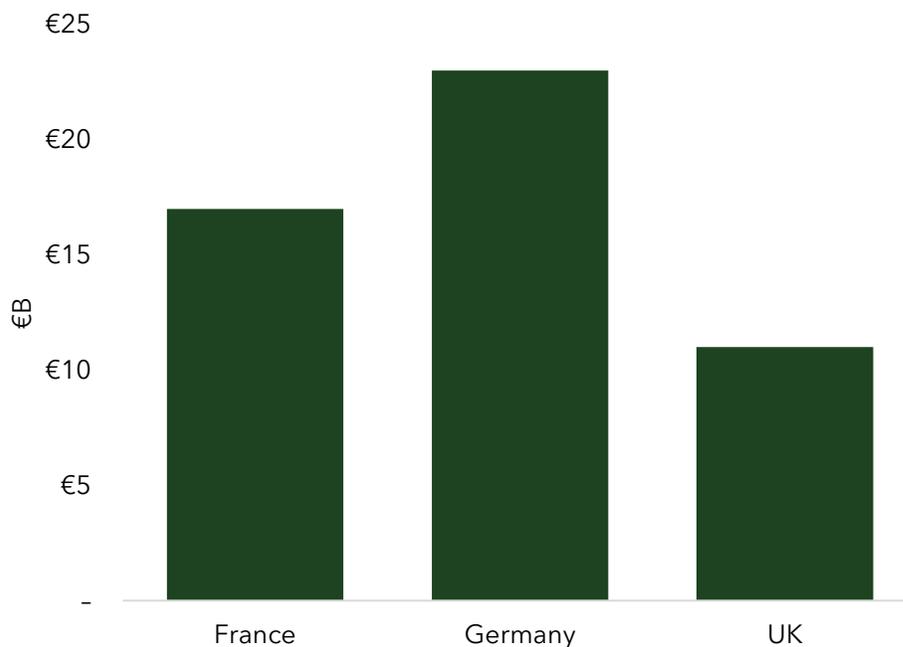
1 RCA data as of January 2026.
 2 Savills as of November 2025.
 3 BGO Research as of January 2026.
 4 MSCI as of August 2025. Reflects commercial property loans.

These challenges compound with a slower recovery in valuations and modest volatility in the U.S. 10-year government bond yield. Expectations of declining interest rates have in part limited a pick-up in transaction markets with sponsors opting to hold longer. This has led to extensions of loans in hopes of improving capital markets. Refinancings are possible outcomes but are constrained by requirements to de-leverage. Appetite from the financing market is generally strong given the magnitude of the price reset experienced following the rate hiking cycle. Alternative lenders have played a role in the financing market supported by strong fundraising momentum in recent years.

Refinancing challenges expected to persist

Due to lower sales volumes and longer business plans, sponsors have been pushed to lengthen investment hold periods, putting pressure on capitalization structures, particularly those financed with floating rate debt. Traditional lenders have been focused on addressing risk in legacy portfolios with upcoming maturities. In Europe, refinancing gaps are appearing and growing in Germany, the UK and France. Asia Pacific, while benefiting from relatively lower leverage levels and accommodative lenders, has not entirely escaped this trend. The refinancing holes left by adverse credit conditions push sponsors to equity refinancing solutions, like those offered by direct secondaries.

European Debt Funding Gap 2026-2028⁵



⁵ Market participants as of Q3 2025. Defined as the gap between original debt amount due at maturity and new debt available to repay / refinance.

Capital Constrained Sponsors

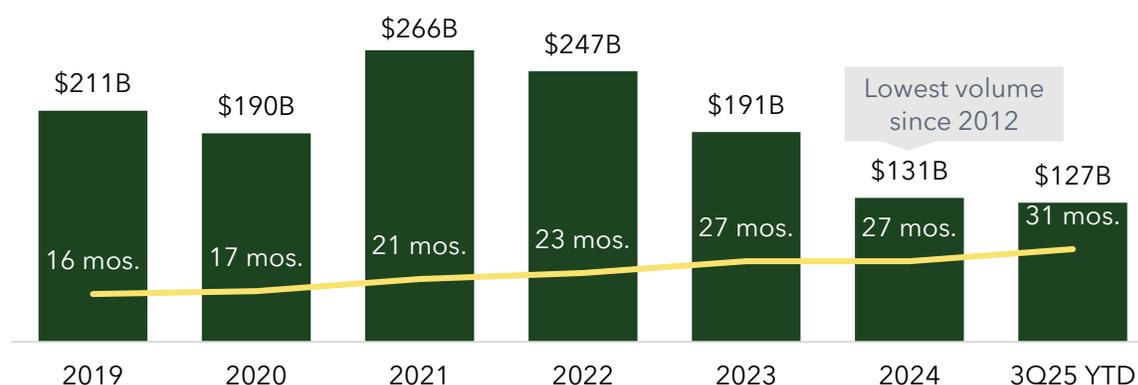
Fundraising volumes surged in 2021 and 2022 as economic activity rebounded and investor confidence in alternatives strengthened, supported by strong performance amid ultra-low interest rates and abundant liquidity. Record fundraising, followed by deployment over typical three-year investment periods, led to significant net capital contributions from limited partners as rates rose, valuations declined, and liquidity tightened.

Net Capital Distributed to LPs⁶



As a result, distributions to paid-in capital across real estate private equity, and alternatives more broadly, remain at low levels, constraining recent fundraising as some existing LPs are unable to commit to sponsors' latest funds. The 2024 fundraising environment saw the lowest volume since 2012, and time to final close reached 27 months.⁷ Timelines further increased to 31 months in 2025.⁷ While larger sponsors fared well in 2025, affected sponsors, mainly in the small- to mid-cap range, are increasingly turning to the secondary market to raise capital. This includes a path to reset existing capital structures, continue successful business plans that require extended timelines, and unlock equity for LPs.

REPE Capital Raised and Avg. # of Months to Final Close⁷



⁶ Preqin data accessed August 2025.

⁷ Preqin data accessed January 2026.

Direct Secondaries - The Opportunity

Challenging market conditions have impacted most sponsors. This includes the meaningful decline and slower recovery in property values, upcoming loan maturities, and depressed fundraising activity. While some large sponsors have fared better, small and mid-cap sponsors have been the most negatively impacted. These capital constrained sponsors are actively seeking access to capital via the secondary market. Besides capital markets forces, limited partners are anticipated to play a behind-the-scenes role as they pressure sponsors to create realizations across their portfolios. These factors contribute to the "permanence" of the expected growth in direct secondary capital. We believe there is an opportunity to provide solutions to an increasingly accessible universe of quality real estate with distinct advantages.

1. Maintain Selectivity

We anticipate opportunities to acquire high quality assets at a re-priced basis alongside seasoned sponsors. In order to fulfill capital requirements across portfolios, sponsors (and LPs) are seeking realization events that may not be available in a stronger capital markets environment. The high degree of selectivity allows investors to choose geographies, sectors, and business plans supported by cyclical tailwinds and strong sponsorship.

Capital constraints are generating
opportunities to be highly selective

We believe direct secondaries provides an efficient approach to constructing a preferred portfolio with investments that fit neatly into highest conviction strategies. Rather than investing into a diversified portfolio via a fund stake acquisition (and perhaps getting exposure to a less desirable sector or market), direct secondary investors can tailor exposure to what they believe to be the most attractive assets, geographies or strategies that a given sponsor is pursuing. Although traditional fund stake acquisitions allow you to "discount" unfavorable assets or sectors, buyers ultimately are beholden to the rigid constructs of existing portfolios. Said another way, the direct secondary strategy allows one to substitute asset selection for adverse selection.

2. Enter with Visibility

Beyond portfolio construction benefits, we believe direct secondary opportunities can provide a differentiated entry point by investing mid-execution of a business plan, often with greater visibility into near-term cash flow. In equity recapitalizations, investors may enter after a sponsor has made meaningful progress—or identified asset-level or market-wide challenges—providing greater insight than a newly proposed business plan. Visibility into a sponsor's track record with a given asset reduces uncertainty and can be a meaningful advantage.

Similarly, entering after execution has progressed may shorten the time to value realization, all else equal. This can include the opportunity to invest at a sponsor's original cost, which may be discounted to current market value. For example, entering later in a value-add strategy may allow investors to avoid periods of negative valuation drag.

3. Achieve Better Terms

Direct secondaries make it possible to prioritize opportunities with small- and mid-cap sponsors where there is a real ability to structure select controls and governance rights. This can include approval of liquidity events, such as sales or refinancings, changes to business plans or future investments (if growth equity is a component). It also includes fees and economics, which in our experience are discounted relative to those of the sponsor's existing investment vehicles. Most importantly, let's not forget about the recapitalization price, as the basics of real estate investing still hold true for direct secondaries: basis is important. Pricing for direct secondaries is more granular and bottom-up than traditional fund stakes, and the "discount" can take multiple points of reference including original cost and external (and often lagged) external appraisal.

Structure transactions with small- and mid-cap
sponsors with favorable terms

4. Secure Alpha

The easiest way to measure alpha generation is with relative performance. There are select large-cap sponsors with a global presence and deep benches that have and are expected to continue to generate strong performance. Scale is a powerful tool that can be utilized to understand broad market trends and more efficiently manage portfolios. However, on average, smaller groups have generally outperformed (by ~400bps of IRR) over the past decade or so according to performance data from Preqin.⁸

Direct secondaries offer a means of accessing these outperformers. In our experience, we have similarly seen strong performance from nimble, vertically integrated groups that grew up with operating or leasing backgrounds.

Small and mid-cap sponsors have generally
outperformed

⁸ Preqin data accessed January 2026. Includes value-add/opportunistic funds. Small and mid-cap funds defined as funds <\$500M in LP commitments. Large cap funds defined as funds >\$500M in LP commitments.

Direct Secondaries – The Key Challenge

Real estate secondary market participants have the opportunity to be a strategic partner to sponsors in the current environment. However, sponsor selection is expected to be a key determinant of success going forward. Strategic positioning within each geography and the ability to access proprietary deal flow are important attributes outside of track record performance and team stability. Further, sponsors' familiarity with the secondary market and sophistication provide a more efficient investment experience. This includes but is not limited to internal controls and procedures, reporting standards and understanding of economic alignment. Each region provides its own opportunities and challenges. As such, investors with dedicated regional investment teams are more likely to maintain the relationships and understand regional nuances required to action the most attractive investment opportunities.

Local investment teams are required to
navigate investing nuances across regions

The U.S. has more than 1,400 real estate fund sponsors as of 2025 with combined assets under management approximating \$1 trillion, or two thirds of the global institutional real estate market.⁹ This creates an enormous investment pipeline into the most liquid market in the world. Investment approach varies widely including specialist, vertically integrated owner-operators to large/mega cap fund sponsors and those in between. In our view, abundance of choice results in increased difficulties for smaller and less experienced secondaries investors to identify sponsors with true differentiation.

In Europe, the real estate sponsor landscape is characterized by a high degree of concentration of a handful of mid-cap to large pan-European sponsors based out of London with regional teams or operating partners located across the continent. The spin out of senior partners or principals from those pan-European sponsors to create focused thematic platforms is another source of partnerships for secondaries players. Additionally, there are a number of vertically integrated institutional sponsors (sharp shooters) who have expertise within specific countries and/or sectors. Access to these groups may be challenging for some limited partners due to both operational and cultural barriers. Additional complexities for new entrants include intricacies of tax and currency management.

In Asia Pacific, the sponsor and investment universe is very diverse and nuanced. Pan-regional sponsors are overwhelmingly international with only a handful of Asia-headquartered sponsors primarily based in Hong Kong or Singapore. Single market-focused sponsors exist primarily in Japan, Australia and South Korea. Japan and Australia have seen the greatest proliferation of mid-market sponsors that have underwritable teams and track records and in many instances were formed with professionals that have spun out of larger organizations. Language, culture and cost of capital keep many local sponsors focused on domestic investors.

⁹ Preqin data accessed January 2026.

Conclusion

The real estate direct secondary market is expected to continue its growth trajectory. Market sources estimate 2024 real estate direct secondary transaction volume of ~\$16 billion.¹⁰ However, in our view the market is significantly larger even today. Many direct secondaries negotiated bilaterally typically with small and mid-cap sponsors are likely not reflected. These transactions are consummated without intermediation and volumes are unreported.

We anticipate capital constraints to continue expanding sponsor appetite to retain assets and continue value creation strategies. Sponsors' understanding and acceptance of direct secondary structures are expected to undergo a step change in the real estate industry as we navigate the beginning of this next real estate cycle. At the end of the day, naming conventions for transaction structures are less relevant for a sponsor. Sponsors will continue to seek flexible, like-minded sources of capital to capitalize on new opportunities and provide liquidity solutions for existing assets. Secondary market investors with a proven ability to execute as long-term, repeat partners are well positioned to play a permanent role in a competitive capital-raising environment.

¹⁰ Market Participants as of September 2025.

Important Information

This confidential presentation (this "Presentation") has been prepared by BentallGreenOak Strategic Capital Partners, LLC ("BGO SCP") solely for the recipient (the "Recipient") for informational purposes, to enable the Recipient to assess certain topics described herein which may be relevant to a decision to investment in a BGO SCP-advised fund (the "Fund").

This Presentation (and the information contained herein) is strictly confidential. By its acceptance hereof, the Recipient agrees that this document (and the information contained herein) may not be reproduced or disclosed in whole or in part to any person or entity without the prior written consent of BGO SCP, to keep the information contained herein confidential, and return it promptly upon request. BGO SCP hereby disclaims any liability resulting from any unauthorized dissemination of this document and/or any of the information contained herein. The Recipient agrees that it will, and will cause all its representatives and advisors to, use the information solely and exclusively to evaluate a potential investment described herein and for no other purpose, and that it is not accessing this information from a jurisdiction in which the information contained in this Presentation may not lawfully be provided.

This Presentation is not intended to be (and may not be relied on in any manner as) legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy any securities of any investment product or any investment advisory service, including any limited partnership or comparable limited liability equity interests in any Fund. Any such offer or solicitation shall only be made pursuant to such Fund's final confidential private placement memorandum (as amended, restated, supplemented or otherwise modified from time to time) and/or the related subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. Any investment decision should be based on the information contained in the confidential private placement memorandum.

BGO SCP makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of any Fund or any other investment. Except where otherwise indicated herein, the information provided in this Presentation is based on matters as they are believed to exist as of the date this Presentation was prepared and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. An investment in a Fund is speculative, involves a lack of portfolio diversification and entails a high degree of risk, including a loss of capital, and no assurance can be given that a Fund's investment objective will be achieved or that investors will receive a return on their capital. Opportunities for withdrawal/redemption and transferability of interests are generally restricted in any Fund, so investors may not have access to capital when it is needed. There is no secondary market for the interests in any Fund and none is expected to develop. Leverage may be employed, which can make investment performance volatile. The fees and expenses charged in connection with a Fund may be higher than the fees and expenses of other investment alternatives and may offset profits. Real estate investments are sensitive to factors such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and a manager's skills as well as credit risks and tax and regulatory requirements. The Recipient should consult its own legal, accounting and tax advisors as to legal, business, tax and related matters concerning the

information contained in this Presentation in order to make an independent determination of the suitability and consequences of a potential investment in any Fund.

In considering the past, targeted or projected performance and other financial information contained herein, the Recipient should bear in mind that past, targeted or projected performance is not indicative of future results and there can be no assurance that targeted or projected returns will be achieved, that any Fund will achieve comparable results or that the returns generated by a Fund will equal or exceed those of other fund investment activities of BGO SCP. In addition, while BGO SCP's valuations of unrealized investments and projected performance are based on assumptions that BGO SCP believes are reasonable under the circumstances, the actual realized returns on BGO SCP's investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations and projections used herein are based. Accordingly, the actual realized return on any such investments may differ materially from the results indicated herein. Furthermore, the Recipient may contact BGO SCP representatives to discuss the procedures and methodologies used to calculate the investment returns and other information provided herein.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. There is no obligation for BGO SCP to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. As a result, the Recipient should not rely on such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements.

The statements herein reflect the views and opinions of BGO SCP as of the date hereof and not as of any future date and will not be updated or supplemented. They are inherently uncertain, may not come to pass due to changes in market and economic conditions, and are not intended to predict the future of any investment in any product.

Any tables, graphs or charts relating to past performance included in this Presentation are intended only to relate to the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

© 2026, BGO Strategic Capital Partners, LLC

About BGO

BGO is a leading, global real estate investment management advisor and a globally-recognized provider of real estate services. BGO serves the interests of more than 750 institutional clients with approximately \$89.7 billion USD of assets under management (as of September 30, 2025) and expertise in the asset management of office, industrial, multi-residential, retail and hospitality property across the globe. BGO has offices in 25 cities across thirteen countries with deep, local knowledge, experience, and extensive networks in the regions where we invest in and manage real estate assets on behalf of our clients in primary, secondary and co-investment markets. BGO is a part of SLC Management, the institutional alternatives and traditional asset management business of Sun Life.

The assets under management shown above includes real estate equity and mortgage investments managed by the BGO group of companies and their affiliates, and as of 1Q21, includes certain uncalled capital commitments for discretionary capital until they are legally expired and excludes certain uncalled capital commitments where the investor has complete discretion over investment.

For more information, please visit

www.bgo.com

This document is intended for institutional investors only. It is not for retail use or distribution to individual investors. The information in this document is not intended to provide specific financial, tax, investment, insurance, legal or accounting advice and should not be relied upon and does not constitute a specific offer to buy and/or sell securities, insurance or investment services. Investors should consult with their professional advisors before acting upon any information contained in this document.

Although BGO has taken reasonable care that the information is accurate at the time of publication, such information is provided "as is" for only informational purposes as of the date of publication, and no representation or warranty (including liability towards third parties), expressed or implied, is made (or accepted) as to its accuracy or complete ness or fitness for any purpose by BGO or its affiliates.

Under no circumstances will BGO or its affiliates be liable for any direct, indirect, incidental, special or consequential loss or damage caused by reliance on this information or for the risks inherent in the financial markets. Information regarding the past performance of an investment is not necessarily indicative of the future performance of that or any other investment.