



StepStone Real Estate House Views

Spring 2026 Report

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All data is as of April 2026, unless otherwise noted.

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Executive summary



Market themes & macro setting

Real estate pricing around cycle bottom amid elevated uncertainty, resurgent inflation and slower growth globally

- Iran war complicates policy response; dual mandate in US makes tightening less likely than EU/UK, where price stability is focus
- Regardless of central bank policy, 5-10 year rates, which drive real estate pricing, likely range bound absent recession
- Europe/UK and APAC are most exposed to war-induced energy shock; US relatively protected due to energy independence
- Opportunity set in APAC shrinking, with Japan's outlook deteriorating and China still largely offline for most investors



Property outlooks

- Slow positive absorption across most sectors and regions; falling supply supports fundamentals
- Macro themes – energy shock, AI and K-shaped economy – likely reinforce performance dispersion but much remains unknown
- Necessity-based real estate favored given uncertain times; demographic trends boost senior housing and medical office
- Data center demand continues from strong cloud adoption and AI, supply constraints remain including growing nimby-ism
- While property type matters, fundamentals highlight importance of asset selection and manager skills going forward



Preferred strategies

- Quality assets with in-place, durable income. Lean into residential and necessity properties for downside protection
- Core+ and value-add deliver income with upside. Debt strategies also remain interesting, defensive
- Recapitalization and distress buying opportunities persist, can offer outsized return potential



Portfolio construction

- Real estate well priced vs other asset classes, offering income with growth potential and inflation protection
- Core/core+ open-ended funds mostly overvalued in US, fairly valued in Europe. Seek entry at current property trading prices
- Debt provides income with downside protection, more so if traditional lenders pull back amid uncertainty
- Enhance regional diversification as deglobalization advances, energy shock could create entry opportunities
- Overmarked non-core funds vulnerable to sluggish growth; distributions still depressed. That said, don't miss current distress opportunity amid the noise; lean into proven managers with comparative advantage and less leasing, capex risk

With pricing around cycle bottom, RE offers opportunity

2022

The trigger:

- Interest rates rose
- Prices fell
- Debt became too big

Now

- RE pricing around cycle bottom
- Macro stress: high uncertainty, stagflation shock, deglobalization
- RE income growth outlook remains positive amid slowing economies
- Leverage and carrying values still not caught up
- Fund liquidity poor: GPs holding for value recovery, frustrated LPs

Preferred strategies today:

Core+, value-add for in-place income, upside

Debt for income with downside mitigation

Solutions-oriented capital in high demand

Classic RE benefits matter:

Portfolio diversification

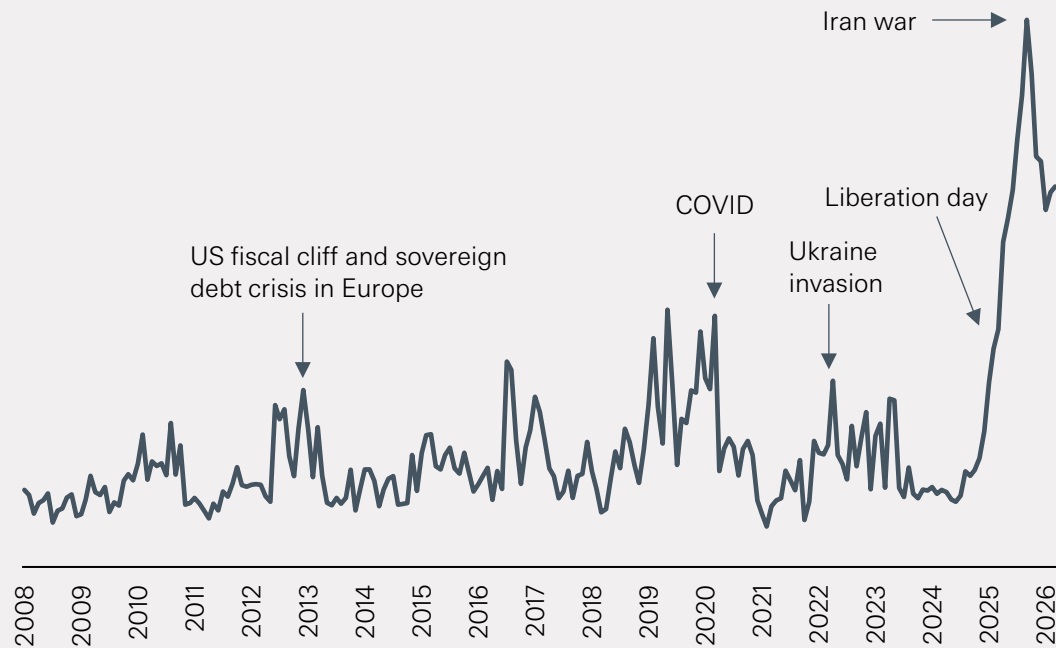
Current income

Inflation protection

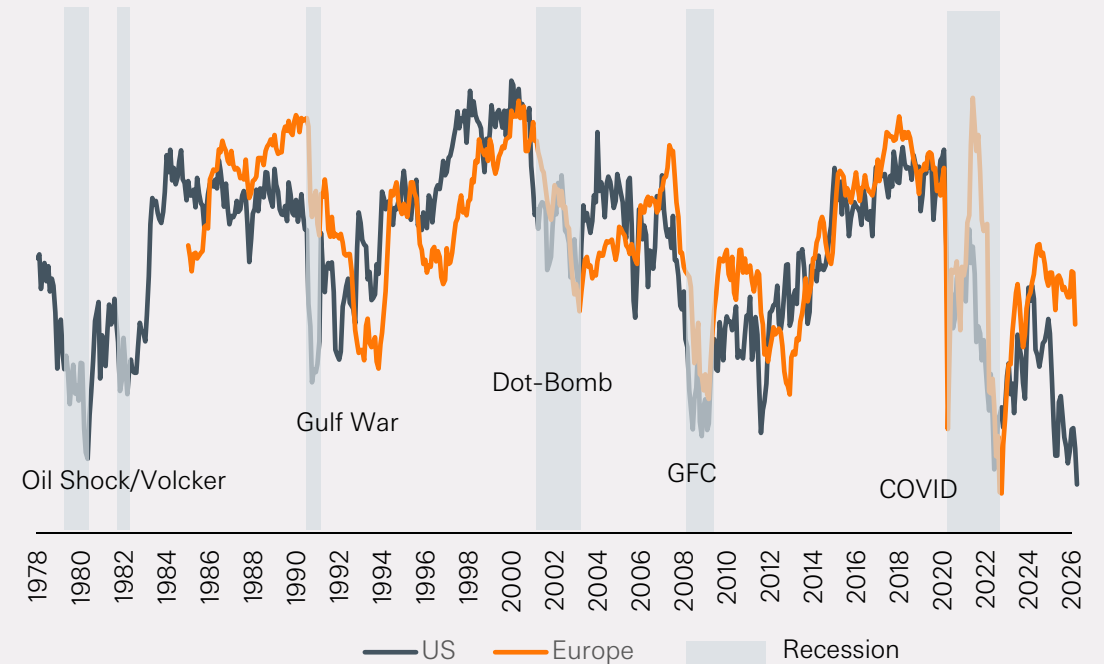
High macro stress

Disruption from Iran war, AI, and deglobalization leave consumer sentiment weak and falling

World uncertainty index, GDP weighted average¹



Consumer sentiment index²



1. Ahir, H, N Bloom, and D Furceri (2022), "World Uncertainty Index", NBER Working Paper, April 2026.

2. University of Michigan: Consumer Sentiment, Index 1966:Q1=100, Monthly, Not Seasonally Adjusted, April, 2026. European Commission: European Union consumer confidence indicator, Monthly, Not Seasonally Adjusted, March 2026. UK excluded from data series starting January 2021.



Market assessment

Turmoil, frustration and opportunity

Balance sheet challenges: breed opportunity

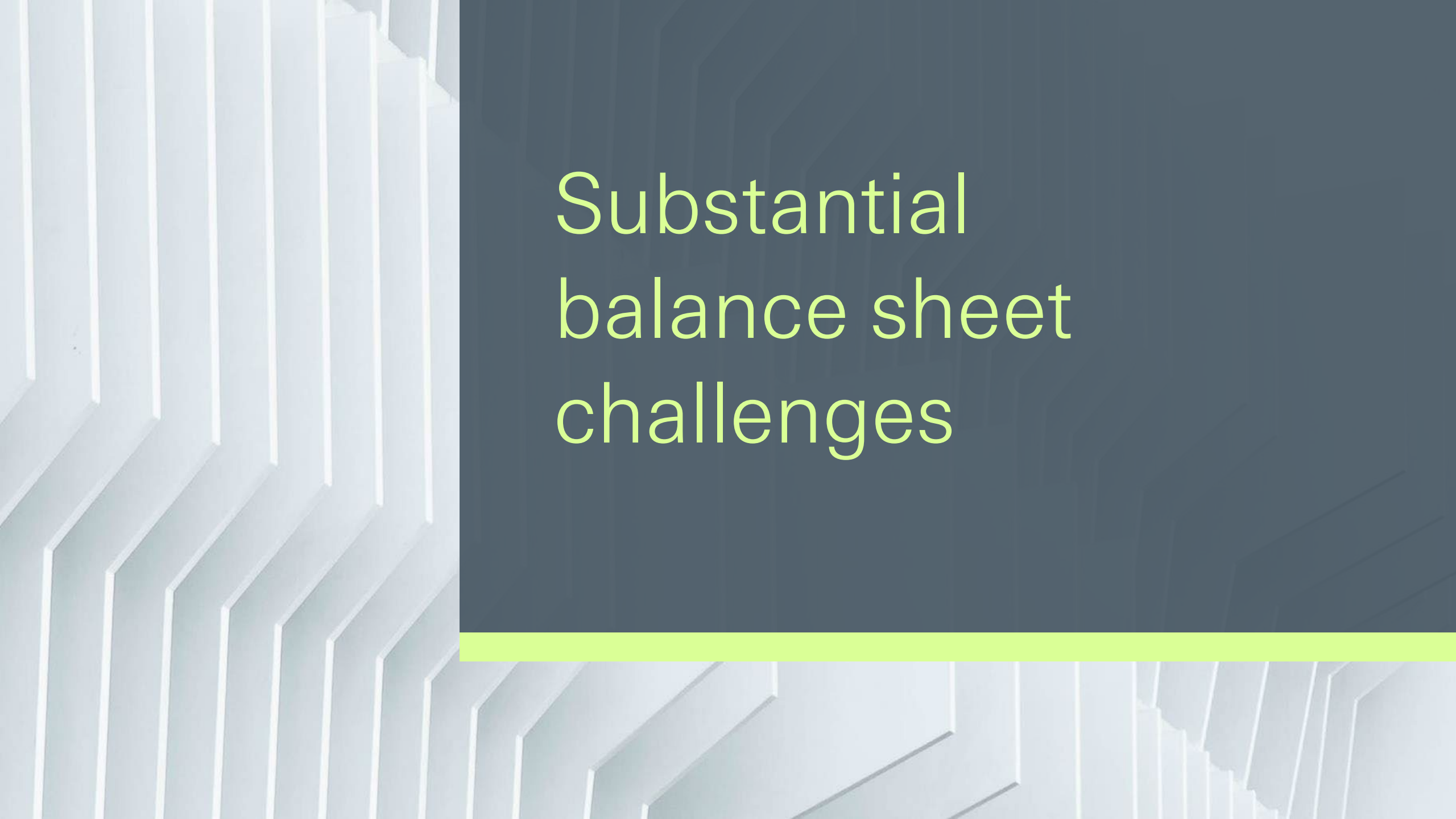
- Many unresolved loans:
 - 2026 US debt maturities doubled by deferrals
- Pressure building to exit non-core funds:
 - Nearly \$1T assets held >5-years¹,
 - Distributions 53%² below normal
- Excluding megafunds, fundraising has been flat for 3 years and even with them it is below trend
- Dry powder from peak fundraising period getting deployed, supporting pricing

Income matters: optimize via market and asset selection

- Long term, real estate returns come predominantly from income
- Real estate incomes are projected to grow
 - On average at a slower pace
 - With meaningful local variations

Many funds overvalued: creates and conceals opportunity

- High marks prolong disappointing returns
- Many open-ended funds frozen by exit queues
 - These dominant core buyers are missing from bidder pools, creating opportunity
- Non-core
 - Marks and balance sheet challenges delay realizations
- LPs feel disappointed and stuck
 - Therefore, at risk of missing market opportunity



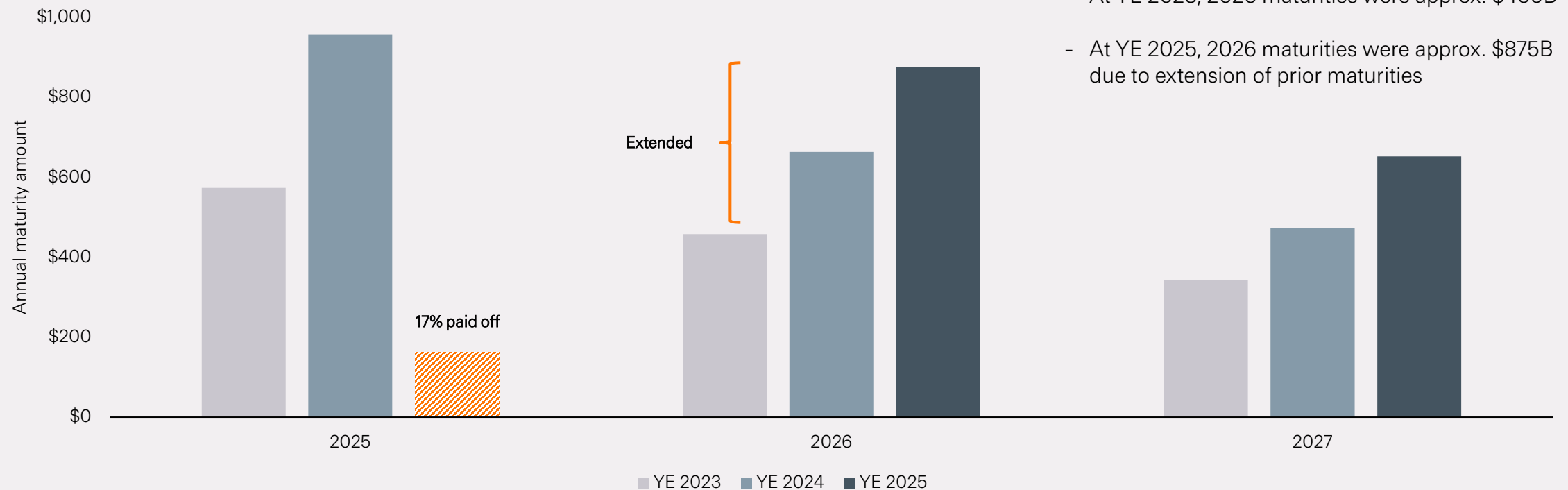
Substantial balance sheet challenges

Kicking the can still accumulating old, unresolved loans

2026 maturities now 91% above what they were in 2023

US loan maturities by expected maturity year

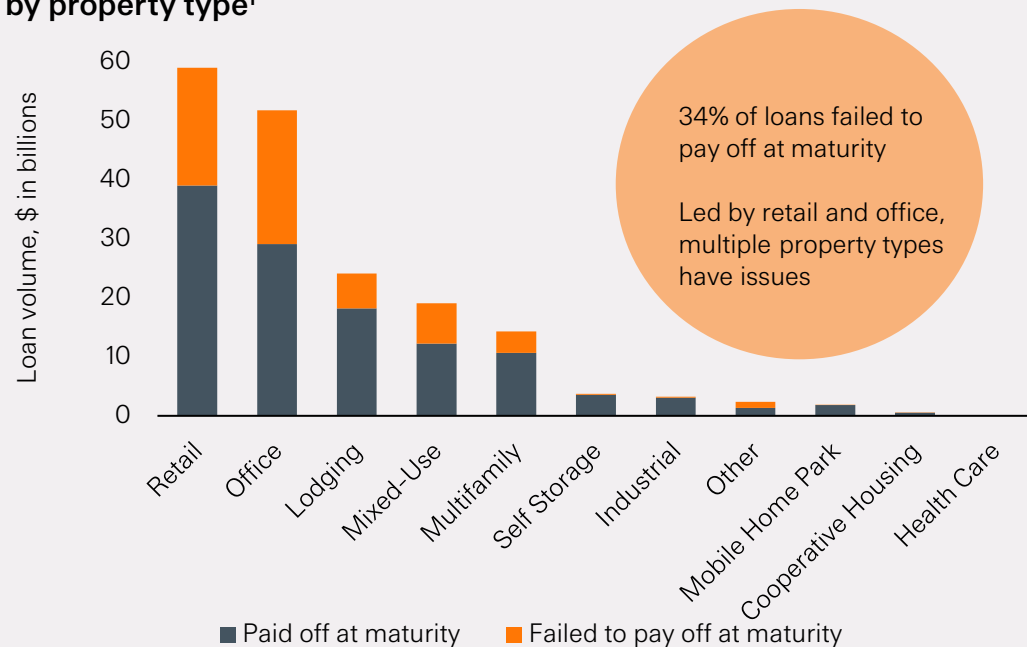
\$ in billions



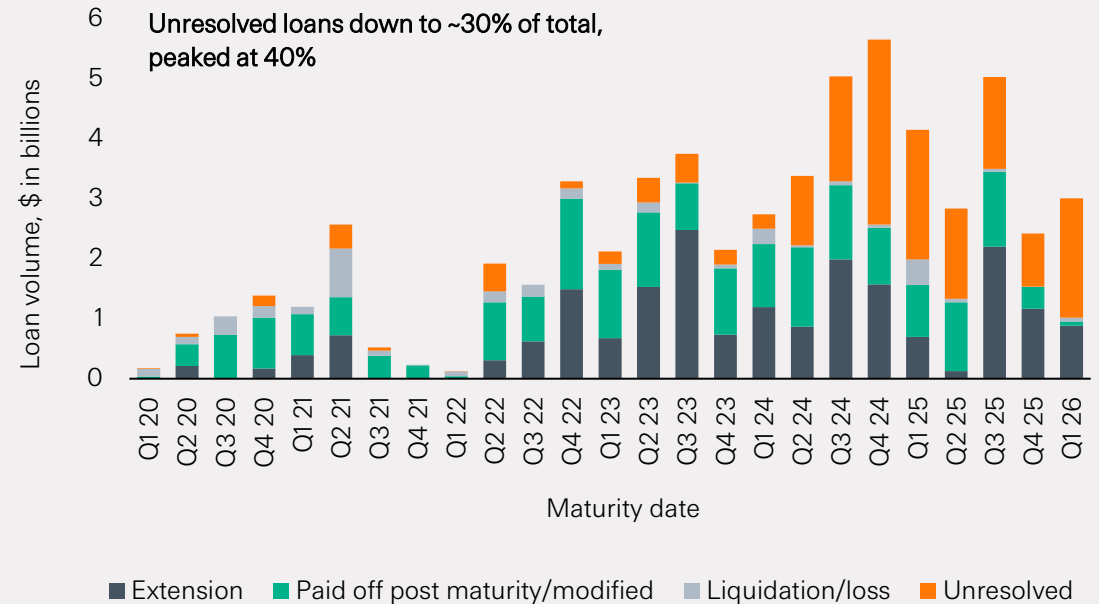
CMBS analysis offers insight on private loan resolution

Private data is opaque; CMBS is public and transparent. Prolonged lack of CMBS resolution is caused by elevated macroeconomic uncertainty, lack of desirable outcomes, and limited price discovery (office)

CMBS loans scheduled to mature between Q1 20 and Q1 26 by property type¹



Loan outcomes after maturity, over time



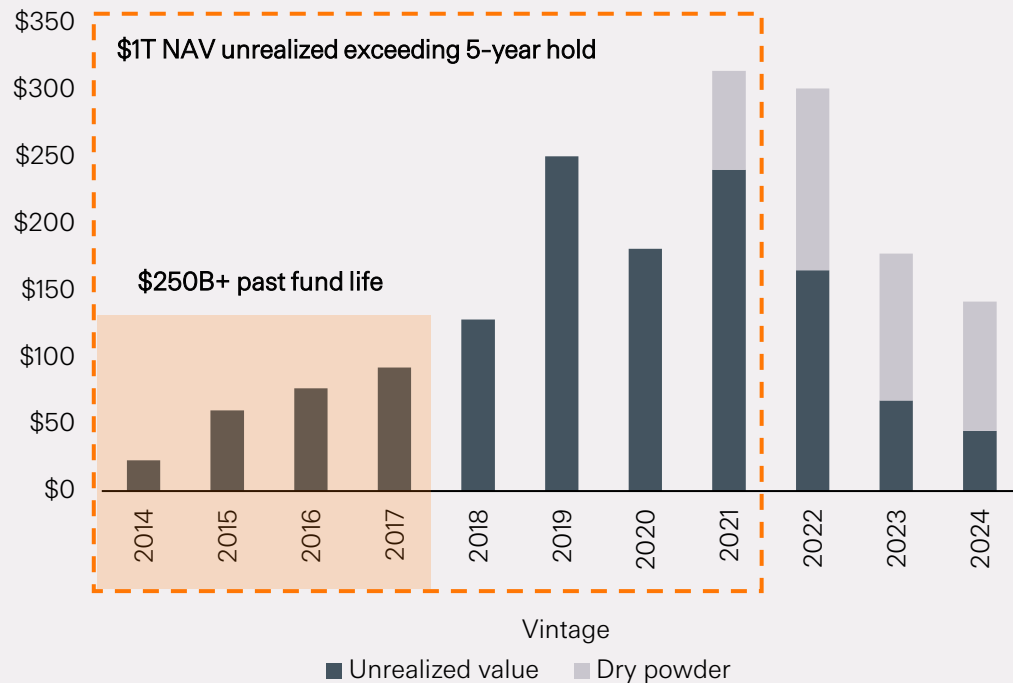
Source: Trepp, April 2026. 1. Fixed-rate private label CMBS loans scheduled to mature between Q1 20 and Q1 26, totaling \$180 billion. These outstanding loans had no available extension options, were not delinquent or defeased 12 months prior to their scheduled maturity date.

Pressure to exit building in non-core funds

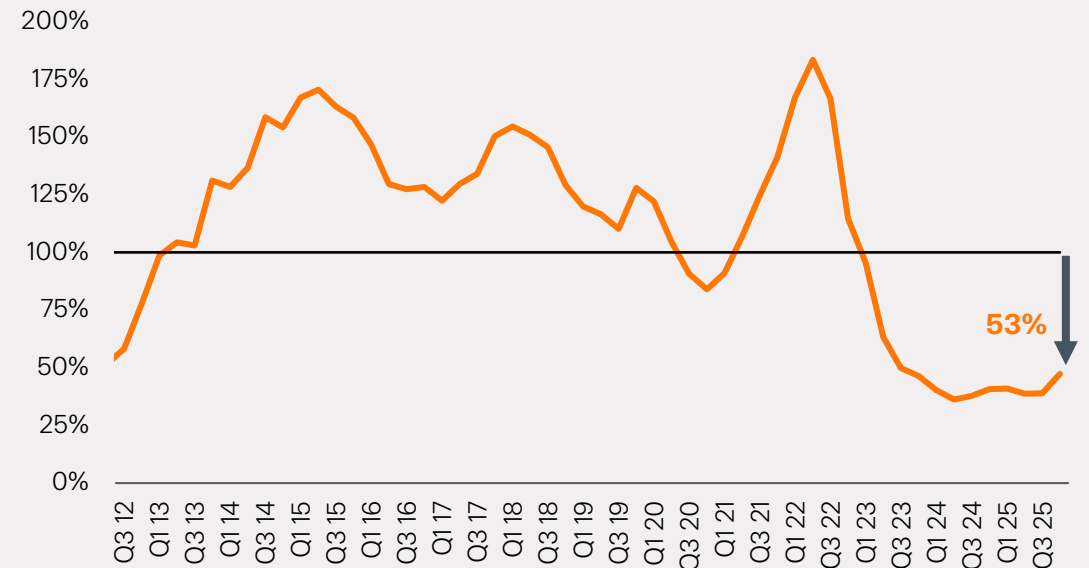
- Nearly \$1T of assets exceeding 5-year hold, after which loss ratios historically have risen dramatically¹
- GPs in a bind: loss realization hurts track record, yet lack of realizations and distributions hurts fundraising

Global private real estate unrealized NAV by vintage²

\$ in billions



RE non-core fund distributions: trailing 12-month as % of long-term average³



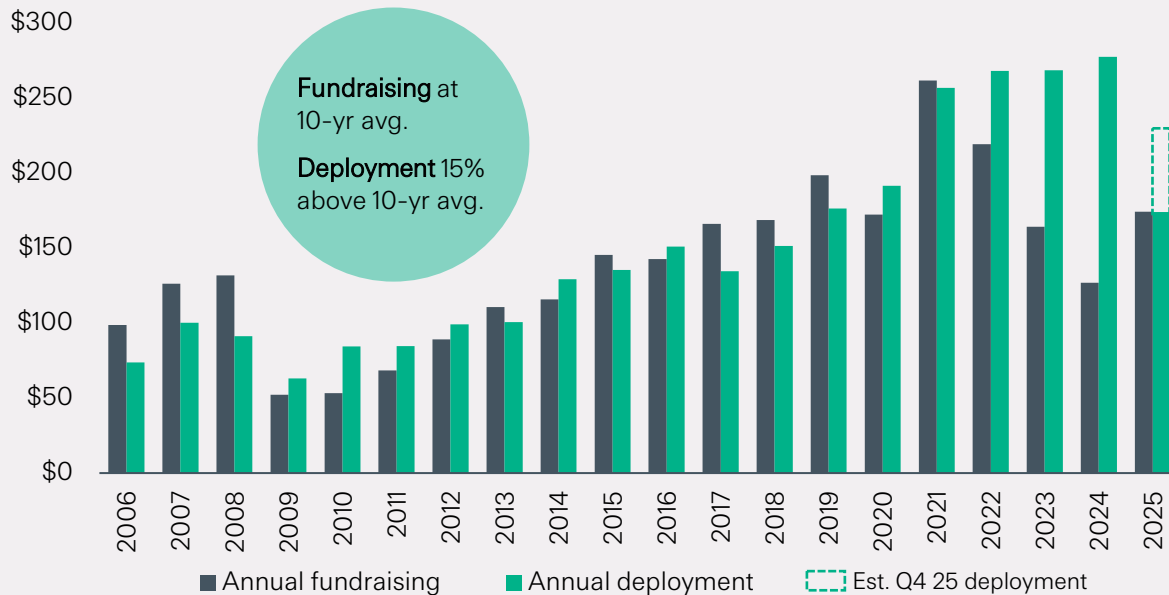
1. For more details, please refer to *StepStone Real Estate - Real Estate Liquidity Insights*. 2. Prequin Pro, as of Q3 25, Real Estate closed-ended primary funds. 3. StepStone SPI Reporting, value-add and opportunistic funds, as of Q4 25.

New capital mitigating fire sales, supporting pricing

- The Green Street CPPI dropped 40% post GFC, and only 25% this cycle¹
- Debt, recap and opportunistic capital is now abundant and active
- Non-core fund capital calls above average, using up dry powder

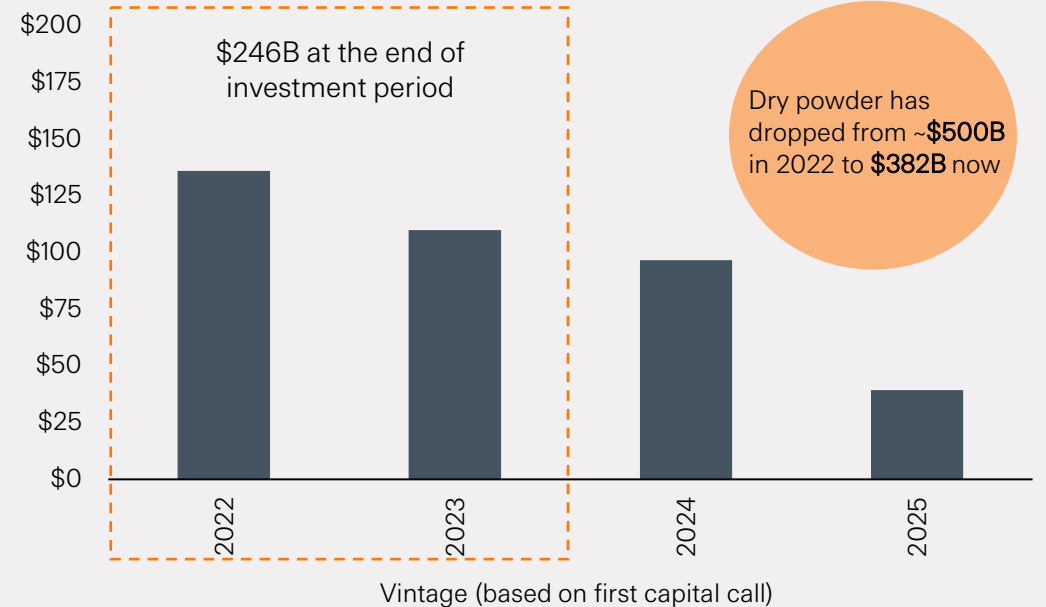
RE primary funds: historical fundraising & capital deployment³

\$ in billions



RE primary funds: dry powder by vintage (based on first capital call)^{3,4}

\$ in billions



1. Green Street CPPI, weighted by US ODCE weights, as of Q4 25. 2. SPI Reporting, RE value-add and opportunistic funds, as of Q3 25. 3. Source: Preqin Pro, Real Estate closed-ended primary funds, April 2026 as of Q3 25. 4. As of September 2025, Preqin Pro reported \$72B of dry powder for the 2022 vintage and \$59B for the 2023 vintage. Based on the latest analysis, dry powder for these two vintages has been revised upward and is higher than what was reported in the Fall HV edition.

2025 fundraising lifted by mega funds

Global private real estate fundraising¹

\$ in billions



Source: Preqin Pro, Real Estate closed-ended primary funds, April 2026. Mega funds refer to fund size over \$5 billion.

Income matters and its granular

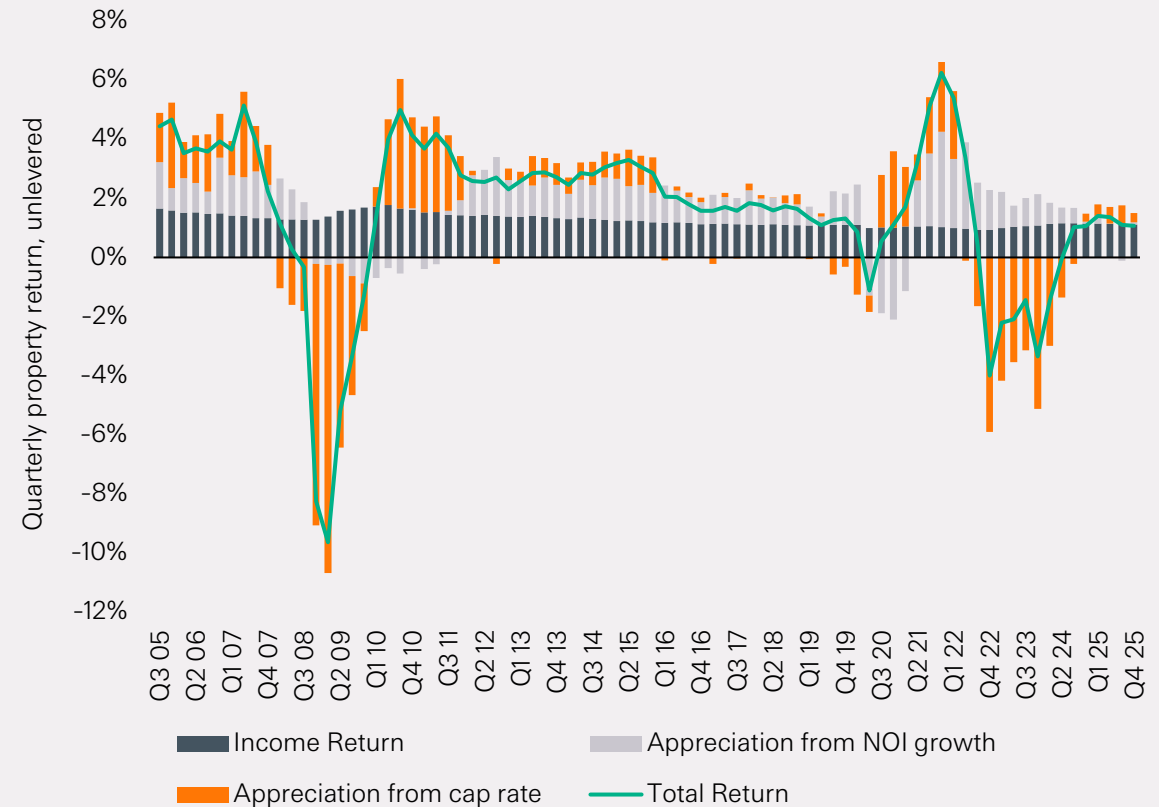
Income drives long-term property returns

- Long-term, core, buy-and-hold real estate returns are mostly from growing income streams
- Short term, swings in interest rates drive return volatility
- With 5-10 year interest rates not likely to fall materially, income will drive core returns - RE beta

NFI-ODCE net return mostly from income

Period	Income return	Appreciation return	Total return
3-year	3.1%	-7.2%	-4.3%
5-year	3.0%	-0.5%	2.5%
10-year	3.1%	0.7%	3.9%
25-year	4.3%	1.3%	5.7%
Since-inception	5.6%	1.2%	6.9%

NFI-ODCE property return, dominated by steady income¹

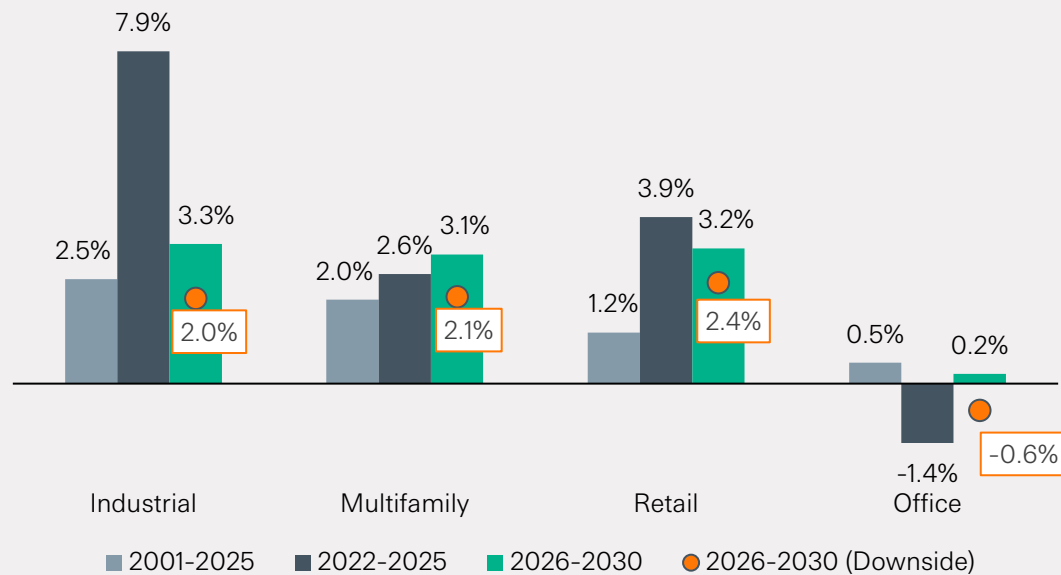


Source: SitusAMC, NCREIF, as of Q4 25. 1. Returns do not include capex drag which averages around 0.4% quarterly.

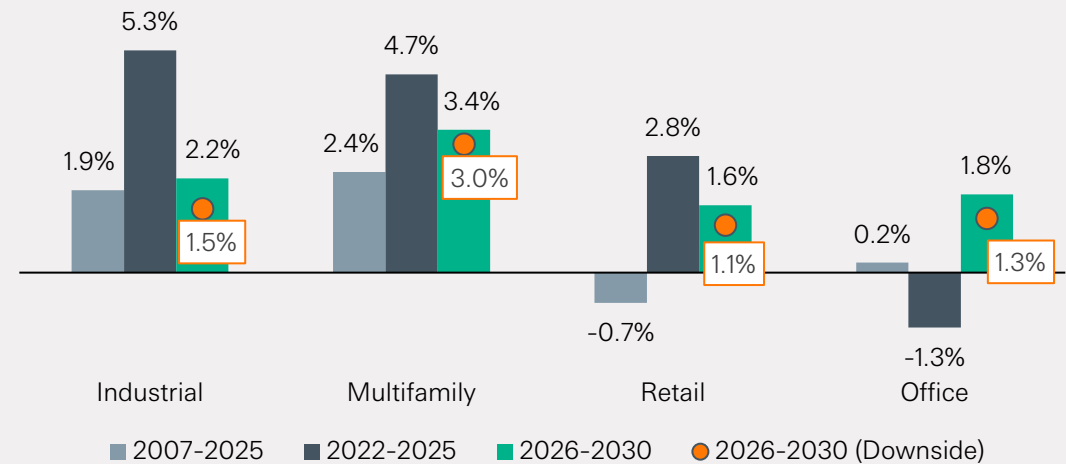
NOI growth forecasts predominantly positive

- Full downside risk of Iran war not captured in projections
- Office still weak but improving
- Industrial and retail NOI forecasts still benefit from in-place leases rising to current market rates upon expiration

US annual NOI growth



Europe/UK annual NOI growth



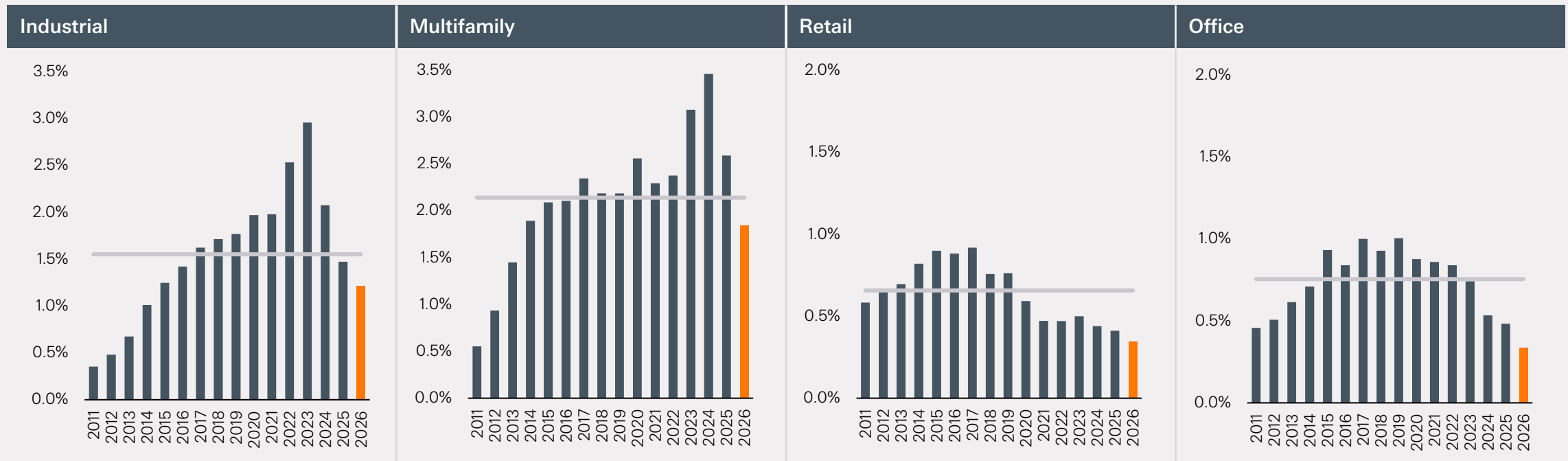
The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. Source: Green Street, March 2026.

US supply down, may stay low

- In the US, a sharp rise in construction costs, along with weakening fundamentals had already reduced development activity, with deliveries across most property sectors sitting below long term averages
- With development costs climbing again, and many assets trading at well below replacement costs, starts are likely to remain lower

US deliveries as % of stock, annual¹

■ Historical ■ Forecast — LT avg. (2011-2025)



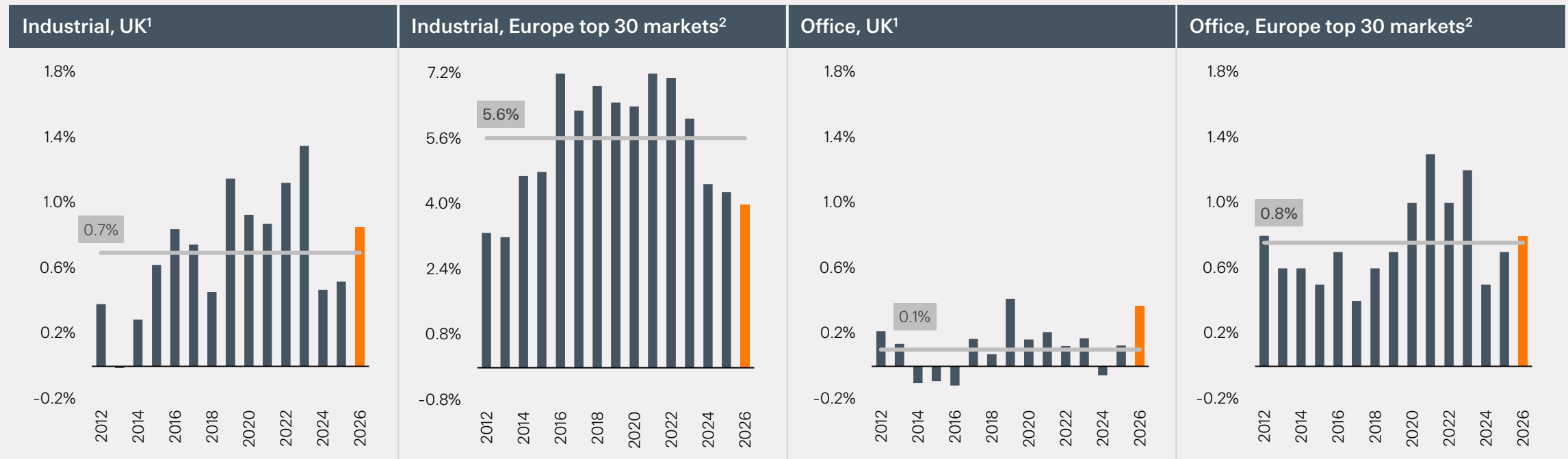
Source: CoStar, May 2026. Industrial, retail, office in SF. Multifamily in units. 1. Total gross SF delivered. Analysis excludes demolished SF.

New supply continues in many EU/UK markets

- May taper due to war, including cost and supply challenges
- Multifamily supply is muted in Germany, somewhat stronger in CEE and Amsterdam. UK has seen highest deliveries since 2019, mostly in London, with a strong pipeline

Europe & UK net deliveries as % of stock, annual

■ Historical ■ Forecast — LT avg. (2012-2025)

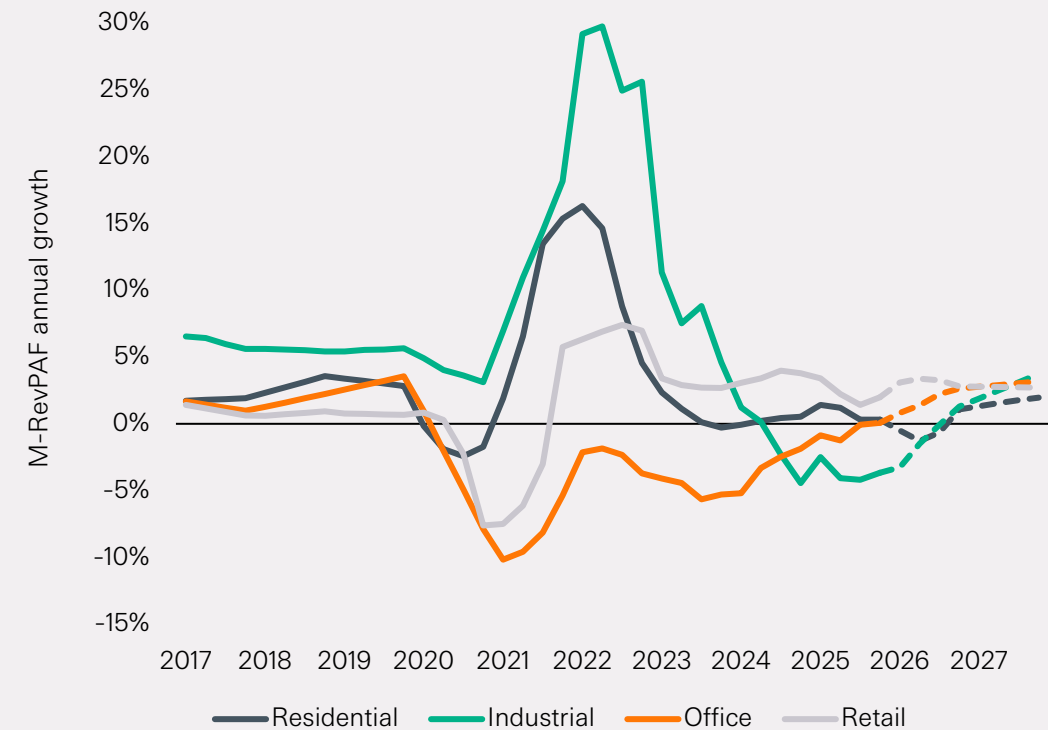


1. Source: CoStar, April 2026. 2. Source: Green Street, January 2026.

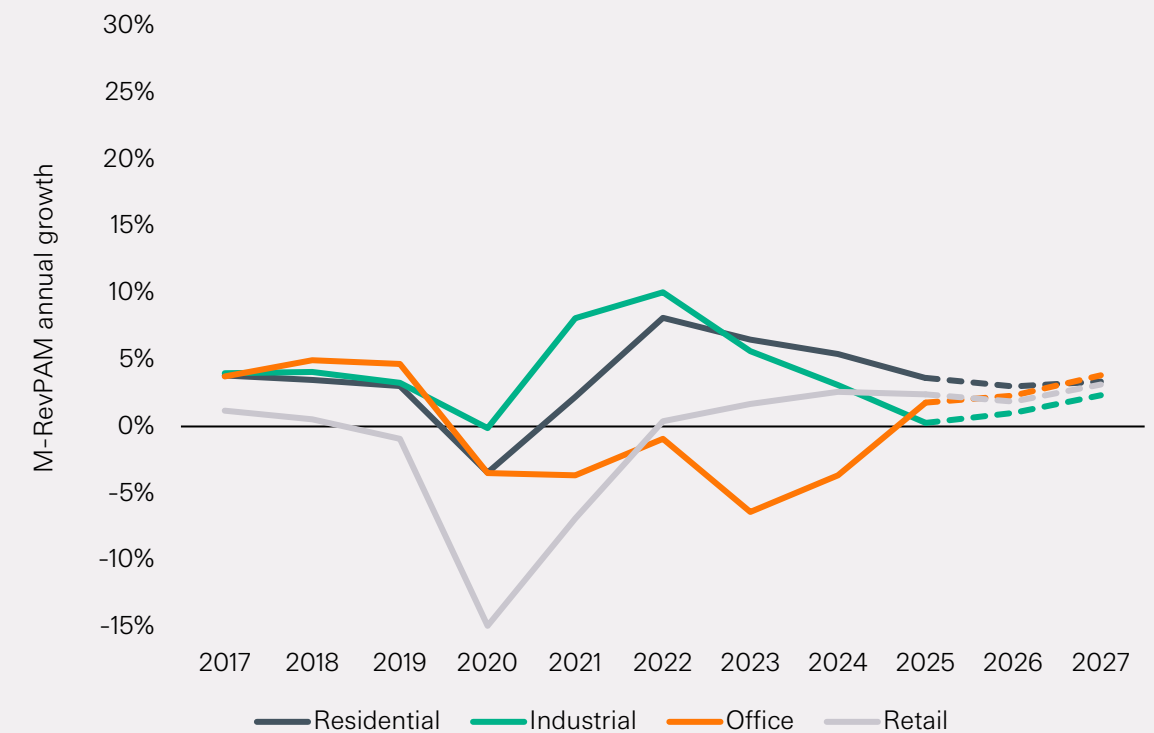
Average property type outlooks converging

Recent secular shifts from tech changes and COVID are normalizing; asset selection becoming more important

US - growth in revenue per available foot over time



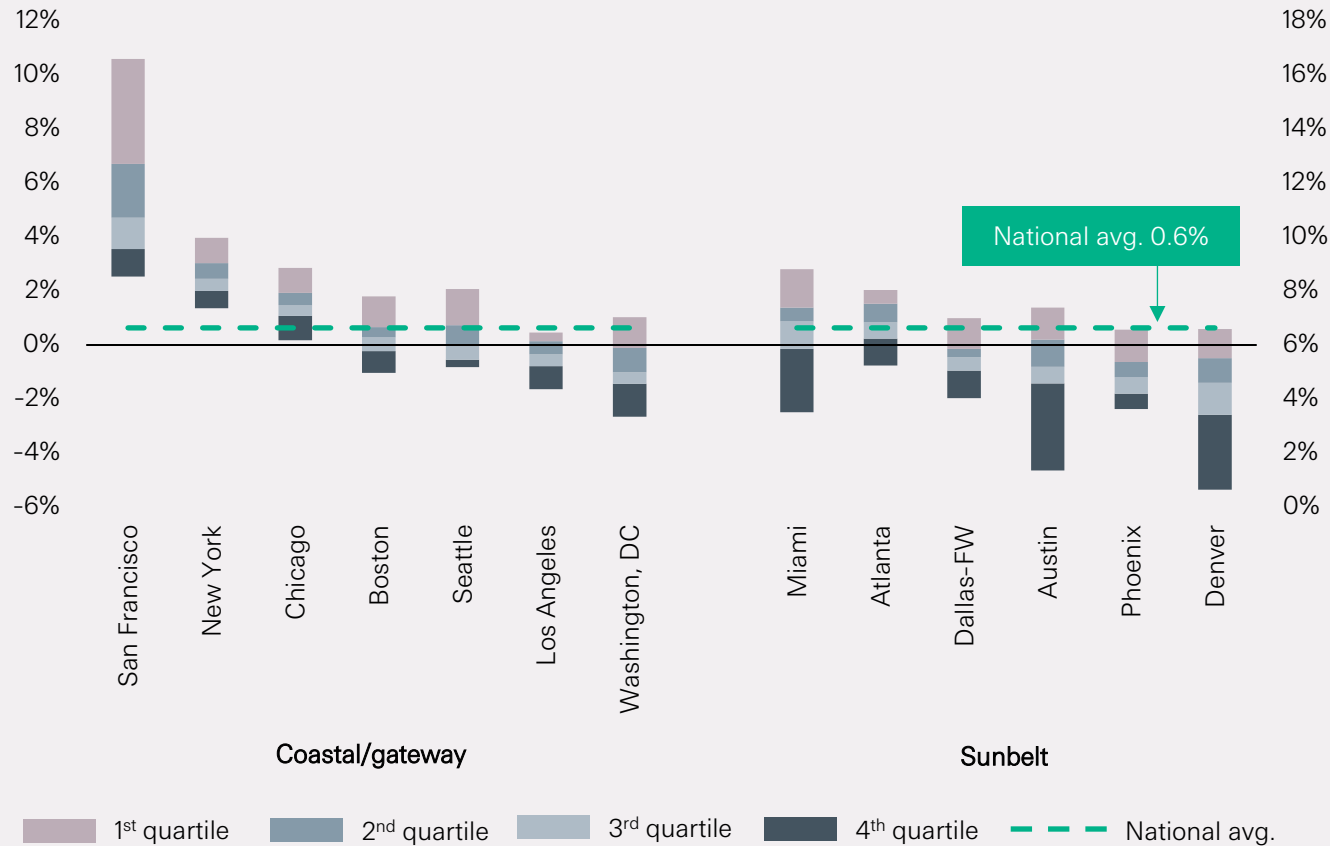
Europe - growth in revenue per available meter over time



Source: Green Street, Q4 25. Residential per unit.

Dispersion is apparent by market and submarket

US multifamily market asking rent growth submarket dispersion, 2026



	Market	Median submarket rent growth 2026
Coastal/gateway	San Francisco	4.7%
	New York	2.4%
	Chicago	1.5%
	Boston	0.3%
	Seattle	0.0%
	Los Angeles	-0.3%
	Washington, DC	-1.0%
Sunbelt	Miami	0.9%
	Atlanta	0.8%
	Dallas-FW	-0.5%
	Austin	-0.8%
	Phoenix	-1.2%
	Denver	-1.4%

Anecdotally, dispersion is similar in Europe, but systemic submarket data is not readily available

Macro themes reinforce need to get granular

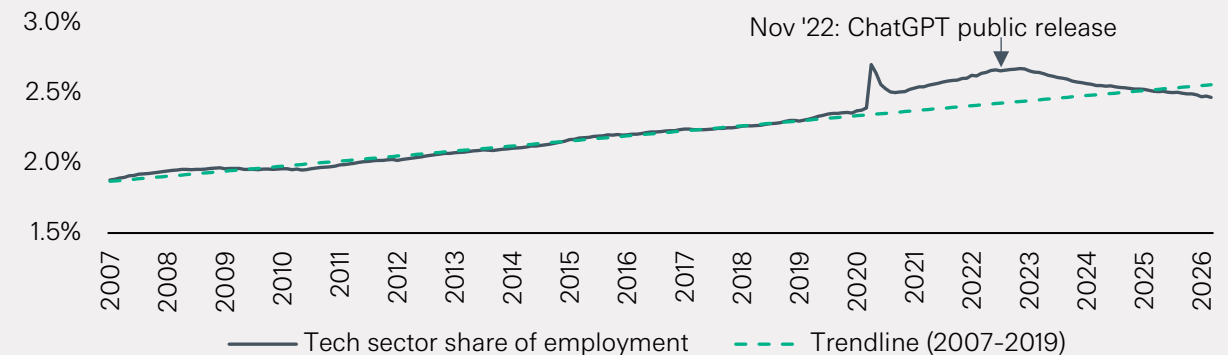
		Geography		Property type		Demographics	
		Winners	Losers	Winners	Losers	Winners	Losers
AI	Major change, early stages, mostly unknown	US and China; tech innovation centers, led by San Francisco & Seattle	Markets with concentration in back office, financial and business services	Data centers	Office sector (outside of AI hubs)	Higher-income households	Workers with easily automated roles ie admin and legal
	Significant potential to boost productivity, investment is already lifting economic growth						
Iran War	Significant risk of job loss, change						
	Impacting energy prices, supply chains, financial markets, spiking uncertainty	Major energy producers including US, Canada	Energy importers: Europe, UK, APAC	Needs-based sectors: multifamily, necessity retail, senior housing	Discretionary: hotel, retail		Lower-income households hit hardest
K-shaped economy	Length, scope determine longer-term impacts				Transportation oriented: hotel, industrial (esp EU/UK)		
	Second order effects more concerning: higher inflation, slower growth, impact on monetary policy and interest rates, etc.				Student housing (UK) ¹		
K-shaped economy	Concentration of wealth and GDP dependence on higher income consumers is increasing, supported by tax policies (US), higher energy prices, AI	Prime submarkets and tourist locations		Necessity retail	Workforce housing (and potential for more rent regulation broadly)	Higher-income households	Lower to middle-income households
	This raises risks for economies overall, but creates opportunities in certain segments and property sectors			Properties targeting affluent consumers: incl. class A, urban MF, private pay senior housing, luxury hotel/resort	Discretionary mid-market including hotel, retail		

For illustrative purposes only. The opinions expressed herein reflect the current opinions of StepStone Real Estate as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. 1. Unlike most other property sectors, student housing rents in the UK include energy and other utilities, which means the landlord bears the costs directly. In addition, the UK's gas-heavy power grid and high import dependency reinforce sensitivity to energy shocks.

AI: automation, augmentation and angst

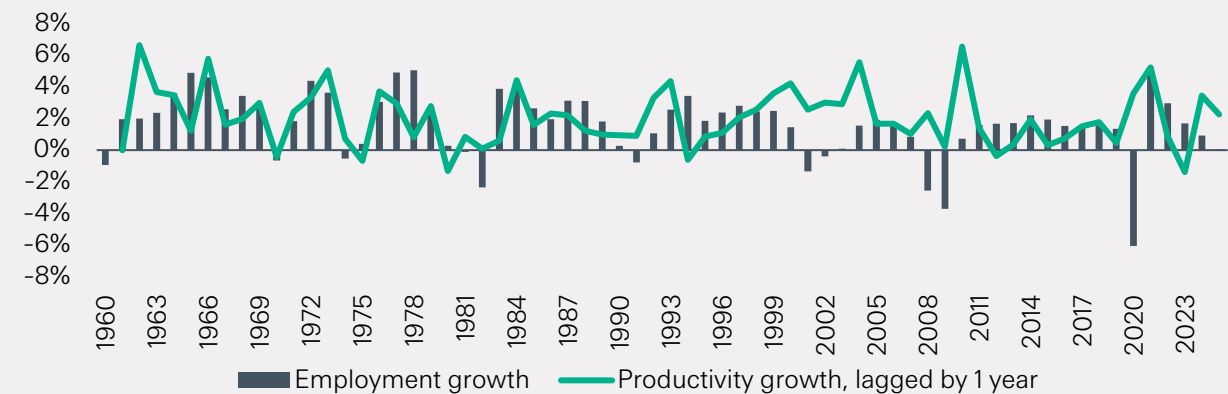
- AI brings major change. RE investors are focused heavily on its impact on job growth and space demand
- Recent tech layoffs likely include 'AI washing' of post-COVID over hiring, yet they amplify fears of broad job losses
- Historically, productivity shocks have subsequently created jobs
- AI is likely to proceed on a very uneven path, with automation-related job losses and shifting of labor demand. The pace of job loss and retraining is critical to more manageable outcomes
- Regulation, security and safety concerns, error rates, and the need to redesign workflows all factor in transition and pacing
- Governments, academics, AI companies, et. al. are building frameworks to mitigate a wide range of downside scenarios, including rapid displacement of the workforce in a way that would lead to massive economic and political disruption. This is difficult in a competitive environment, highlighting the importance of government regulation

Tech jobs as a share of nonfarm employment¹



Productivity and employment growth

Productivity gains historically boosted job growth with a lagged effect



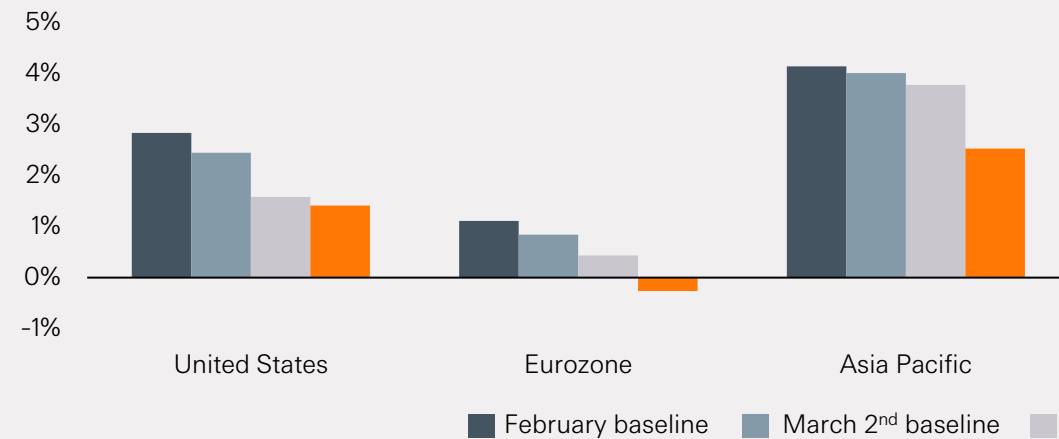
Source: 1. U.S. Bureau of Labor Statistics via FRED, April 2026. Tech sector jobs: Computing Infrastructure Providers, Data Processing, Web Hosting and Related Services, Computer Systems Design and Related Services, Web Search Portals, Libraries, Archives, Other Information Services, Software publishing. 2. FRED, employment growth is calculated based on total employees on nonfarm payrolls, and productivity growth is calculated based on nonfarm business sector: labor productivity (output per hour), April 2026.

Energy shock is stagflationary

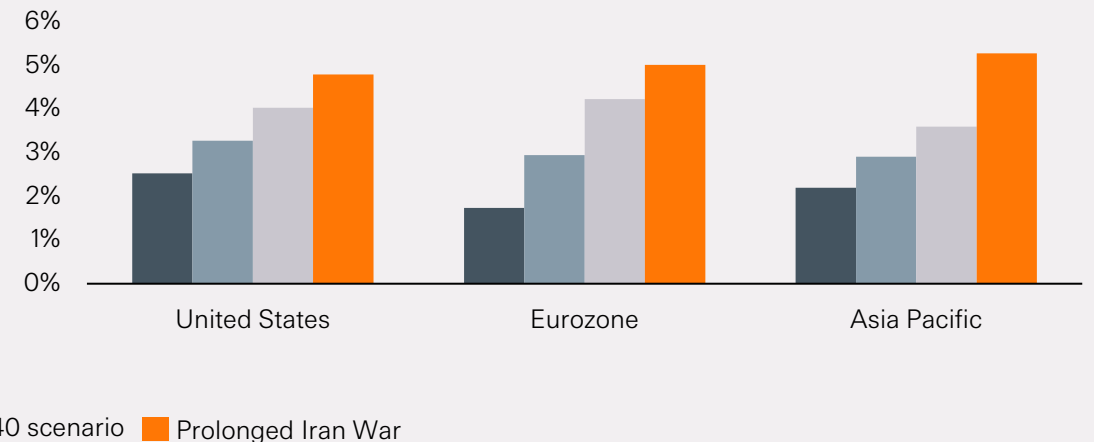
Global oil price spikes affect everyone. Countries closer to the gulf face both price impacts and shortages of oil and key commodities (e.g., LNG, helium)

- APAC is most exposed, facing both supply shortage and price shock. Japan and South Korea have greatest risk, then Singapore and Taiwan
- In Europe, net zero is more a goal than reality; the region remains heavily reliant on fossil fuels. Slower baseline growth leaves less cushion. UK hit hardest
- Of the three regions, US is least sensitive, but still faces sharply higher energy prices

2026 GDP growth forecast



2026 inflation growth forecast

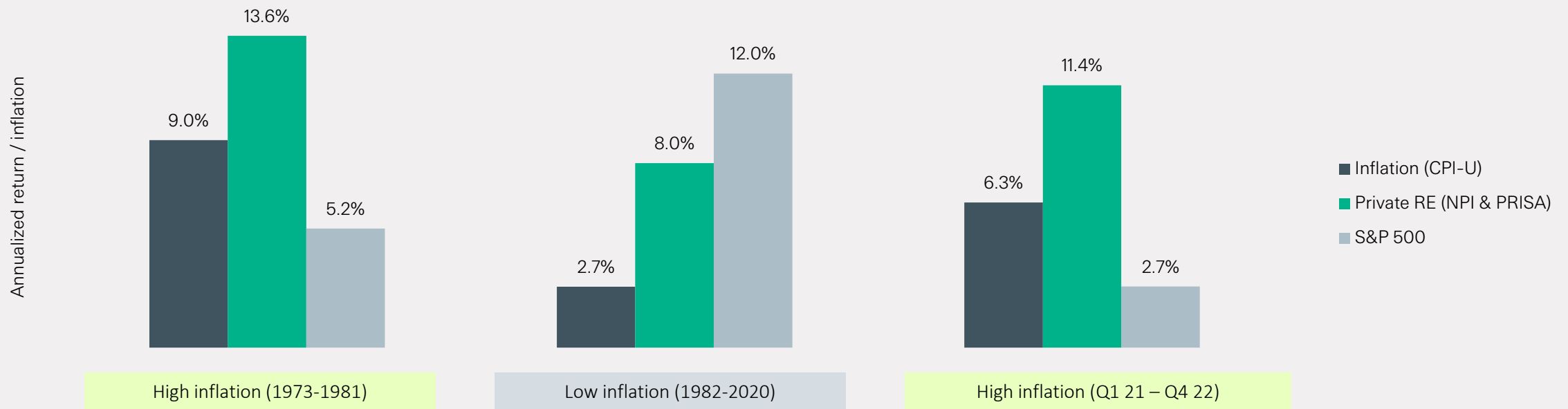


Source: Oxford Economics, Haver Analytics, March 2026. March 2nd baseline scenario reflects the initial shock immediately following the outbreak of the conflict, lasting at most two months. Prolonged Iran War scenario assumes the Strait of Hormuz effectively closed for at least six months.

Real estate protected portfolios during inflationary shocks

- Shocks are different from mundane CPI growth, and were historically very damaging to financial asset values
- Hard assets (incl RE) are a traditional source of portfolio protection; value is buffered by limited supply and income contracts
- RE has a very low correlation to financial assets, so also provides general asset class diversification

Private real estate performance in periods of high and low inflation

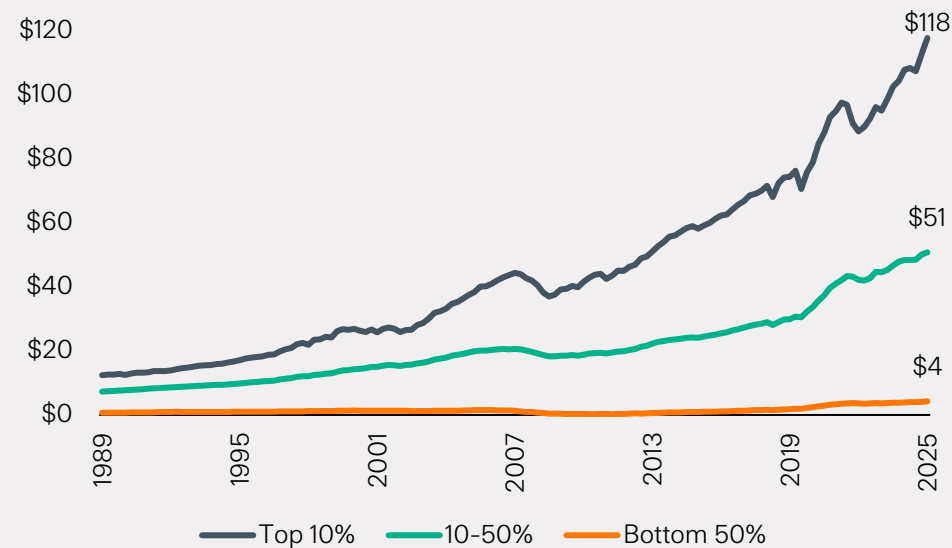


K-shaped economy

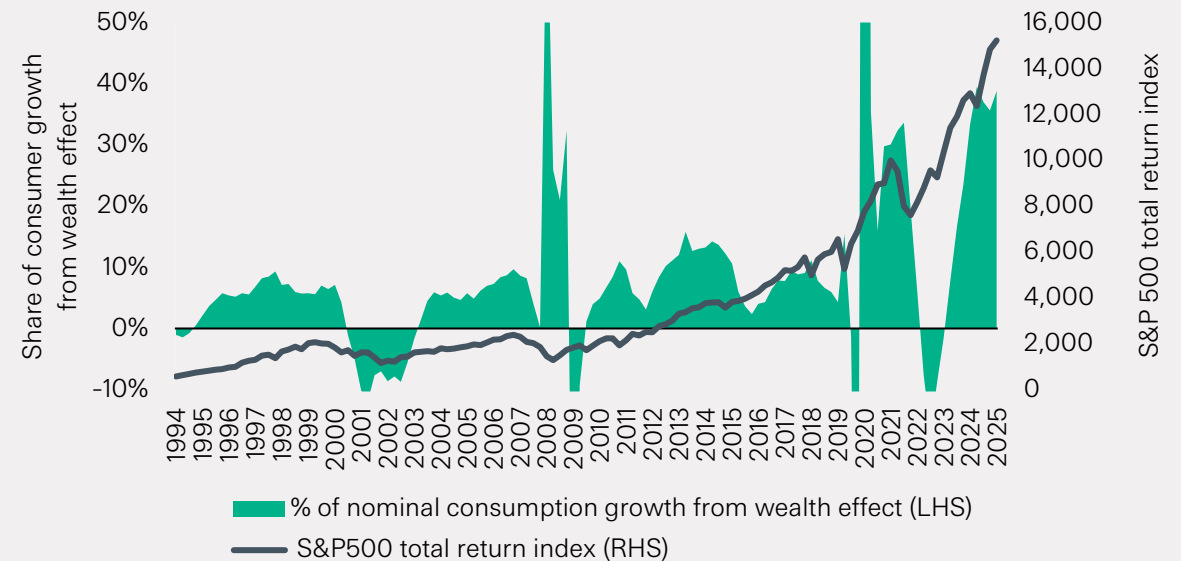
- Growth in stock market values and home prices is lifting net worth for affluent households
- This wealth effect powers nearly half of US consumption growth, which in turn is a major GDP driver (typically 67%¹)
- Hence, US GDP growth is highly dependent on sustained stock values and is concentrated in a narrow group of consumers
- These dynamics are mirrored in Europe, with wealth and consumption also concentrated among higher-income households

US household net worth²

\$ in trillions



Share of consumption growth YoY from wealth effect³



Source: 1. U.S. Bureau of Economic Analysis via FRED, Shares of gross domestic product: Personal consumption expenditures, average between 2000 and 2025. 2. Apollo Global Management, U.S. Federal Reserve as of January 2026. 3. Bain Capital, CapIQ as of November 2025.



Capital markets

Real estate returns now mostly driven by income

Total return

	2022-2024 , cumulative	2025	Q1 2026
Public Indices (USD)			
Broad public equities: MSCI ACWI	18.9%	22.9%	-3.1%
Barclays Capital US Aggregate Bond Index	-7.0%	7.3%	-0.0%
US Public RE – All Equity REITs	-12.4%	2.3%	3.8%
Global Public RE – EPRA/NAREIT	-14.8%	11.1%	0.9%
Commercial Property Price Indices (unlevered)¹			
US – Green Street CPPI, w/ODCE Weights	-20.1%	1.8%	0.3%
Europe/UK – Green Street CPPI, w/ODCE Weights	-23.6%	2.2%	0.2%
Core Fund Indices (levered)²			
US – NCREIF ODCE	-9.1%	2.9%	1.0%
Europe/UK – INREV ODCE	-11.0%	3.7%	1.2%
Asia – ANREV ODCE	5.1%	2.4%	1.0%
Non-Core Fund Indices (levered)³			
Global – Burgiss VA/Opportunistic	-7.7%	2.0%	



Investors under-allocated to RE

Stock market gains in prior years more than offset recent equity market weakness



Property trading prices stalled around bottom

Private RE is approximately fairly valued vs bonds and public RE as per Green Street



Core returns dampened as valuations correct

Many valuations still high, lowering return potential



Non-core valuations have not corrected fully

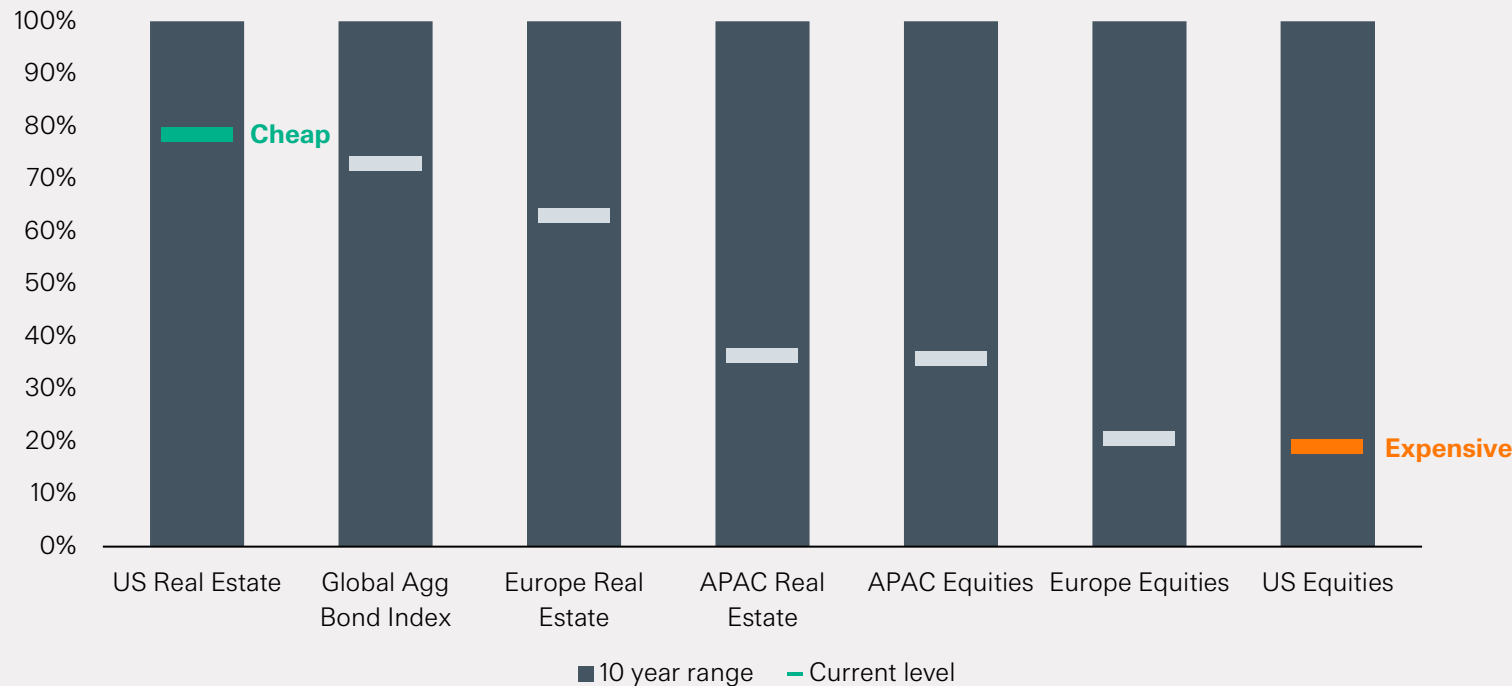
Peak price vintage funds (2019-21) still generally held at cost, so valuation declines are likely

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Real estate pricing relatively attractive

After interest-rate driven repricing, real estate is cheap especially vs. equities

Relative value comparison¹



- Valuation is shown on a historical percentile basis, with real estate measured using cap rates (higher cap rates imply lower valuations) and equities using forward P/E ratios
- US real estate cap rates are at the 80th percentile of the past 10 years, indicating valuations are cheaper than roughly 80% of that time

Source: 1. Real Capital Analytics, Green Street Advisors, S&P, MSCI, Bloomberg L.P., J.P. Morgan Asset Management. Data as of February 2026.

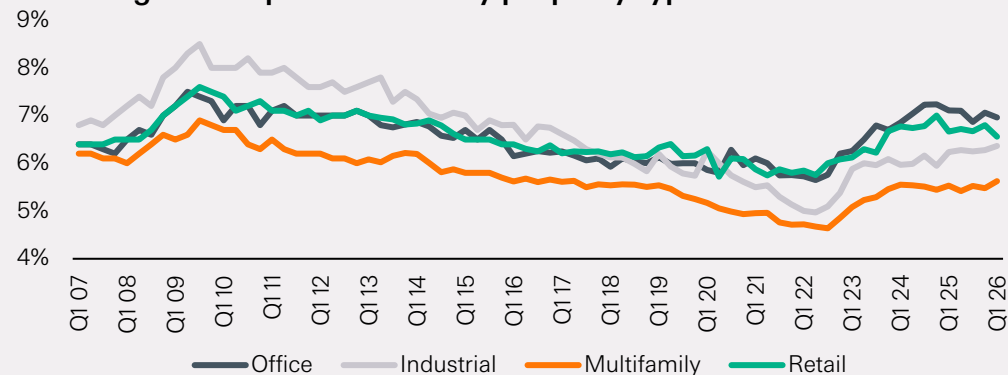
US Real Estate: All property type nominal cap rates (as of Q4 25), Europe Real Estate: European all property type cap rates (as of Q4 25), APAC Real Estate: Australia, Hong Kong, Japan, South Korea, New Zealand, Singapore office and retail average cap rate (as of Q4 25).

US equities: S&P 500 Fwd P/E ratio, Europe equities: Stoxx 50 Fwd P/E ratio, APAC equities: MSCI AC Asia Pacific Index Fwd P/E ratio.

Global Agg Bond: Bloomberg global aggregate index.

Cap rate spreads low amid interest rate volatility

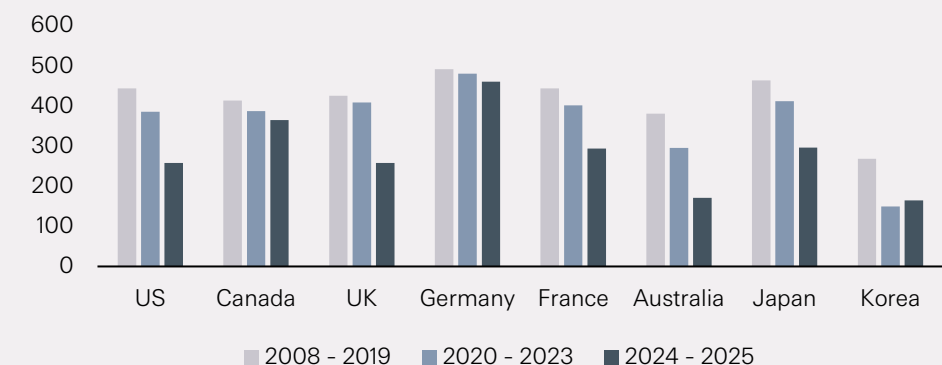
Median global cap rate trends by property type



Cap rate quartiles by largest property types, Q1 26

Region	Property type (volume leaders)	Bottom quartile		Median		Top quartile	
		Cap rate	YoY chg.	Cap rate	YoY chg.	Cap rate	YoY chg.
US	Multifamily	6.3%	+17 bps	5.7%	+11 bps	5.1%	+3 bps
	Industrial	8.0%	+68 bps	6.7%	+37 bps	5.9%	+34 bps
Europe / UK	Office ¹	9.1%	+50 bps	7.9%	+40 bps	6.0%	+37 bps
	Industrial	7.5%	+4 bps	6.2%	-58 bps	5.5%	-5 bps

Overall cap rate spread to government bond yield by country (bps)



Global cap rate spreads by country, Q1 26²

Country	Cap rate	Spread	15y avg spread	Delta
US	6.8%	273	405	-132
Canada	6.6%	465	404	61
UK	7.1%	234	419	-185
Germany	8.2%	447	520	-72
France	7.0%	232	436	-204
Australia	5.7%	122	353	-231
Japan	3.9%	219	441	-223
Korea	4.1%	122	250	-128

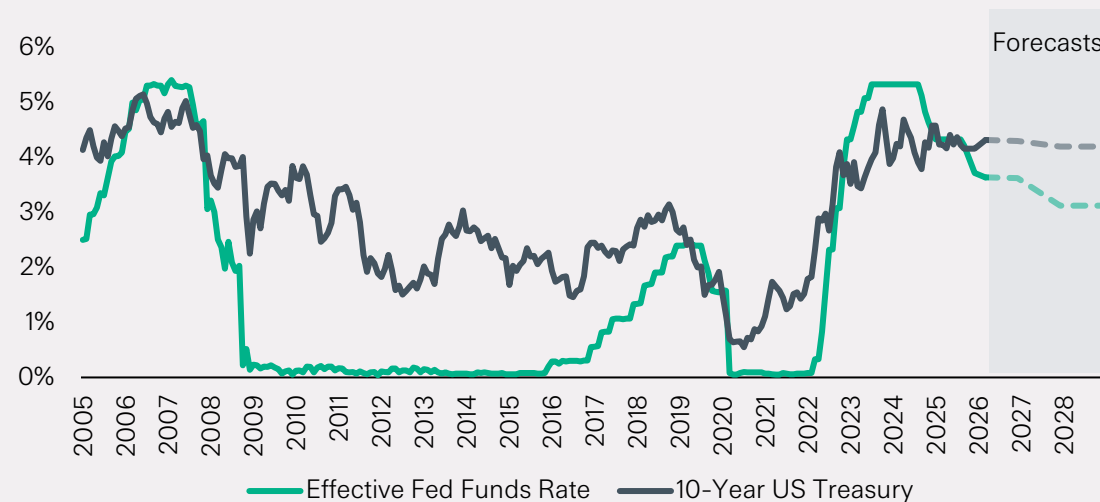
Source: MSCI Real Capital Analytics, April 2026. 1. Europe / UK Office Bottom quartile cap rate change is compared to 2025 average, as Q1 25 cap rate was an outlier and not directionally meaningful for YoY comparison. 2. Office, Industrial, Retail.

Interest rates likely to stay higher

- Australia and Japan current 10-year up 50 bps, Germany up 30 bps, others up 10-20bps in past six months, expected to persist
- 5- and 10-year interest rates at long-term averages globally
- These rates generally declined for the 15 years prior to 2022, so falling rates feel more 'normal'
- Post COVID is stark contrast to post GFC period, when rates dropped meaningfully and stayed low, solving many problems

- Inflation, deficits and other factors put upward pressure on 5-10 year rates
- War has added volatility, upward pressure
- Meaningful declines would *likely only occur with very weak economy*

Fed funds rate vs 10-year treasury¹



Avg 10-year govt bonds across different periods

Periods	US	UK	France	Germany	Australia	Japan
2020 – 2025 (COVID)	3.0%	2.7%	1.8%	1.3%	3.0%	0.6%
1990 – 2025	4.3%	4.5%	3.9%	3.5%	5.4%	1.7%
Current ²	4.3%	4.6%	3.5%	2.9%	4.8%	2.2%
'26 forecast ³	4.3%	4.6%	3.6%	2.9%	4.9%	2.4%
'27 forecast ³	4.2%	4.5%	3.7%	2.9%	4.9%	2.5%

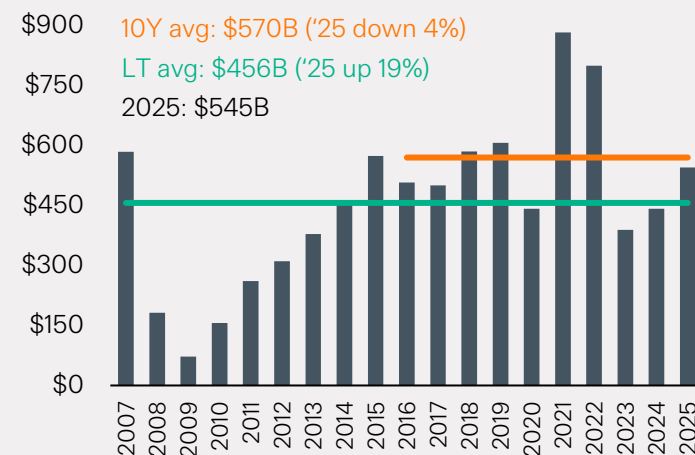
The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. Sources: CapIQ, FRED, Consensus Economics, Oxford Economics, April 2026. 1. 10-year US Treasury forecast sourced from Consensus Economics, April 2026. 2. As of March 31st 2026. 3. Forecasts are from Consensus Economics as of April 2026, except Japan which is from Oxford Economics as of April 2026.

Global transaction volumes steady, US recovering

- In the US, 2025 transaction volumes were up 23% versus the prior year, while they were flat in Europe/UK and APAC
- Property type trends align with sector appeal, led by fundamentals outlook
 - Multifamily and industrial lead US volume and are steadily gaining ground in Europe/UK and APAC
 - Office transaction volumes improved across regions, remaining the top traded sector in Europe/UK and APAC
 - Senior housing trades are up globally, +80% versus prior year
 - Data center trades comprise only 2.5% of volume globally
- Transaction markets are reactive to uncertainty and volatility, especially interest rate changes, so may slow

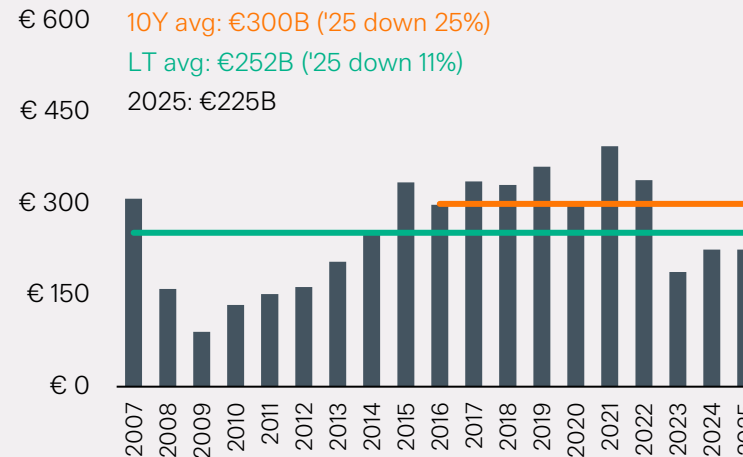
US annual transaction volume

\$ in billions



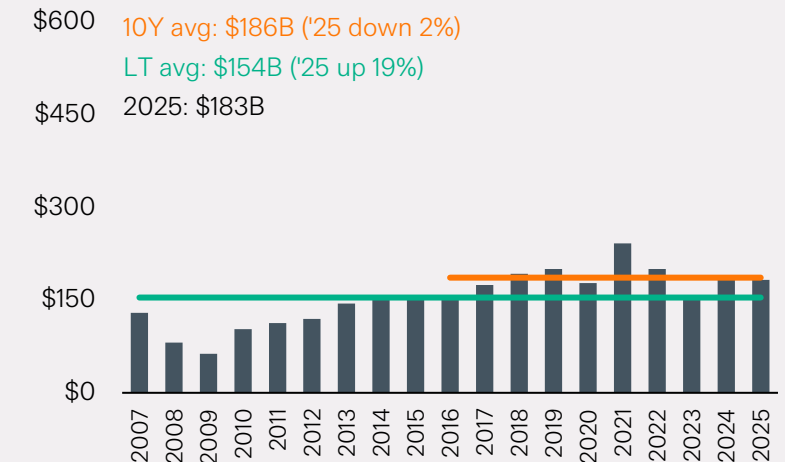
Europe/UK annual transaction volume

€ in billions



APAC annual transaction volume

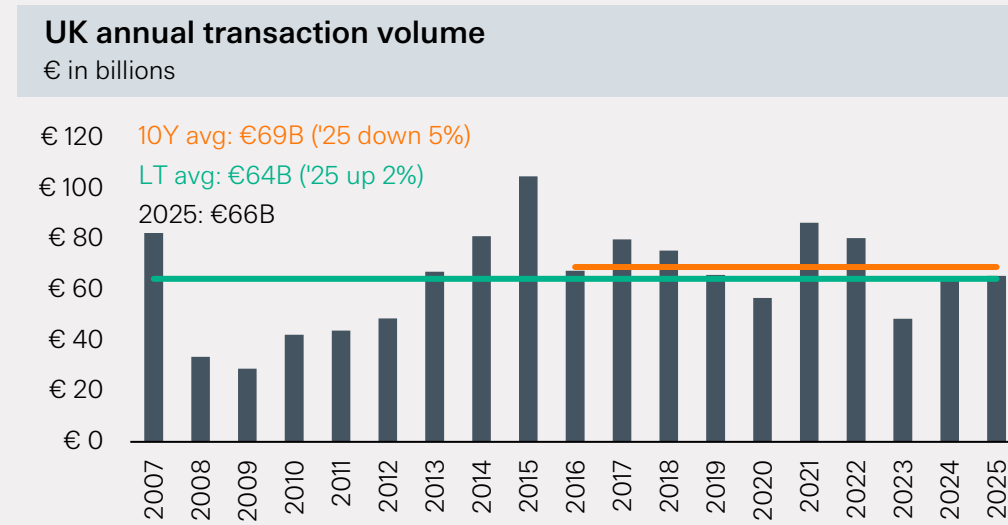
\$ in billions



Rapid UK recovery contrasts with slow pace in Germany

Transaction markets in the UK recovered quickly after 2022, supported by:

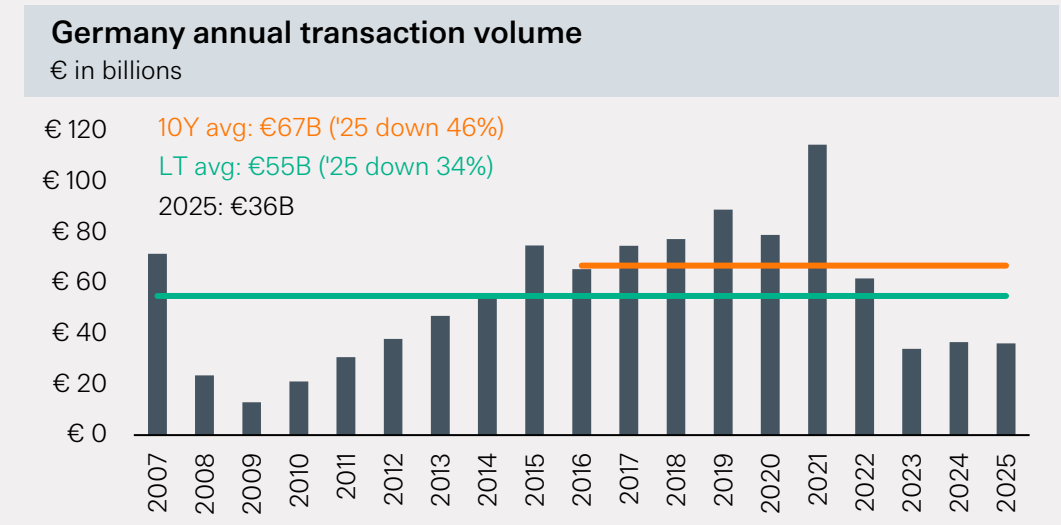
- Cross-border capital
- Structurally weak pound post Brexit
- Relatively early and decisive value correction
- Good debt availability and deep listed REIT market



Source: MSCI Real Capital Analytics, Q4 25.

German volume has not recovered due to:

- Core buying depressed due to overvalued funds
- Relative lack of debt financing
- Subdued growth outlook
- Limited appetite for office



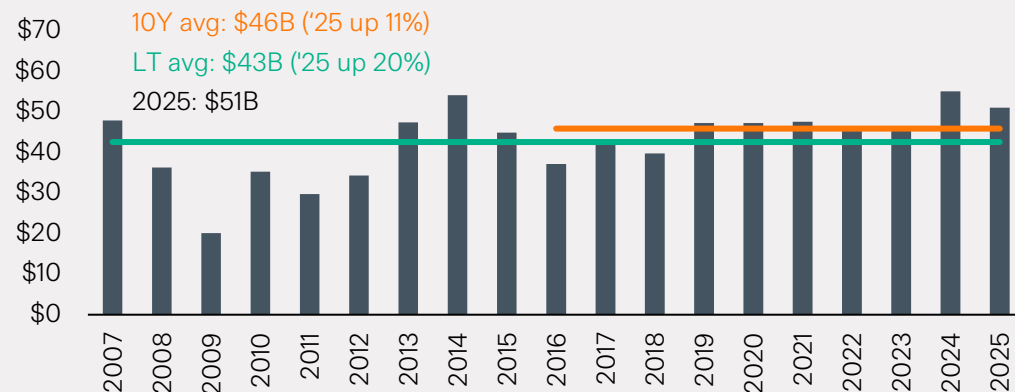
Activity slowing in Japan, slightly higher in Australia

Despite solid property fundamentals, transaction activity in Japan slowed sharply in 4Q25 due to:

- Rapid rise in interest rates from BoJ's policy shift and concerns around fiscal sustainability
- Cap rates stable, so yield spreads tightened
- Slowing cross border capital flows, overvaluation concerns
- J-REITs turning more cautious

Japan annual transaction volume

\$ in billions

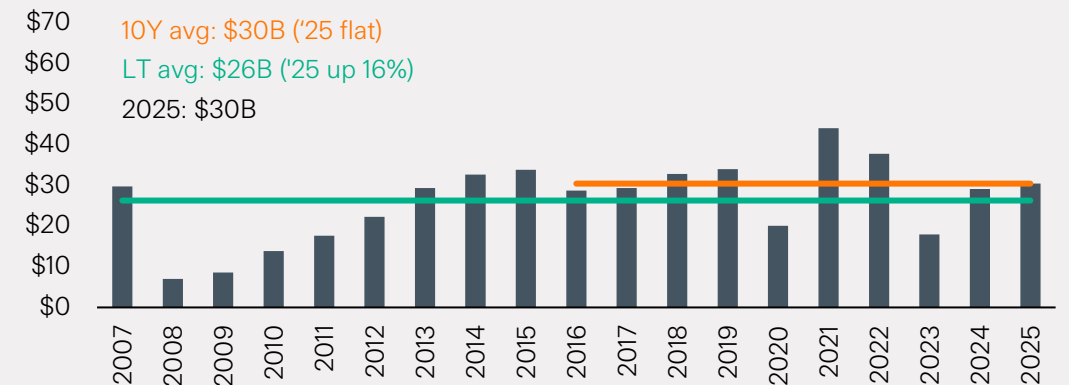


While 2024's AirTrunk deal made for tough comparisons, 2025 transaction volumes still improved 4% YoY in Australia due to:

- Better pricing clarity, with interest rates stable to down through October 2025 and cap rates largely reset
- Resilient to improving property fundamentals
- Safe-haven status facilitating cross border capital flows

Australia annual transaction volume

\$ in billions



Lending availability improved

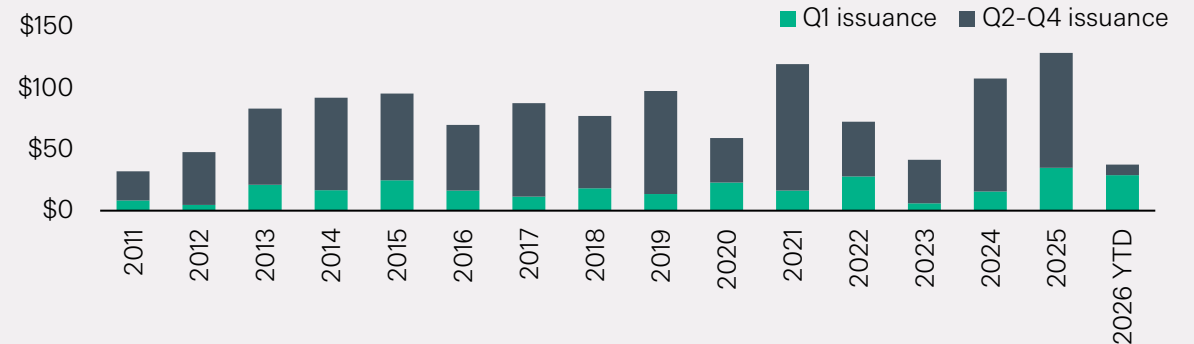
Slight tightening of spreads and lifting of base rates versus Fall House Views

- Debt capital is available. Borrowers are governing volume amid generally higher borrowing cost trends and uncertainty
- Competition among lenders has led to spread compression
- Change in bank regulations - eSLR rule in US (effective as of April 1) and Basel III Endgame (revised proposal) - reduce capital requirements, which facilitates more bank lending
- CMBS issuance remained robust in Q1 26, driven by SASB (75% of total) and refis, but is slightly below Q1 25

	US		Continental Europe		UK	
	Q1 22	Q1 26	Q1 22	Q1 26	Q1 22	Q1 26
Spread	1.3%	1.5%	1.9%	1.7%	2.4%	1.8%
Base rate	1.5%	4.3%	1.0%	2.1%	1.5%	3.7%
Total cost	2.8%	5.8%	2.9%	3.8%	3.9%	5.5%
vs Fall 25 HV		↑ 0.2%		↑ 0.1%		↓ -0.2%

US non-agency CMBS annual issuance¹

\$ in billions



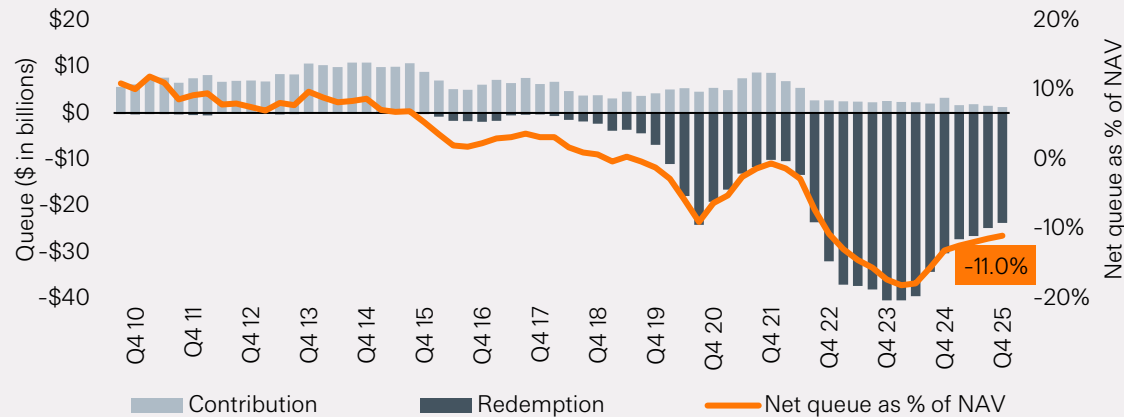
Sources: Green Street, PGIM, Chatham, borrowing cost quotes for stabilized multifamily property, April 2026. US 10-year treasury yield is as of March 31st 2026. 1. Data set limited to U.S. distribution region and all non-agency loans. Issuance is as of April 16, 2026.



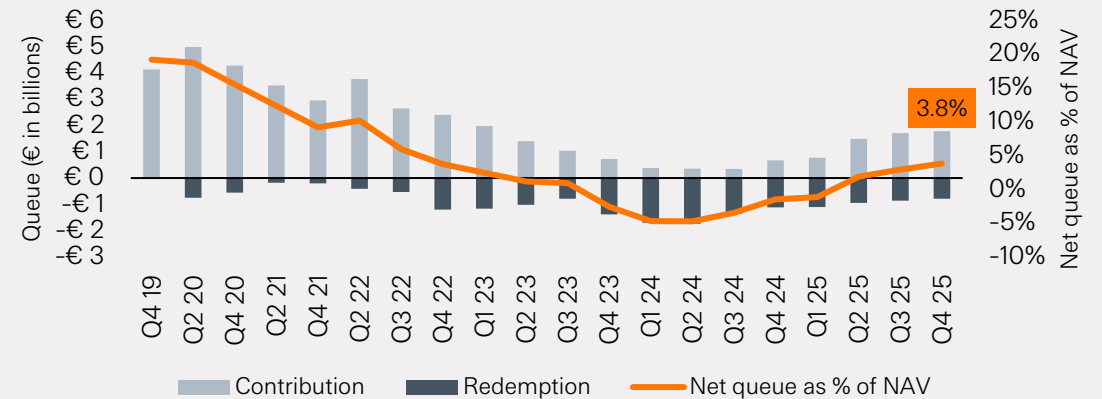
Funds

US open-ended fund exit queues lower, still substantial

US: NCREIF ODCE fund queues, Q4 25



Europe/UK: INREV ODCE fund queue, Q4 25¹



Fund level net redemption queue as % of NAV	# of Funds	% of \$ in total queue
No net redemption	5	0%
Under 10%	10	35%
10% - 20%	4	17%
Over 20%	6	48%
Total	25	100%

Fund level net redemption queue as % of NAV	# of Funds	% of \$ in total queue
No net redemption	9	0%
Under 10%	3	31%
10% - 20%	1	40%
Over 20%	1	29%
Total	14	100%

Source: StepStone Real Estate Manager Surveys data, April 2026.

1. Based on 14 out of 16 INREV ODCE constituent funds.

US core fund valuations do not reflect market cap rates

US

Sector	ODCE appraisal cap rate ¹	Market cap rate		Borrowing cost	ODCE exposure
Industrial	4.0%	5.4%		5.8%	37%
Multifamily	4.3%	5.2%		5.6%	28%
Office	6.0%	Class A: 7.5%	Class B: 10.5%	7.2%	17%
Retail	5.5%	Retail: ex-Mall 6.8%	Mall (Grade A): 8.3%	5.8%	11%

- While a roughly 50 bps gap between NAV and property trading cap rates is not unusual, the actual US differentials far exceed that
- Many GPs have now shifted to marking up their portfolios for income growth, despite rising interest rates

Europe / UK

Sector	ODCE appraisal cap rate ²	Market cap rate – prime ³	Market cap rate – all ⁴	Borrowing cost ⁵	ODCE exposure
Industrial	5.1%	4.9%	6.0%	4.4%	33%
Office	4.5%	4.6%	6.8%	4.7%	28%
Residential	4.0%	4.2%	4.4%	4.3%	21%
Retail	5.7%	4.2%	8.5%	5.1%	15%

- European pricing is aligned at cap rate level

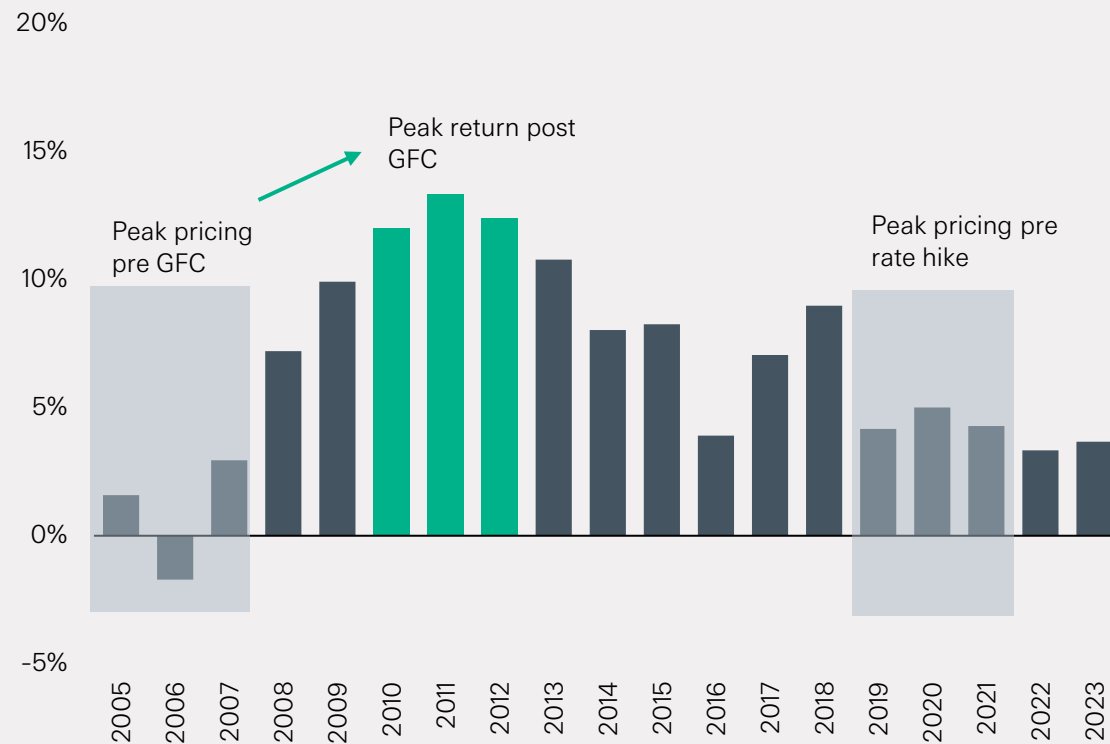
Sources: NCREIF, INREV, Green Street, CoStar, CBRE, Cushman & Wakefield, Catella, April 2026. Europe market cap rates weighted by ODCE country and sector mix. US borrowing rates from Chatham lending market overview Q4 25 applicable to secured fixed rates. US Retail borrowing cost of 5.8% is for grocery anchored.

1. Limited to operating assets with 75%+ occupancy. 2. Value-weighted appraisal cap rates reported by 12 out of 16 ODCE funds, as of Q4 25. Sample assets narrowed down to operating assets with non-zero reported NIY. 3. European prime residential market cap rates as of Q3 2025 due to reporting cycle. 4. Net Initial Yield from Green Street, inclusive of purchasing costs as of Q4 25. 5. Chatham Financial as of Q1 26.

Real estate is cyclic, time to invest is now

Investors requiring strong trailing results to commit are more likely to get timing wrong

Non-core fund median IRR, vintages 2005-2023



- Similar to today, when commitments were made in 2010-12:
 - Trailing fundamentals down/challenged
 - Prices and therefore returns down
 - Higher uncertainty
- When commitments were made at peak pricing, in both 2005-06 and 2019-21:
 - Trailing fundamentals strong (including COVID migration play), with more expected
 - Prices and returns up
 - Unusually high price per SF defended as 'new normal'

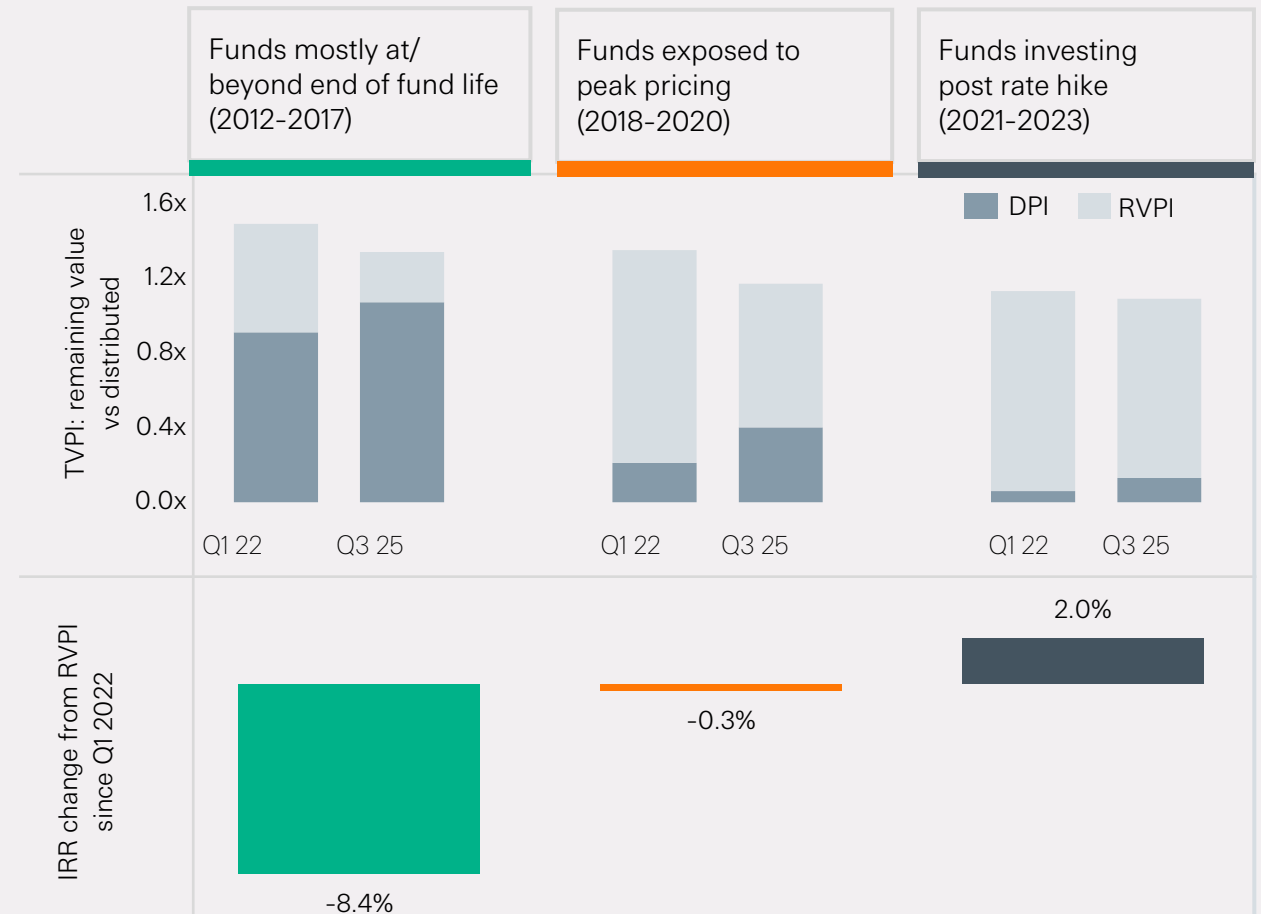
Many non-core funds haven't reflected market price drop

Newer vintages (2018-2023) have:

- Far fewer realizations. 17% loss on recent sales, led by multifamily
- Minimal valuation changes, so many assets held at or near cost
- Highest exposure to peak pricing (2020-21, during low COVID-era interest rates), lowest borrowing cost and possibly highest leverage, leaving higher vulnerability to funding gaps post rate rise

Older vintages have:

- Substantial realizations stabilize total fund returns; IRR change in chart only applies to remaining assets
- Sizeable drops in Remaining Value to Paid-in Capital (RVPI) valuation, triggered by sales plus some mark downs
- More aggressive sales pace, and greater loss on recent sales (31%) led by office. Out of time, they are exiting troubled assets



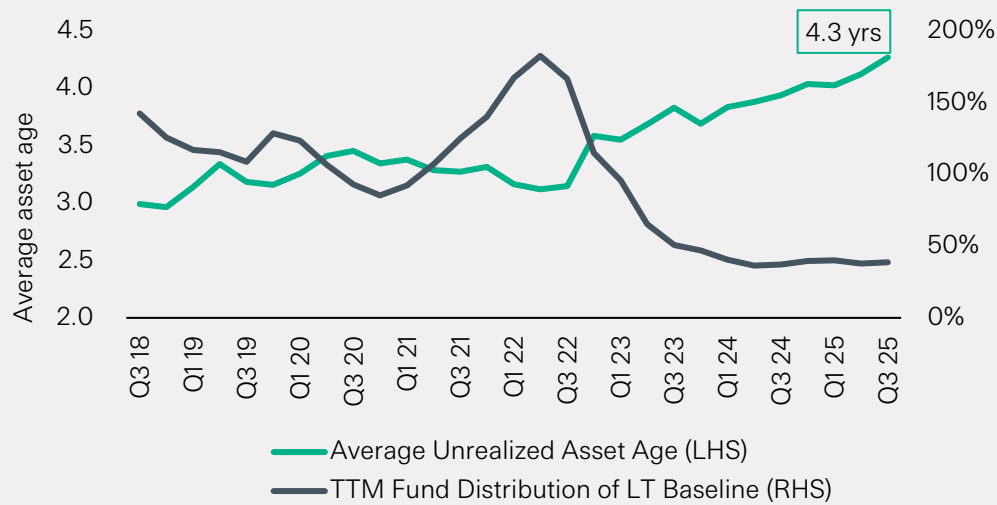
Low non-core distributions likely mask challenges

- Asset sales proceeds by funds fell after 2022, running 60-70% below normal, only partly driven by lower sale prices
- GPs are holding assets longer in hopes of income growth to rebuild values post interest rate rise
- Restoring returns is very difficult in IRR based-funds

Fund distributions down, hold periods up

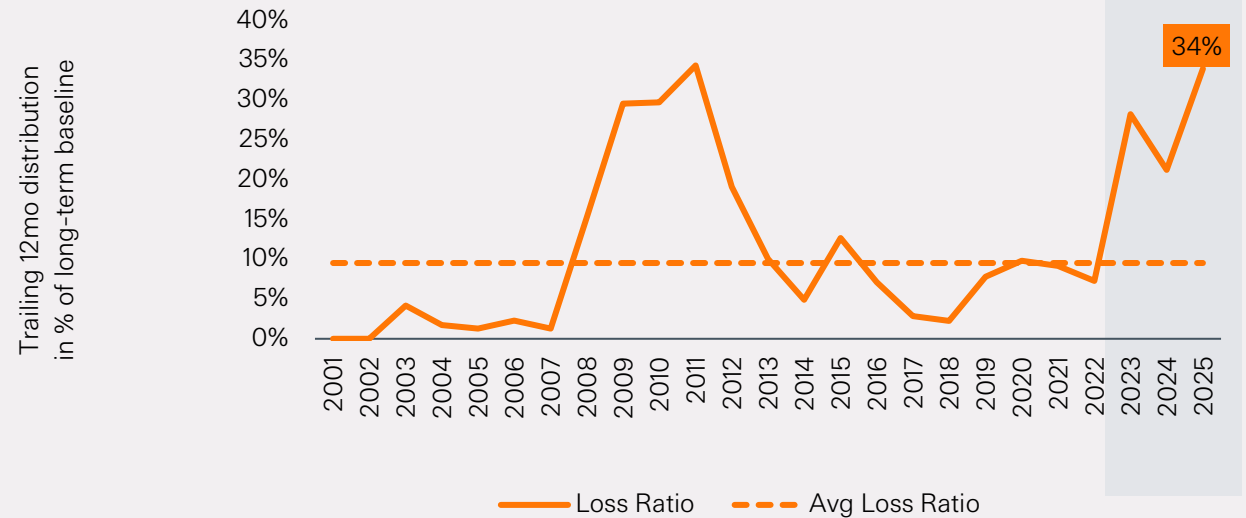
Average age of unrealized assets rising to 4.3 yrs, exceeding long-term average hold of 3.8 years

Historically, loss ratios rise much faster after 5-year hold



Realized loss ratio surging since 2023

Likely explains the drop in realizations and distributions, also implies carrying values are too high



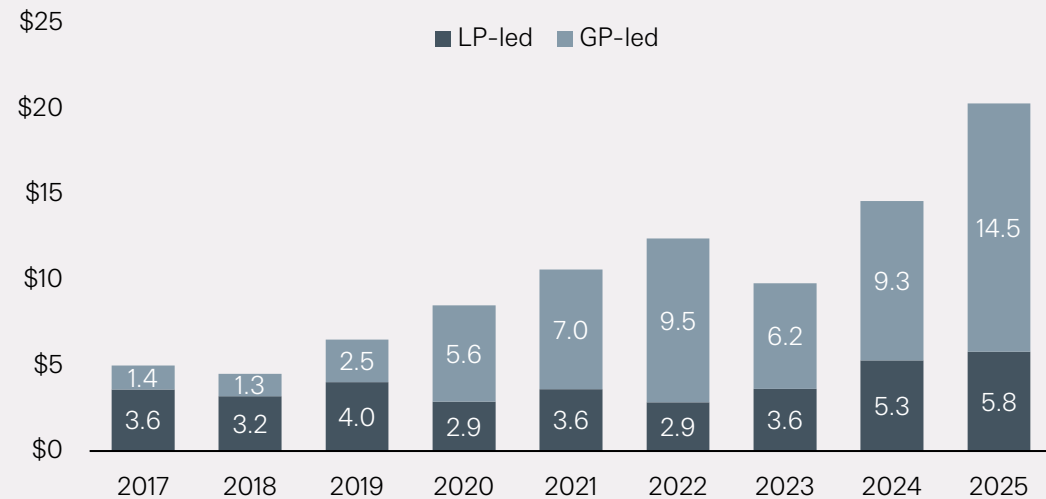
Sources: SPI Research and Reporting, March 2026. Fund-level distribution is as of Q3 25. H2 25 asset disposals are primarily from Q3, while SRE continues to collect data to inform Q4 disposals

GP-led secondary sales rising

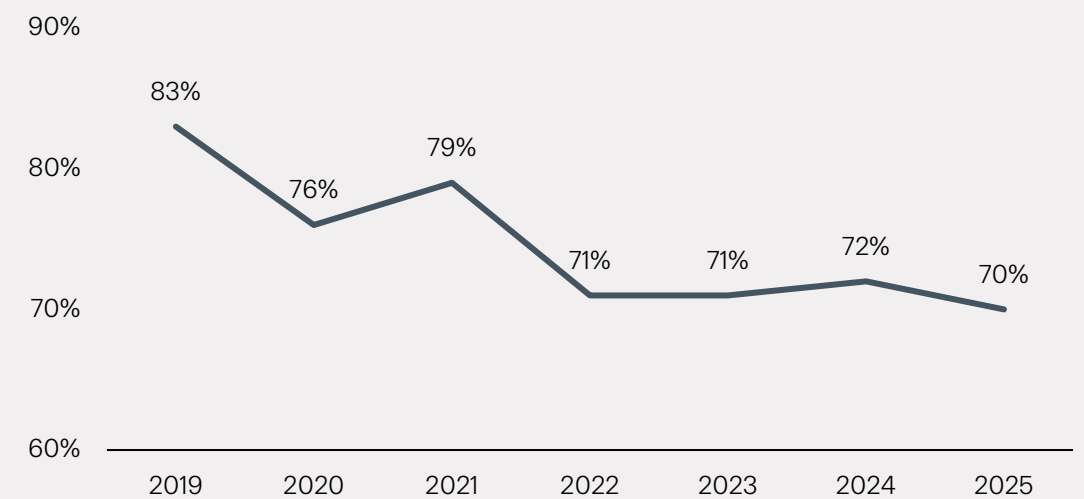
- GP-led secondaries increasingly dominate RE secondaries volume; many are unreported due to lack of broker involvement
- LP secondaries volume and pricing still low, with trades averaging 70% of NAV in 2025
 - Inflated carrying values (NAV) mean buyers need higher discounts. The resulting low offer means fewer deals are closing

Global real estate secondaries volume per broker data

\$ in billions



LP-led secondaries pricing (% of NAV)





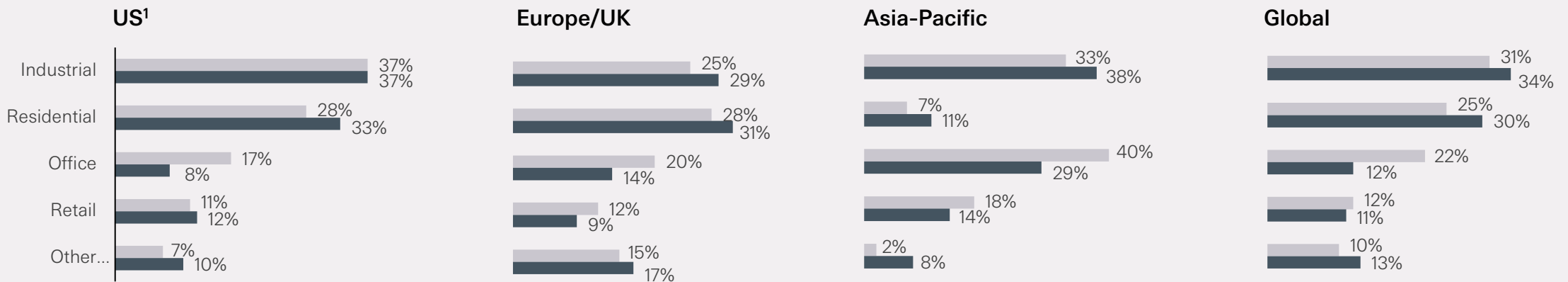
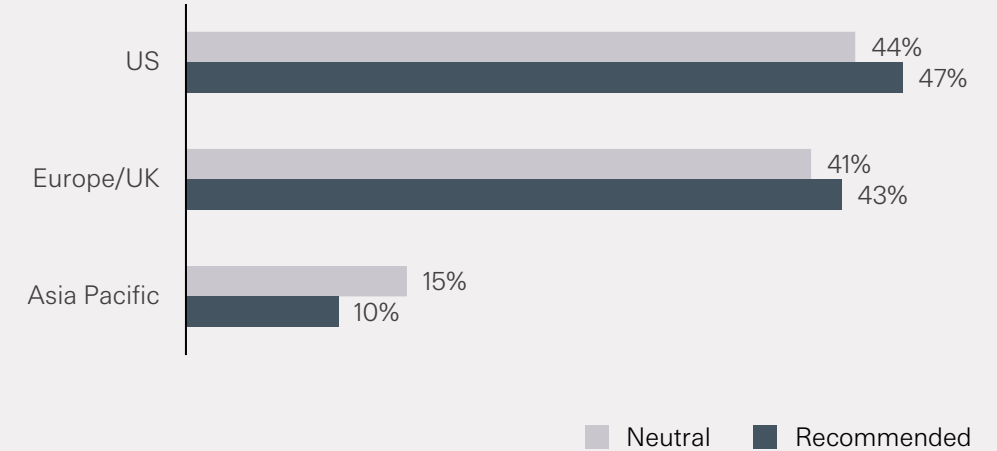
Preferred strategies & portfolio construction

Global real estate portfolio positioning

Considerations

- Recommendations are for mature, core portfolios
- Diversify geographically over time as deglobalization progresses
- Asia opportunity limited, largely focused on Japan
- Recommended risk exposure tilts, overweight:
 - Core+ for durable income with upside
 - Non-core for distress, including recaps and secondaries, emphasizing lighter value-add for more in-place income, less capex and leasing
 - Debt for current income with downside protection

Geographic



Sources: StepStone Real Estate calculations, April 2026. Neutral weightings sourced from Global Real Estate Fund Index and StepStone quarterly OEF surveys for global property and geographic allocations and ANREV, INREV, and NCREIF core fund indices as of Q4 25 for property allocations by region. Other property includes data center, hospitality, self-storage, senior housing, parking and land. Recommendations are recast in relation to new neutral weightings. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. 1. US property mix is based on NFI-ODCE index. If accounting for non-ODCE funds tracked by StepStone, the property neutral weights are Industrial 40% / Residential 27% / Office 17% / Retail 9% / Other 7%.

New deployment targets across the risk spectrum

Property type	Target for 1-2 year deployment
Industrial	15-35%
Residential	20-40%
- Multifamily	15-30%
- Single family rental	0-15%
- Student housing	0-15%
- Manufactured housing	0-15%
Office	0-15%
- Trophy	0-10%
- Life science R&D	0-5%
- Medical office	5-15%
Retail	5-15%
Other	15-45%
- Self storage	5-15%
- Senior housing	5-15%
- Hospitality	0-10%
- Data centers	0-15%

- Pricing around cycle bottom, sluggish growth outlook and no clear recovery catalyst – the hardest and best time to commit capital
- At this point in the cycle, the goal is to
 - Thoughtfully capitalize on distress in the hands of proven managers
 - Invest through risk-mitigated structures or less debt, and without dependence on heavy capex, lease-up and rent growth
 - Seek well priced income for risk mitigation and inflation protection
- It is now less about filling the buckets than finding good, well underwritten deals at attractive entry points
 - Seek pockets of growth
- Exposure targets allow active management while providing risk mitigation amid high levels of change and uncertainty
- The opportunity is global. Distress is interesting in US and Europe/UK, but it's harder to find European funds with strong track records, practically limiting overweight
- As always, tailor to individual investor goals and circumstances. Targets address the total program, not individual funds

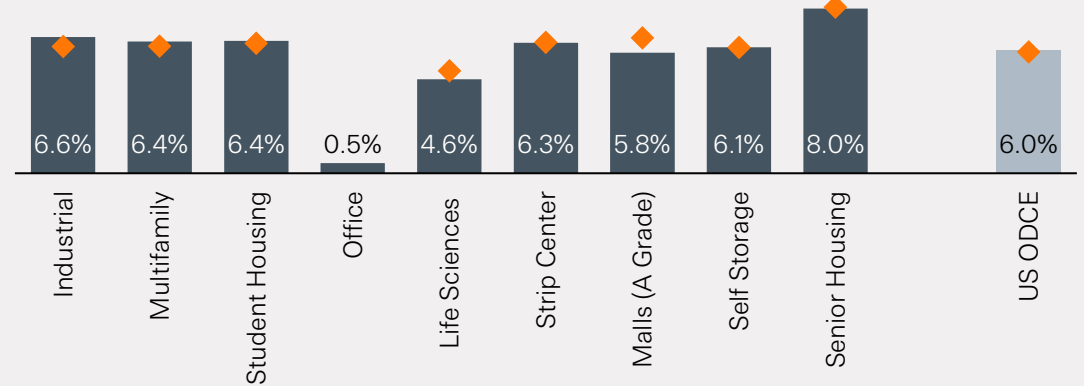
US core/core+ fund portfolio positioning

Considerations

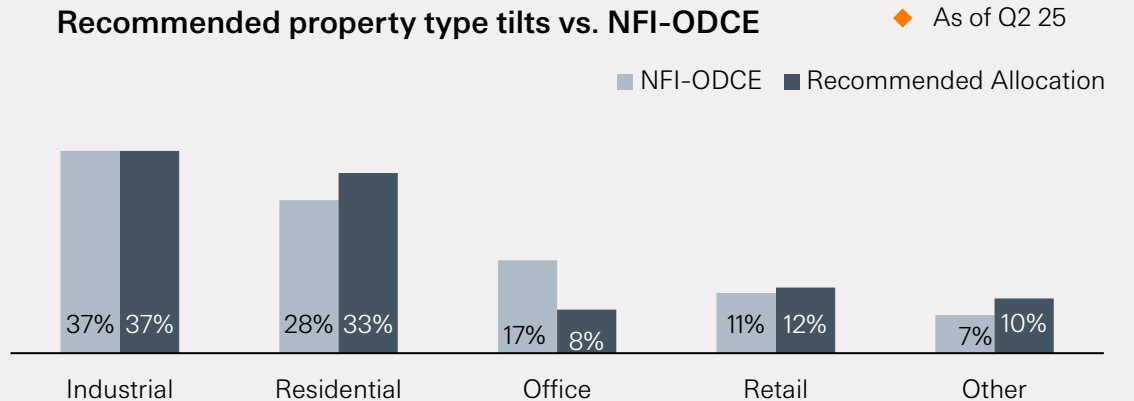
- Asset and fund selection will drive performance
- Funds generally overvalued, NAVs too high to deliver target returns
 - Carefully evaluate NAV if entering
 - Lean into funds with more dry powder to maximize exposure to current trading prices vs inflated NAVs
 - Non-ODCE funds better priced, more attractive entry basis
- Secondary market NAV discounts offered by sellers are too low. Investors with heavy index orientation and shorter-term performance lens are not incentivized to take a loss on sale even to improve results over time

Returns based on initial investment at NFI-ODCE NAV

Five-year core fund net return projections by type



Recommended property type tilts vs. NFI-ODCE



Source: StepStone Real Estate calculations, NCREIF, April 2026. Prospective five-year buy-and-hold return for a representative Grade-A/Core asset reflecting a market average level of return. Leverage is applied at the current level of the NFI-ODCE at a 27% LTV using StepStone Real Estate estimates for debt finance costs. NCREIF ODCE weightings are the value-weighted share of net real estate assets as of Q4 25. Other property includes self-storage, land, seniors housing, hotel, etc. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. For illustrative purposes only. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target will be achieved, be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target calculations is available upon request.

Europe/UK core/core+ fund portfolio positioning

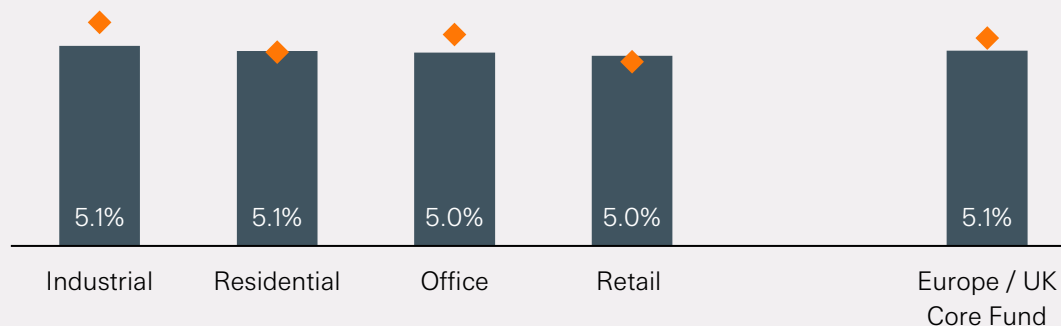
Considerations

- Asset and fund selection will drive performance
- Industrial and residential are appealing; while still a risk, lower likelihood of new rental regulations especially in Germany
- Niche products maturing, increasingly available in core/core+
- Secondary activity reduced due to greater equilibrium in contribution and redemption queues

Returns based on initial investment at NAV

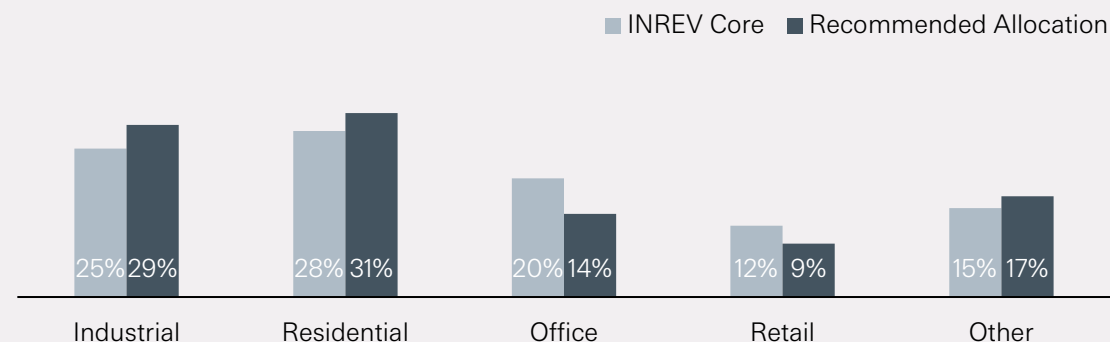
SRE focuses on the larger INREV Core, which includes country specific funds; INREV ODCE is only pan-European funds

Five-year core fund net return projections by type



Recommended property type tilts vs. INREV Core

◆ As of Q2 25



Past performance is not indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses. Source: StepStone Real Estate calculations, INREV, April 2026. Prospective five-year buy-and-hold return for a representative Grade-A/Core asset reflecting a market average level of return. Leverage is applied at the current level of the INREV-ODCE at a 23% LTV using StepStone Real Estate estimates for debt finance costs. INREV Core weightings are based on INREV Core Index as of Q4 25. Other property includes mixed-use, hotel/leisure, healthcare/seniors housing, agriculture, education, etc. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. For illustrative purposes only. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target will be achieved, be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target calculations is available upon request.

Preferred themes

	US	Europe/UK	APAC
CORE / CORE+	<ul style="list-style-type: none"> - Class A,B apartments: Stabilized assets in strong submarkets - Industrial: Assets with long WALT to credit tenants, infill locations in growth markets - Medical office: Supported by growth in outpatient services, long-term credit leases - Retail: High-quality, well-located strip, open-air and dominant grocery anchored - Manufactured housing: High-quality 4 and 5-star communities - Self storage: Stabilized assets, high barrier submarkets 	<ul style="list-style-type: none"> - Senior housing: Long-term leases to operators - Student housing: Strong fundamentals and limited supply of beds in continental Europe - Industrial: Urban logistics in markets with ecommerce upside (Spain) and limited supply (Netherlands) - Apartments: Mid-market product with widest demand pool 	<ul style="list-style-type: none"> - Apartments: Stabilized assets in Japan - Student housing: Prime locations in Sydney, Melbourne, and Brisbane - Data centers: Hyperscale and colocation centers with longer WALT in mature markets - Industrial: Infill assets supporting domestic consumption with long WALT in Japan and Australia - Office: Stabilized, trophy office in South Korea, Japan, Singapore, and Australia
NON-CORE	<ul style="list-style-type: none"> - Apartments: Good assets with distressed balance sheets - Student housing: Assets in supply constrained and high barrier markets with proven operators - Senior housing: Wind-ups of legacy vintage funds needing liquidity. Newer assets in steady lease up - Self Storage: Lease up assets in high barrier submarkets 	<ul style="list-style-type: none"> - Apartments: Brown-to-green strategies in select markets. Co-living in Spain (avoids rent regulations) - Senior housing: Attractive demographics and aging population in markets with lack of institutional capital - Self Storage: Lack of institutionalization provides opportunity across Europe - Retail: Mispriced assets in strong locations 	<ul style="list-style-type: none"> - Apartments: Well-located, but under-managed, Tokyo multifamily assets - Data centers: Pre-leased hyperscale data centers in Australia, Japan, South Korea and Singapore - Hotels: Assets with deferred capex in strong tourist locations in Japan and Australia - Office: Mispriced assets in prime submarkets in Japan and Seoul
CAPITAL STRUCTURE	<ul style="list-style-type: none"> - Distress oriented structuring with downside protection: recaps, preferred equity, value add or core+ level property risk; involving assets or funds, many of which have end of life challenges - Preferred equity funding of select developments - Debt 		

For illustrative purposes only. The opinions expressed herein reflect the current opinions of StepStone Real Estate as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass.

Preferred market/property type strategies

● Favorable ● Neutral ● Unfavorable

Property type	Market conditions for fundamentals				Core pricing	Investment appeal		
	Cyclic	Demand		Supply		US	Europe/UK	APAC
		Secular	Policy Risk					
Industrial	● Unfavorable	● Favorable	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral
Residential								
- MF - Class A	● Neutral	● Neutral	● Neutral	● Unfavorable	● Neutral	● Neutral	● Favorable	● Neutral
- Class B/C	● Neutral	● Favorable	● Neutral	● Neutral	● Neutral	● Neutral	● Favorable	● Neutral
- Single family rental	● Favorable	● Favorable	● Unfavorable	● Neutral	● Unfavorable	● Neutral	● Neutral	n/a
- Student housing	● Favorable	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral	● Favorable	● Neutral
- Manufactured housing	● Favorable	● Favorable	● Neutral	● Favorable	● Favorable	● Favorable	n/a	n/a
Office								
- Trophy	● Neutral	● Neutral	● Neutral	● Favorable	● Neutral	● Neutral	● Neutral	● Neutral
- Life science R&D	● Unfavorable	● Neutral	● Unfavorable	● Unfavorable	● Unfavorable	● Unfavorable	● Neutral	● Neutral
- Medical office	● Favorable	● Favorable	● Neutral	● Favorable	● Neutral	● Favorable	n/a	n/a
Retail	● Unfavorable	● Unfavorable	● Unfavorable	● Favorable	● Neutral	● Favorable	● Neutral	● Neutral
Other								
- Self storage	● Neutral	● Unfavorable	● Neutral	● Neutral	● Neutral	● Neutral	● Favorable	● Neutral
- Cold storage	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral	● Neutral
- Senior housing	● Favorable	● Favorable	● Neutral	● Favorable	● Favorable	● Favorable	● Favorable	n/a
- Hospitality	● Unfavorable	● Neutral	● Unfavorable	● Favorable	● Neutral	● Unfavorable	● Neutral	● Neutral
- Data centers	● Neutral	● Favorable	● Neutral	● Neutral	● Neutral	● Neutral	● Favorable	● Neutral

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Europe/UK: preferred market/property type strategies

● Favorable ● Neutral ● Unfavorable

		Investment appeal						
Property type	Europe/UK	UK	Germany	France	Nordics	Spain	NL	
Industrial	●	●	●	●	●	●	●	
Residential								
- MF - Class A	●	●	●	●	●	●	●	
- Class B/C	●	●	●	●	●	●	●	
- Single family rental	●	●	n/a	n/a	●	n/a	n/a	
- Student housing	●	●	●	●	●	●	●	
Office								
- Trophy	●	●	●	●	●	●	●	
- Life science R&D	●	●	●	●	●	●	●	
Retail	●	●	●	●	●	●	●	
Other								
- Self storage	●	●	●	●	●	●	●	
- Cold storage	●	●	●	●	●	●	●	
- Senior housing	●	●	●	●	●	●	●	
- Hospitality	●	●	●	●	●	●	●	
- Data centers	●	●	●	●	●	●	●	

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Asia-Pacific: preferred market/property type strategies

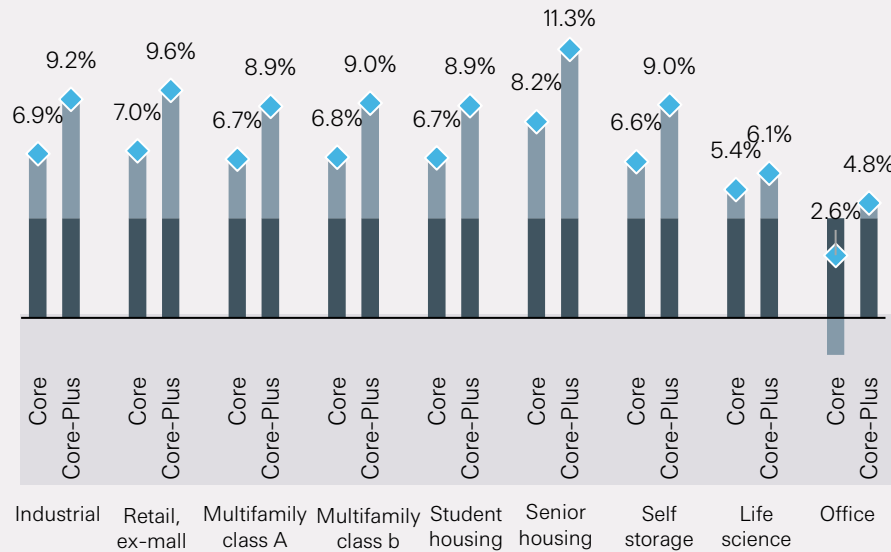
● Favorable ● Neutral ● Unfavorable

Property type	Investment appeal	Capital markets	Fundamentals					
			Japan	Australia	Korea	Singapore	China	Hong Kong
Industrial	●	●	●	●	●	●	●	●
Residential								
- MF - Class A	●	●	●	●	●	●	●	●
- Class B/C	●	●	●	●	●	●	●	●
- Student housing	●	●	●	●	●	●	●	●
Office	●	●						
- Trophy	●	●	●	●	●	●	●	●
- Life science R&D	●	●	●	●	●	●	●	●
Retail	●	●	●	●	●	●	●	●
Other								
- Self storage	●	●	●	●	●	●	●	●
- Cold storage	●	●	●	●	●	●	●	●
- Hospitality	●	●	●	●	●	●	●	●
- Data centers	●	●	●	●	●	●	●	●

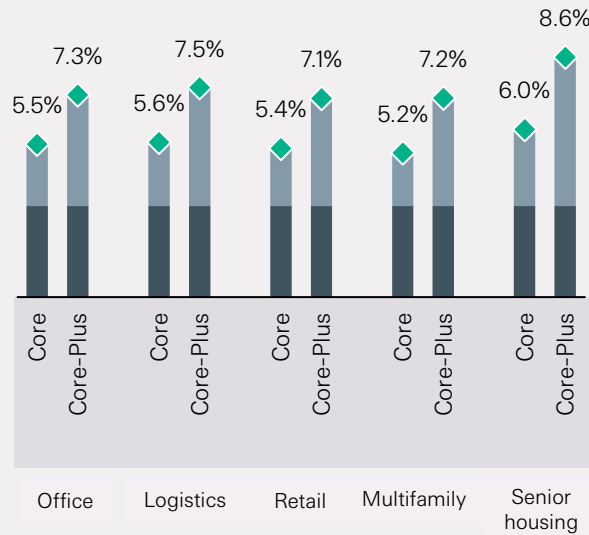
Core/core+ property-level 5-year performance prospects

In local currency¹

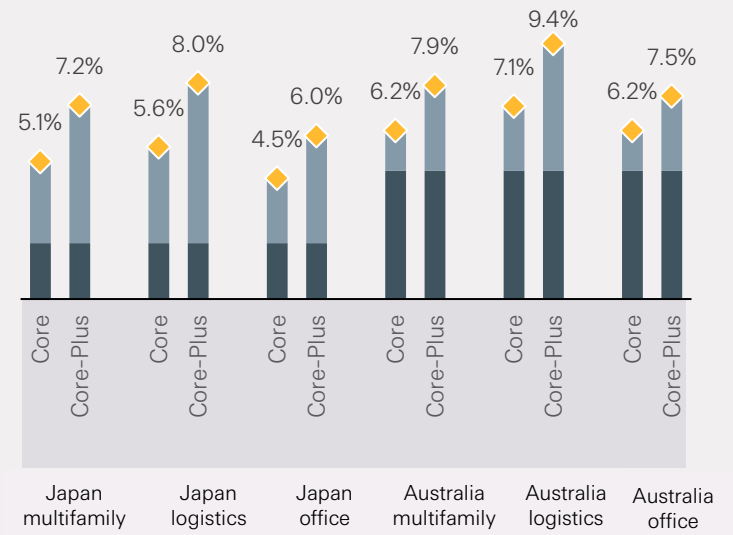
United States



Europe / UK²



Asia-Pacific



■ Prospective return spread
■ 10-yr bond yield
◆ ◆ Unlevered total return

- Returns based on initial investment per trading price data. Open-ended fund commitments made at above market NAVs will yield lower returns
- Fundamentals based on downside scenarios that assume recession and recovery within the 5-year period

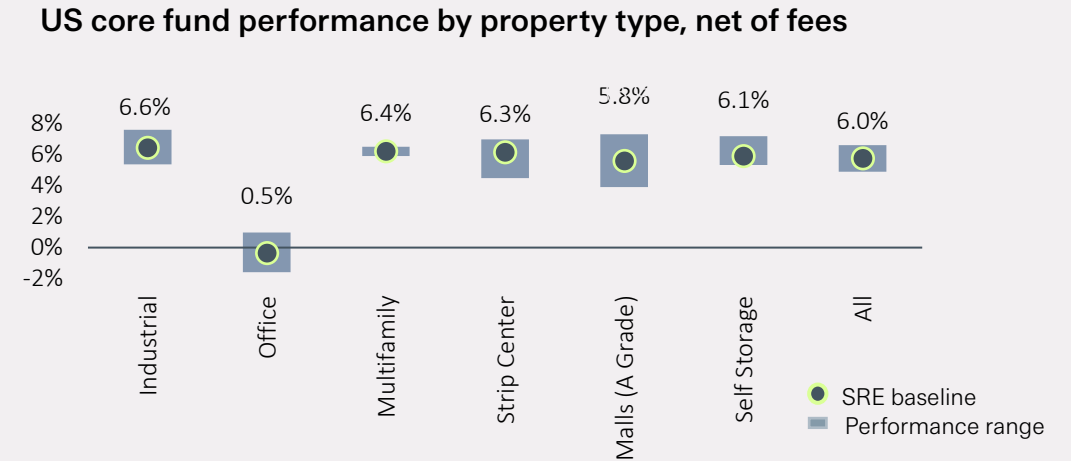
Past performance is not indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses. Sources: StepStone Real Estate calculations, Green Street, MSCI RCA, Cushman & Wakefield, Catella, CBRE, IPF European Consensus, NCREIF, INREV, Oxford Economics, Chatham Financial, Consensus Economics, April 2026. Prospective five-year buy-and-hold return for a representative Grade-A/Core asset reflecting a market average level of return. For illustrative purposes only. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target IRRs will be achieved or that the investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target IRR calculations is available upon request. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass.

1. All return projections are in local currency. 2. 10-Yr Bond yield is blended average of 80% Europe and 20% UK. In Spring 2026 edition, senior housing projected return reflects the combined outlook in Europe and UK.

Core/core+ performance scenarios and expected returns

	Third-party baseline	Scenarios
Growth	<ul style="list-style-type: none"> - Iran war leading to downward revisions; risk of recession also rising - US expected to outperform even as growth slows - Eurozone growth below other regions - Asia-Pacific above, with slower pace 	<ul style="list-style-type: none"> ▲ War ends quickly and conclusively, with damage largely contained ▼ The war lasts longer and expands, with prolonged closure of the Strait and extended period of supply disruption and uncertainty
Inflation	<ul style="list-style-type: none"> - Inflation rises near term, driven by higher energy prices - Extent varies by country 	<ul style="list-style-type: none"> ▲ The Strait of Hormuz re-opens, disruption is limited going forward ▼ The Strait remains closed; energy infrastructure is damaged further
Monetary policy	<ul style="list-style-type: none"> - Central banks are now expected to hold or even hike rates - Government bond yields likely volatile around higher, "normal" levels 	<ul style="list-style-type: none"> ▲ Inflation rises less than expected, forestalling rate hikes ▼ With inflation moving swiftly higher, most central banks shift to rate hikes
Employment	<ul style="list-style-type: none"> - Job growth limited in slow economy; hiring highly concentrated - Reduced immigration keeps a lid on labor supply growth and rise in unemployment 	<ul style="list-style-type: none"> ▲ Businesses dismiss elevated uncertainty, continue to invest and expand ▼ Layoffs add to labor market pressure, driving unemployment higher
Geopolitical	<ul style="list-style-type: none"> - Iran war and potential energy shock is likely top concern - Latest OE survey of businesses (Jan 26) cited trade war as top concern, following by general policy uncertainty 	<ul style="list-style-type: none"> ▲ Rapid and conclusive end of Iran war ▼ Escalation and/or spread of war

Range of five-year real estate core fund performance expectations¹



- Industrial faces risk around consumer spending and higher transportation costs, but pullback in new supply supports fundamentals
- Office returns improve as fundamentals stabilize; low due to capex burden
- Multifamily improving as new supply is absorbed; narrow range reflects its defensive nature and higher costs of home ownership
- Retail is more sensitive to macro environment, with lower returns and greater dispersion in more discretionary mall segment

Past performance is not indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses. Table sources: Oxford Economics, Consensus Economics, StepStone Real Estate analysis, as of April 2026. Prospective five-year buy-and-hold return for a representative Grade-A/Core asset reflecting a market average level of return. Leverage is applied at the current level of the NFI-ODCE at a 27% LTV using StepStone Real Estate estimates for debt finance costs. The NFI-ODCE estimate is calculated using the Q4 25 index weightings. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. 1. For illustrative purposes only. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target will be achieved or that the investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target is available upon request.

Private debt: competition rising, still appealing

- **Volume has improved across the market** including among banks, reflective of the Mortgage Bankers Association 2026 projection volume of US\$806 billion, a 27% lift in loan volume vs. 2025 in US. Significant increase in competition in most segments of the market has pressured spreads over past 12 months
- **High volatility:** Shifting rates and spreads meaningfully impact volumes, and are affected by overall uncertainty plus unclear interest rate path
- **Better structures, more attractive returns available:** Alternative lenders can originate with better structure and covenants and charge more for complexity and flexibility. While bank volumes are increasing, they are less active than pre-correction (in part due to existing, unresolved loans), so private lenders' share of volume continues to increase, bolstered by abundant capital and accretive back leverage

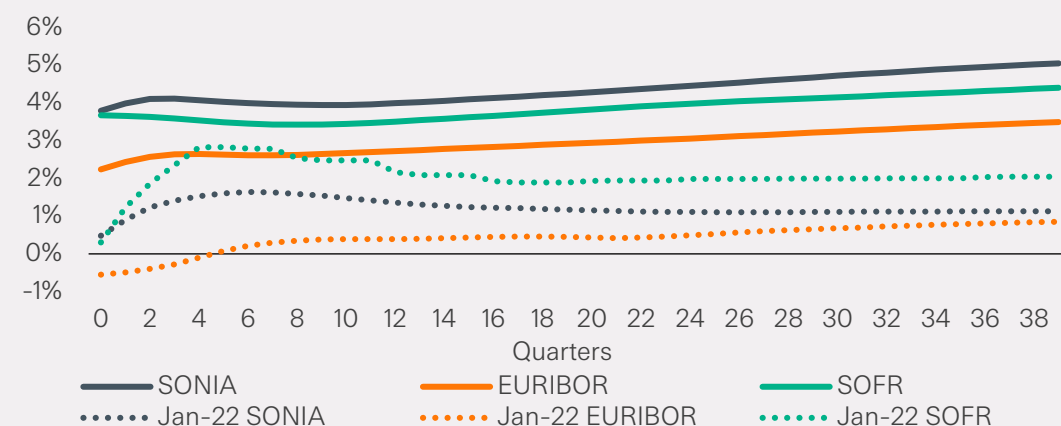
All-in lending spreads over base rate by loan type

As of April 2026



Three-month forward curves

Q1 26 vs. Q1 22



Private debt: preferred strategies

Loan type	Features	US	Europe/UK
Senior loans / investment grade	<ul style="list-style-type: none"> - Senior CRE mortgages on high-quality stabilized properties - Max 60% LTV - European lenders incur low solvency capital charges 	<ul style="list-style-type: none"> - Pricing and terms favor life company and certain unlevered debt fund originators - Banks returning to this segment 	<ul style="list-style-type: none"> - Banks remain active however, with more selective criteria and some margin widening and/or reduction in proceeds - Loan-on-loan financing availability also remains robust albeit greater focus on preferred borrowers and prime assets
Whole loans / stretch senior	<ul style="list-style-type: none"> - Whole loans on core-plus and light value-add properties - Max 65-70% LTV - US spreads in slightly on multifamily, up slightly on industrial; retail, office and hotel spreads in materially 	<ul style="list-style-type: none"> - Life companies, REITs, and bank activity up - Core+ debt funds' office loan problems persist with several winding down, but new offerings can be attractive - 2025 agency purchase quotas of \$146B up 4% from 2024, with LTVs down 5-10% from 2020. 50% of agency purchases must support affordable housing, and the FHFA may increase the quotas and preserve the workforce housing exemption - Ample liquidity remains for stabilized, qualifying multifamily financing 	<ul style="list-style-type: none"> - Margins have shown some widening of 10 – 25bps and/or reduction of proceeds. Lenders are also focusing on key borrower relationships and tightening controls - Market remains a competitive lending landscape which is tempering margin expansion
Levered whole loan / high yield / mezzanine	<ul style="list-style-type: none"> - Floating rate whole loans on transitional properties with financial leverage or retention of high yield subordinate/mezzanine positions - Typical whole loan is 65% LTC last dollar and mezzanine to 75-80% 	<ul style="list-style-type: none"> - 10-13% debt fund net returns on 2-2.5:1 levered transitional loans and high-quality mezzanine debt at 50%-70% LTC; returns from current cash distributions of 8-10% - Mezzanine spreads ~650 bps on stabilized and 900+ bps on deeper transitional business plans - Warehouse and repo facilities active and competitive, with new structures filling gap in single A-note and loan on loan executions which are down from previous peaks, but picking up - CLO executions increasing, favors predictable cash flow so multifamily best option 	<ul style="list-style-type: none"> - Alternative lenders remain focused on this segment of the market. Many are dependent on the same set of loan-on-loan bank lenders where advance rates are unchanged, however pricing has widened c. 10bps - Competition is strong among non-bank lenders also tempering margin expansion. However, larger lenders expect to focus on top borrowers and tighter controls
Development financing	<ul style="list-style-type: none"> - Lending to a narrower range of property types focusing on multifamily, other living sectors and industrial where development is justified - Max 80% LTC 	<ul style="list-style-type: none"> - Focus mainly on select multifamily, BTR, and last mile/infill industrial - build to suit or pre-leased preferred, interest in storage, niche sectors, student - Certain sunbelt markets overbuilt in multifamily, market selection critical - Partial recourse levels from traditional lenders are up, also increasing use of debt fund mezzanine and preferred equity - Regional banks slowly returning 	<ul style="list-style-type: none"> - Reduced lender appetite for development lending - Banks are having difficulty syndicating some of their larger data center development loan exposures
Special situations / opportunistic debt	<ul style="list-style-type: none"> - Recapitalizations - Discounted Payoffs (DPOs) - Sub-performing Loans (SPLs) 	<ul style="list-style-type: none"> - Opportunities for recaps and high yield executions (i.e. loan/portfolio acquisitions, recap funding /DPOs); strong counterparty relationships benefit - Regulators' bank problems will require a private markets solution. To date, few significant portfolio sales, but single and small portfolio sales are increasing 	<ul style="list-style-type: none"> - Lack of primary market transaction volume continues to drive opportunities to provide liquidity or address funding gaps - Opportunistic structures have also been driven by bid/ask spread on the equity, with structured solution provided as an alternative

Overweight Neutral Underweight

Source: StepStone Analysis, April 2026. The opinions expressed herein reflect the current opinions of StepStone Real Estate as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. No representation or warranty is made as to the returns which may be experienced by investors.



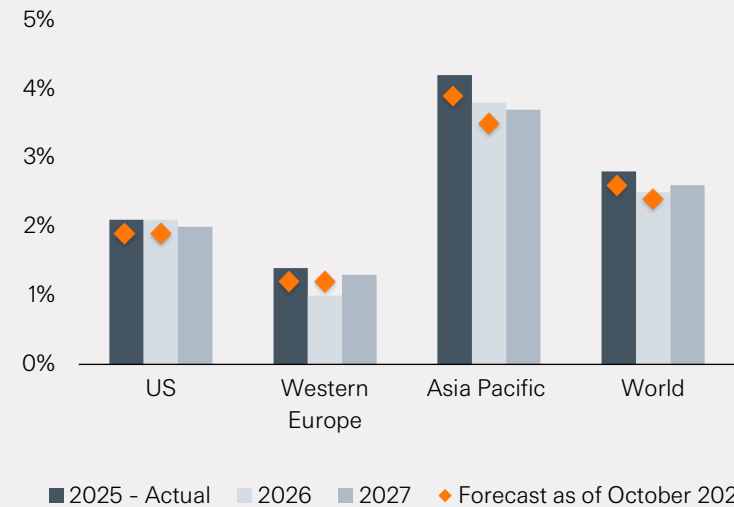
Macro setting

Iran war represents a stagflationary shock

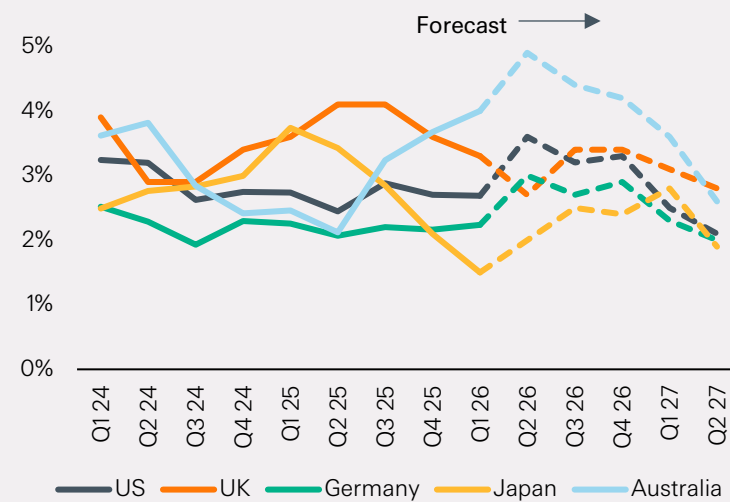
With GDP revised lower and inflation higher globally

- With less energy dependence and expected fiscal boost, the US should outperform most major economies even as growth slows
- Europe/UK and APAC are more vulnerable, although sensitivity varies by country
- Potential impacts are most punitive in the UK, Japan and South Korea
- Headline inflation could move past 4% across the G20 economies in 2026, with the US, UK and Australia seeing the most significant upward revisions
- An extended Strait closure and/or attacks on energy infrastructure would have longer-lasting impacts
- Otherwise, forecasts have inflation normalizing after 2026
- The market now expects rate hikes in Europe and an extended pause in the UK and US, which is a material shift in outlook since the conflict began.
- In APAC, inflation could bring forward rate hikes in Japan; rate hikes already underway in Australia

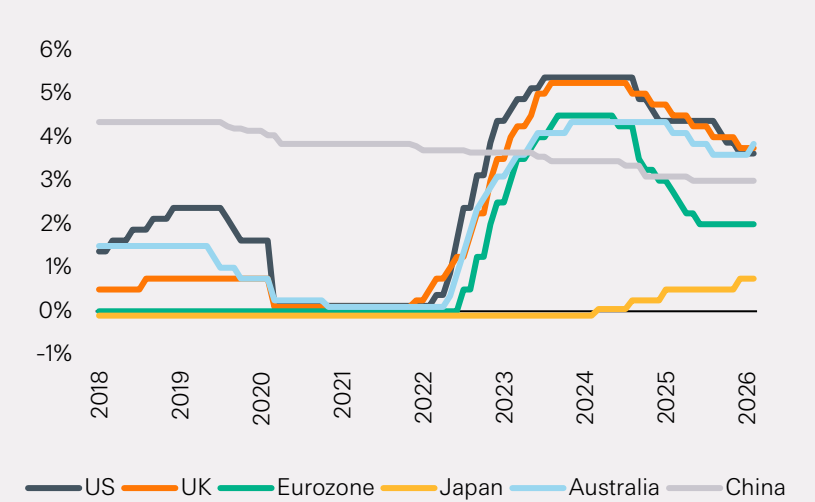
Real GDP annual growth outlook¹



Annual CPI inflation²



Change (bps) in central bank policy rates³



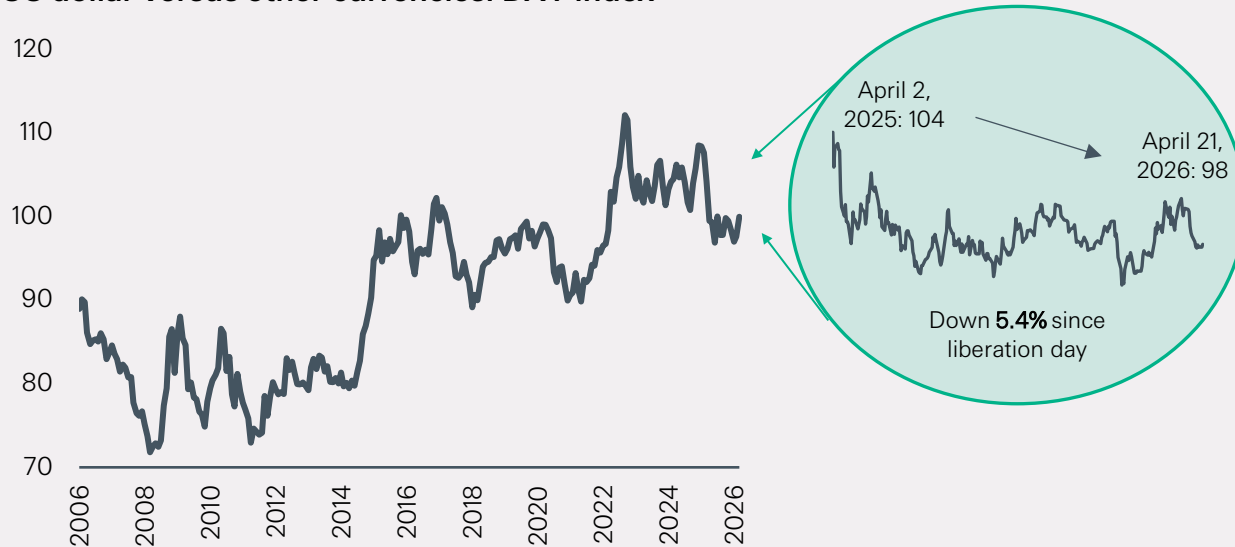
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Some US dollar recovery amid higher FX volatility

- FX rates are notoriously hard to predict, particularly in a way that is useful for long-term investments, because they are a function of government and central bank behavior
- Hedging major currencies is generally cost effective, and events have not materially changed the cost

- The dollar's unique list of advantages supports its ongoing role as the world's reserve currency
 - Deep and liquid government debt markets
 - No capital controls
 - Not heavily managed by the central bank

US dollar versus other currencies: DXY index¹



FX volatility: DXY, 30-day rolling volatility (%)



Sources: Bloomberg, Chatham, April 2026. 1. DXY index weighted as follows. EUR: 57.6%, JPY: 13.6%, GBP: 11.9%, CAD: 9.1%, SEK: 4.2%, CHF: 3.6%.

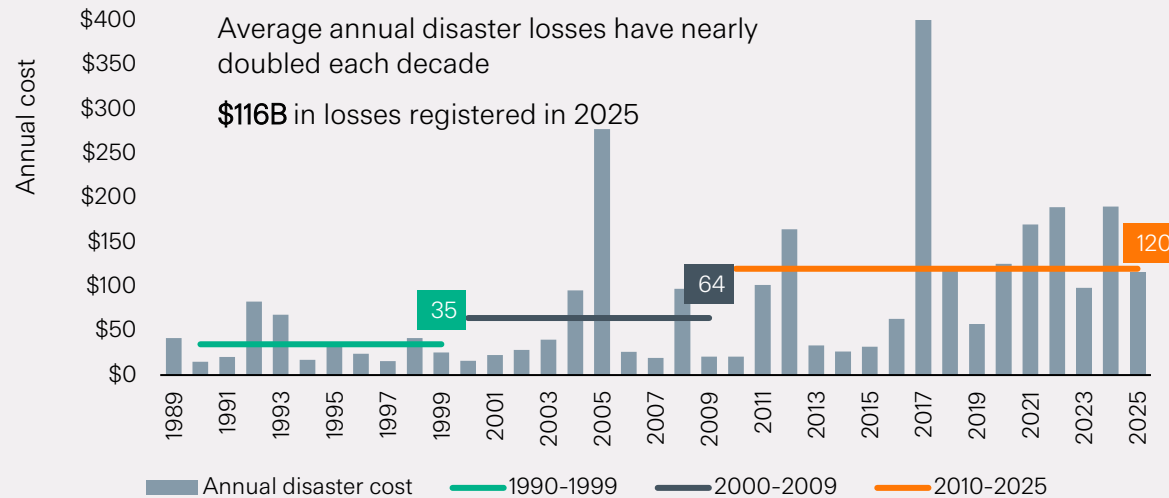
Climate events are increasingly expensive

Insurance and recovery trending up, with some insurers exiting high risk markets

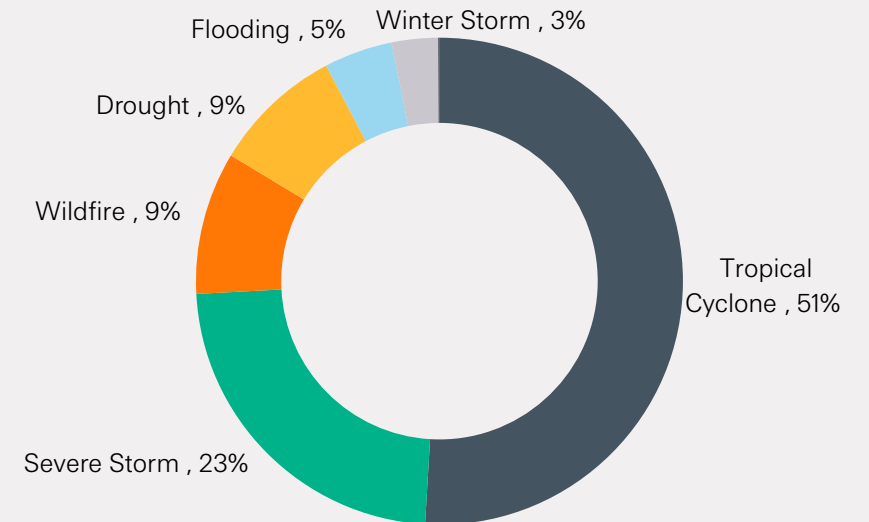
- Average annual losses from climate events doubled each decade since 1990
- In 2025, 23 events each costing >\$1B had total loss of \$116 billion; smaller events are growing in frequency and dominated volume in 2025
- Extreme weather is driving insurance costs for commercial real estate higher, doubling over the past decade in the US
- Tropical cyclones (including hurricanes) and severe storms caused the greatest economic damage 2011-2025
- US population growth and considerable real estate investment is focused on metros with highest risk of natural disasters (TX, FL)

US disaster events costing >\$1B, 1990 – 2025 (CPI-adjusted)

\$ in billions



Total loss incurred by peril, 2011-2025





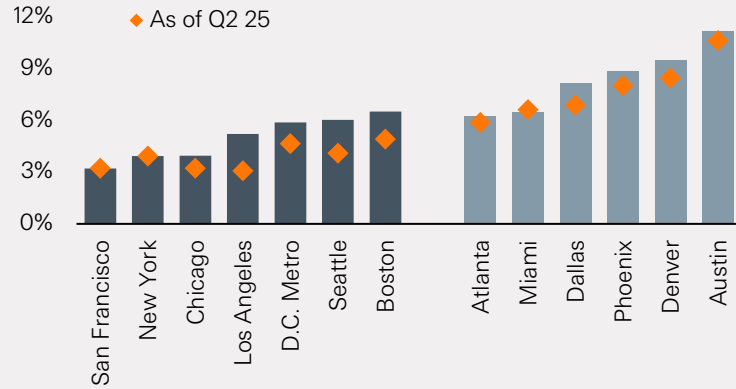
Property type outlooks



US outlook

Multifamily - US

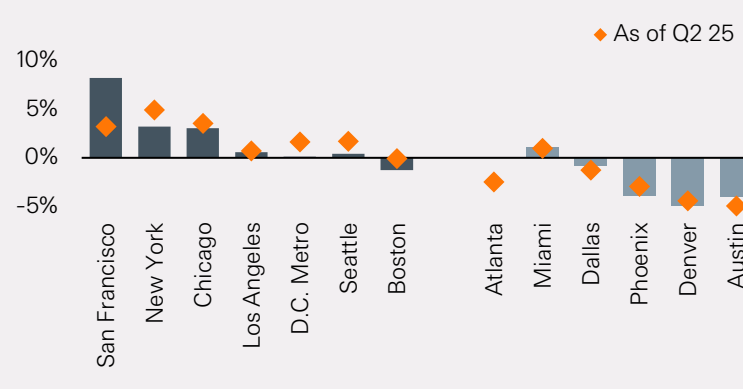
Vacancy rates¹



Coastal/gateway

Sunbelt

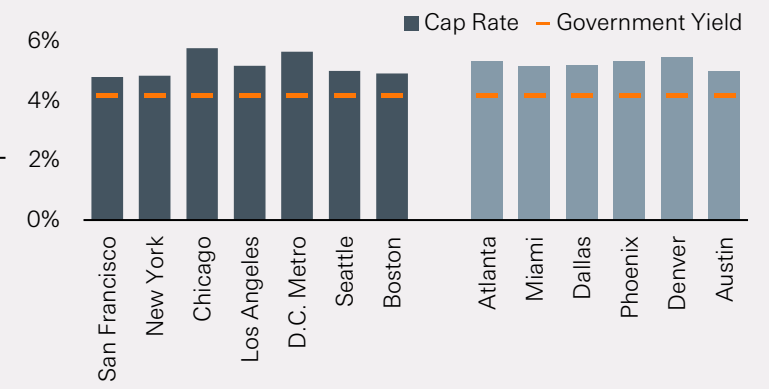
YoY rental rate growth¹



Coastal/gateway

Sunbelt

Grade-A cap rates & 10yr govt yields²



Coastal/gateway

Sunbelt

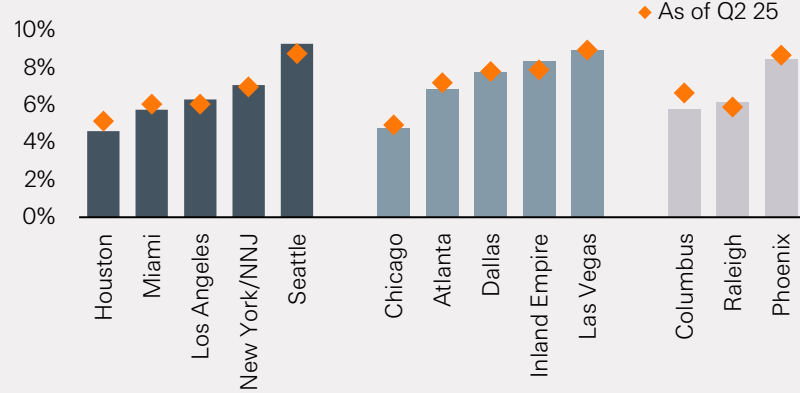
Distress potential: medium - high

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Lower immigration and job growth are weighing on demand, but structural undersupply and high homeownership costs support fundamentals. OpEx inflation continues to pressure margins. Supply pressures peaking in growth markets, starts likely to remain low. Flat rent growth in 2026 with sustained rent growth thereafter</p> <p>Capital markets: Generally stable, though higher interest rates and wide bid-ask spreads continue to dampen transaction activity. Debt remains available with competitive spreads</p>	<ul style="list-style-type: none"> - Supply-constrained core coastal markets (e.g. San Francisco) - Opportunistic acquisitions at reset bases in strong longer-term growth markets - Assets with strong rent-to-income affordability ratios - Stabilized/near-stabilized properties - Lower leverage capital structures - Select developments in high barrier markets 	<ul style="list-style-type: none"> - Assets in lease-up in supply-pressured markets - Assets sensitive to policy-driven demand shifts (e.g. immigration, subsidies) - Highly-levered, fully-priced transitional business plans - Older vintage assets in need of remedial or maintenance capex - Markets with less economic diversification - Material regulatory risk not fully reflected in pricing
Downside scenario	<p>Operating fundamentals: Low job growth and household formation plus out-migration weigh on demand and rent growth. Pullback in new supply and high homeownership costs could prevent declines seen in prior recessions</p> <p>Capital markets: Depends on severity of downturn. Impacts could rival prior recessions but relatively high current cap rates and lack of investment appetite across other sectors may provide support</p>	<ul style="list-style-type: none"> - Experienced sponsors - High quality/newer assets in primary markets (3 to 5-year hold) - Core business plans - Geographic diversification - Flight to quality/affordable submarkets - Markets with diversified employment drivers - Stable regulatory/landlord-friendly markets 	<ul style="list-style-type: none"> - Intensive value-add business plans - Development business plans with aggressive underwriting - Higher leverage capital structures or loans with bridge to profitability business plans

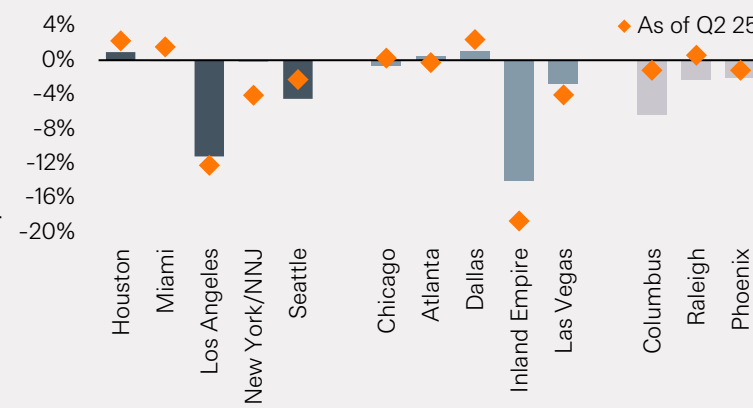
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Industrial - US

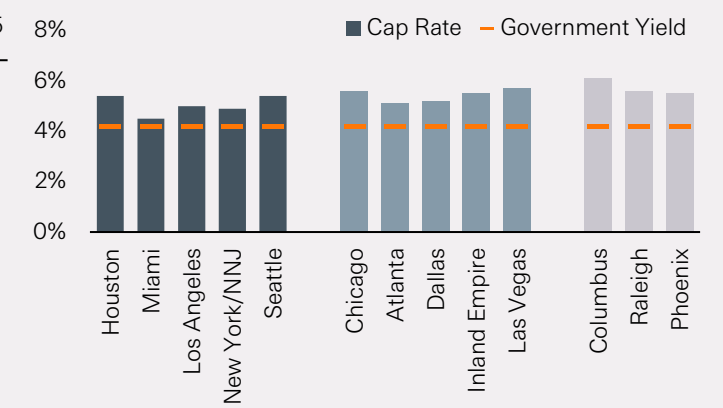
Vacancy rates¹



YoY rental rate growth¹



Grade-A cap rates & 10yr govt yields²



Port markets

Distribution hubs

Reshoring hotspots

Port markets

Distribution hubs

Reshoring hotspots

Port markets

Distribution hubs

Reshoring hotspots

📍 Distress potential: low

Key market trends

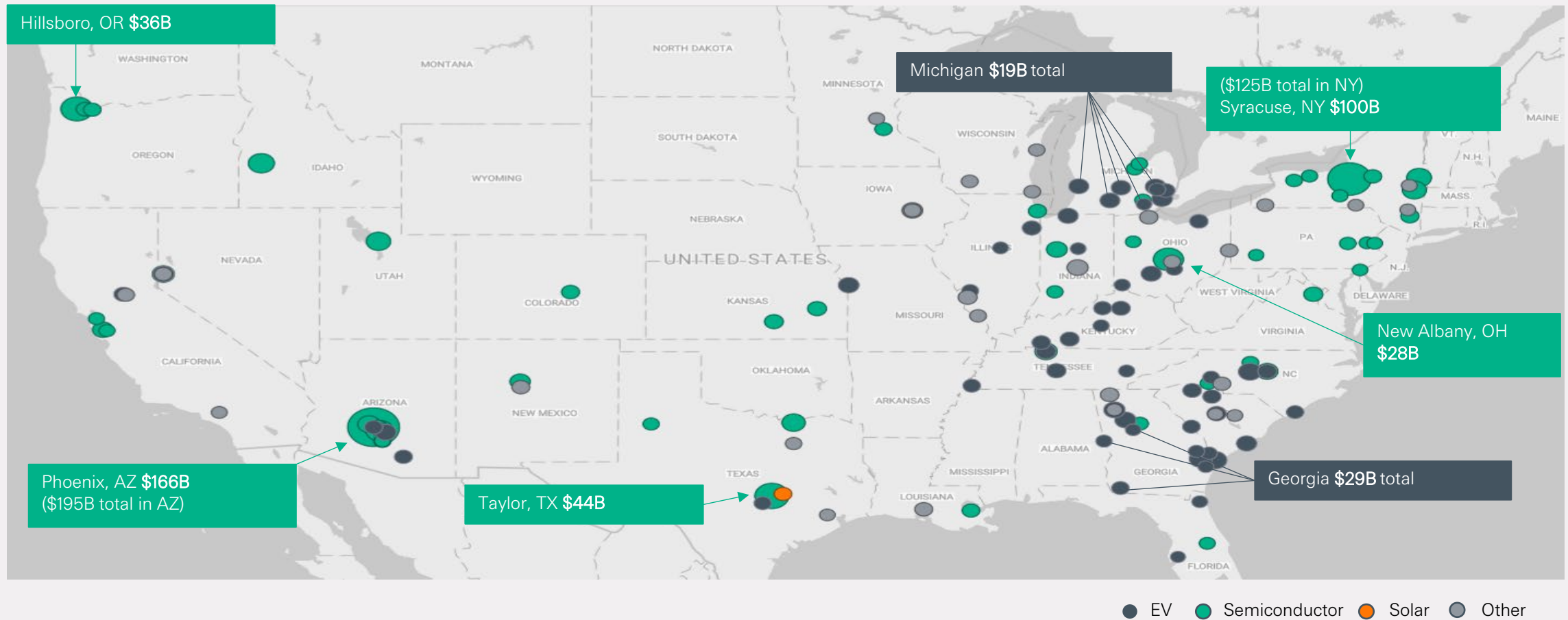
Winners

Losers

Scenario	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Tenants continue to navigate tariff impacts and uncertainty, but leasing is recovering. Low construction starts allowing occupancy to stabilize. Rent growth expected to normalize over mid term. Uncertainty surrounding July's review of the regional trade agreement with Mexico and Canada (USMCA) may temporarily slow leasing activity, but reinforce long-term reshoring trends</p> <p>Capital markets: Broadly stable, with transaction activity improving but remaining below historical levels. Elevated interest rates limit cap rate compression</p>	<ul style="list-style-type: none"> - Small /mid-bay properties - Manufacturing and adjacent assets with power capacity - Infill locations in growth markets 	<ul style="list-style-type: none"> - Assets with 300k-600k SF vacancies - Coastal markets reliant on import volume - Class B/C warehouses in non-infill locations
Downside scenario	<p>Operating fundamentals: Near-term weakening in leasing and occupancy, but drop in construction starts provides a floor, supporting gradual recovery over mid term</p> <p>Capital markets: Severity of downturn determines extent of weakening, but current high cap rates and relatively resilient buyer pool help to limit declines in prices and volumes</p>	<ul style="list-style-type: none"> - Longer WALT properties - Manufacturing tenants with heavy investment in space - Newer vintage, infill assets - Markets/submarkets with diversified employment drivers 	<ul style="list-style-type: none"> - Speculative development - Import/trade reliant markets - Chinese 3PL tenants - Large blocks of upcoming vacancy

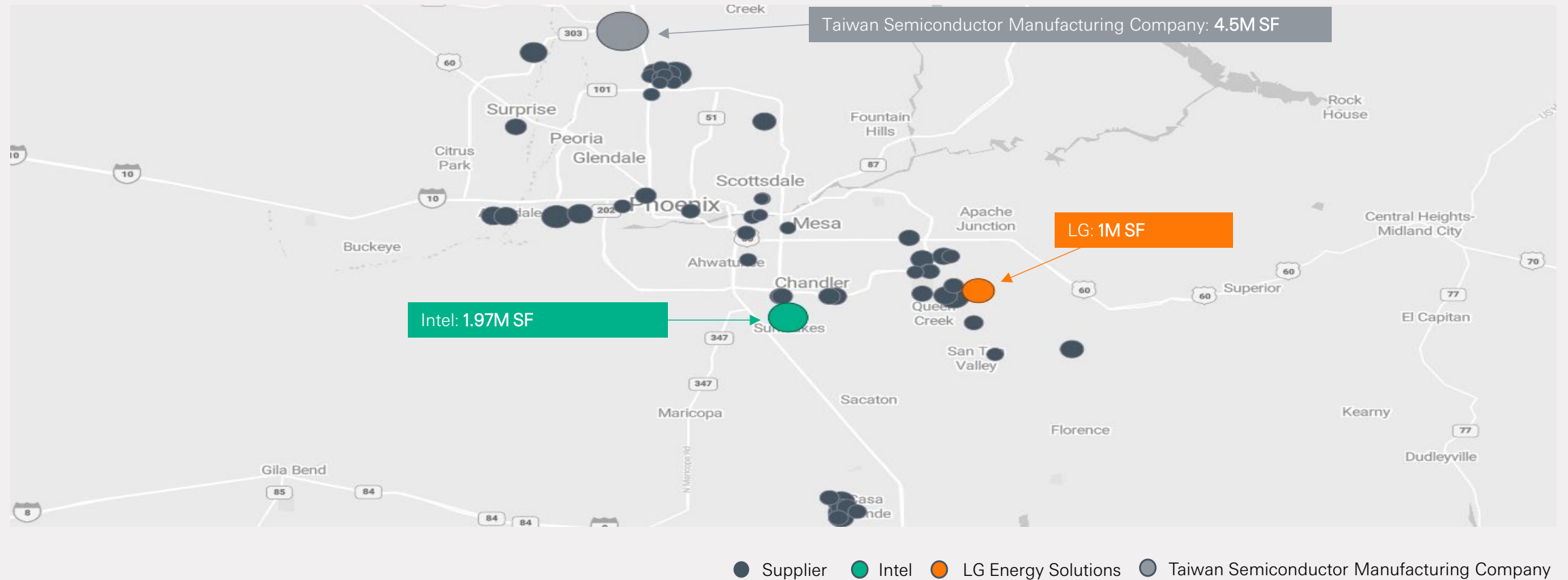
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Announced US onshoring projects



Source: Green Street, April 2026. Bubble size is scaled by total sum of estimated investment in USD billions by market.

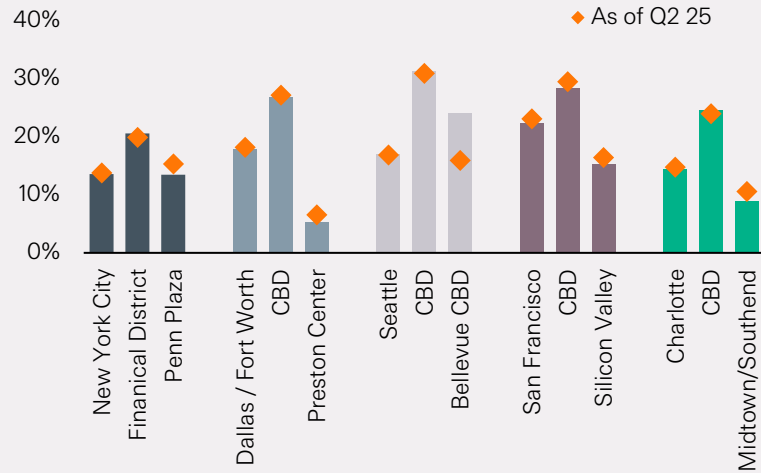
Phoenix case study – the cluster effect



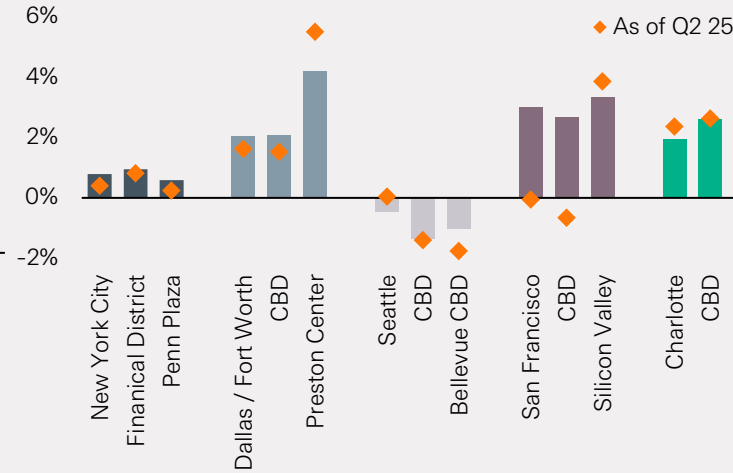
Source: Green Street, April 2026. Bubble size is scaled by total square footage.

Office – US

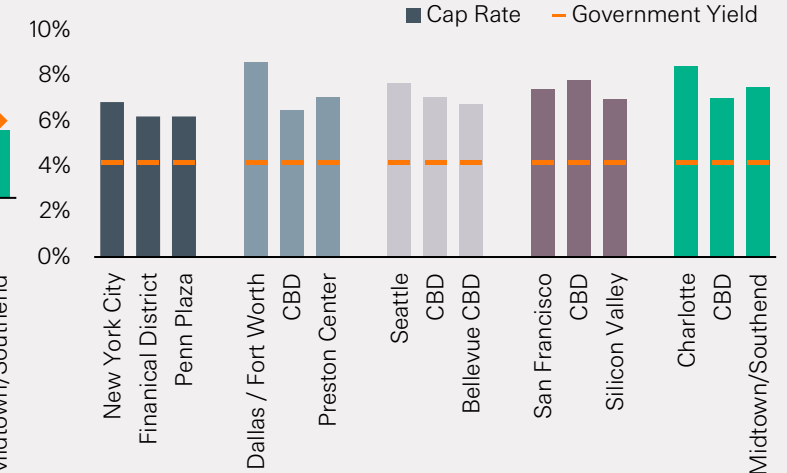
Vacancy rates¹



YoY rental rate growth¹



Grade-A cap rates & 10yr govt yields²



Distress potential: high

Key market trends

Operating fundamentals: Net absorption was positive in 2025 and new supply is at a historic low. Varies widely by market, with signs of recovery highly concentrated in best submarkets in select gateway and sunbelt markets. Hybrid work models are sticky, and office attendance remains well below pre-COVID levels. Upside and downside risks are fairly balanced

Capital markets: Investor sentiment shift from "office curious" to "office serious" in select markets, driven by reset pricing, improvement in fundamental outlook, and growing debt availability from debt funds, insurance companies and banks. No longer just family offices with long-term capital, now seeing institutional capital selectively invest with typical ~5yr hold periods

AI impact: The extent and direction of AI's impact on office remains uncertain. Hiring in some AI native companies has increased, but even a modest reduction in total national white-collar employment could stymie an office recovery

Winners

- Best of Class A, very narrow focus:
 - Urban core locations adjacent to transit hubs
 - Differentiated product in supply constrained submarkets
 - Submarkets with multiple, diverse drivers of office-using job growth
- Acquiring existing leased assets at wide cap rates
- Heavily reset bases of 'next to lease' assets at high target returns

Losers

- Class B/C assets in markets with structurally weak demand
- Class A or A- assets that are non-differentiated or poorly located
- Markets with high AI susceptibility and elevated starting vacancy
- Overleveraged assets facing near-term refinancing events at elevated current rates

Baseline

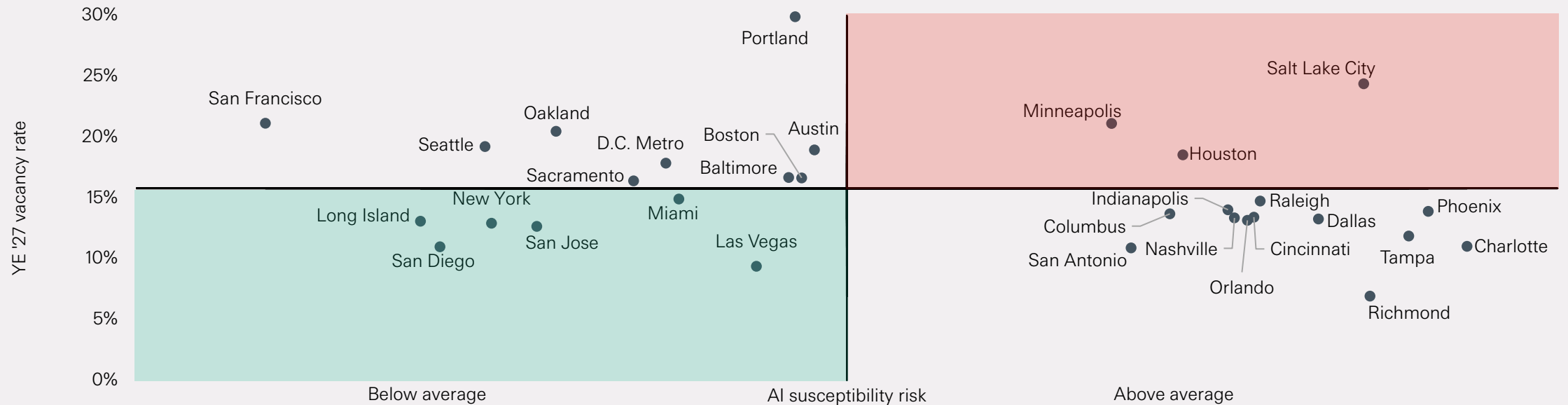
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1. Source: CoStar, Q4 25. 2. Sources: CoStar, CapIQ, Q4 25.

AI represents one more headwind for office

- Markets with a higher concentration of back-office or support roles and less union penetration tend to score worse than those that do not; gateway markets are at less risk than non-gateway markets
- While Sun Belt markets face greater risk under this framework, steady in-migration of higher-paying, value-add jobs helps to offset

US office demand: AI risk assessment



Source: Green Street, ILOSTAT, Oxford Economics, January 2026. Green Street assessed office market risk related to AI based on industry concentration, level of labor unionization, economic productivity.

Office ranges, with CapEx being high and higher

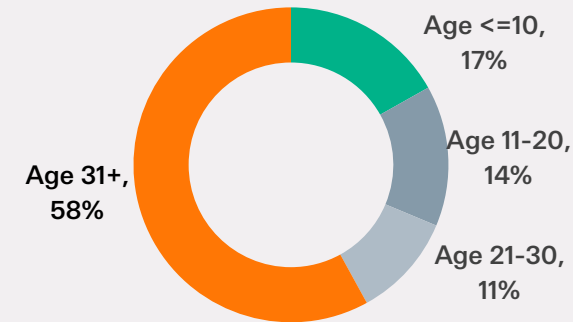
Based on a review of office assets held in US ODCE funds, meant to be high quality, core assets

Occupancy has high dispersion by market and building age

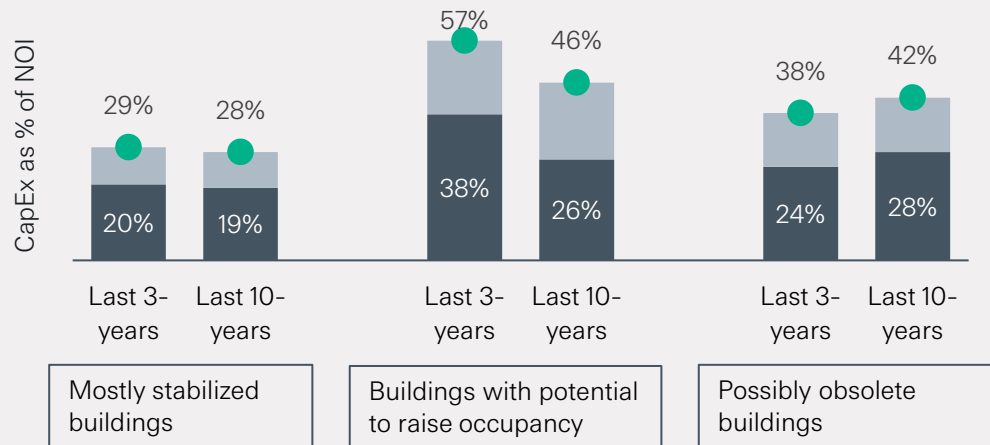
Items not in green are below national office vacancy of 82% per Green Street

	All	East Coast	West Coast	Other
Age <= 10	87%	98%	88%	84%
Age 11-20	80%	86%	62%	83%
Age 21-30	79%	85%	79%	76%
Age 31+	76%	77%	76%	75%

Nearly 60% of assets are 30 years old



CapEx has been significant, but is lower percent of NOI in stabilized buildings (with more NOI)

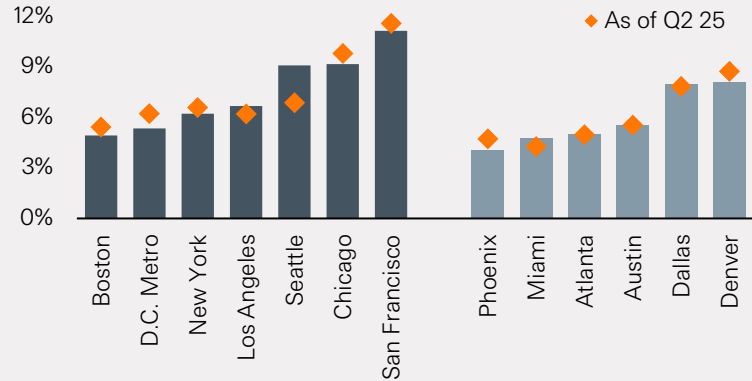


Stronger **coastal markets** and **newer properties** have notably better average occupancy

- **East Coast demonstrates better fundamentals**, with occupancy levels above 80% for assets under 30 years old. For assets over 30 years old, elevated cumulative capex over the last 3 years (approaching ~90% of NOI) reflects proactive efforts to support leasing
- **West Coast outcomes are more bifurcated**. Newer assets continue to perform well, while select markets, such as Seattle, have suffered from a pullback in tech-driven demand that is particularly affecting mid-vintage properties
- In **non-coastal markets**, asset age is the primary driver of performance. Buildings 20 years and younger generally continue to exhibit stable utilization, while older assets show limited evidence of recovery potential
- SRE's projected office sector performance is based on a more granular review of these factors. CapEx as a percentage of NOI is high for many assets and drives weak returns. To facilitate the projections, we grouped properties into the categories on the left table

Retail - US

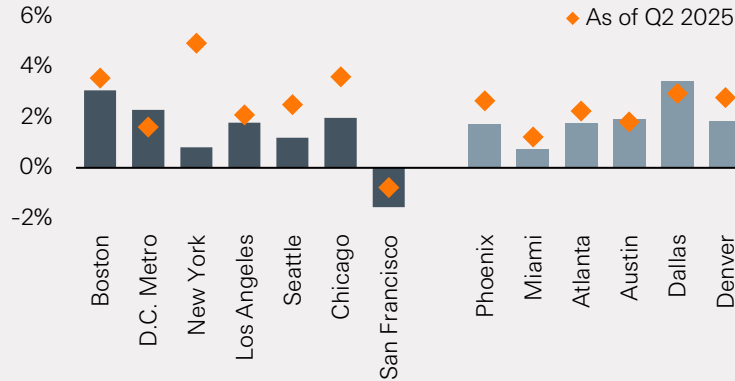
Vacancy rates¹



Coastal/gateway

Sunbelt

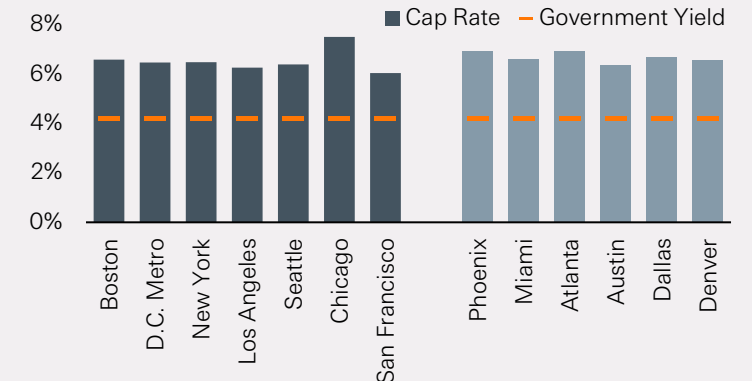
YoY rental rate growth¹



Coastal/gateway

Sunbelt

Grade-A cap rates & 10yr govt yields²



Coastal/gateway

Sunbelt

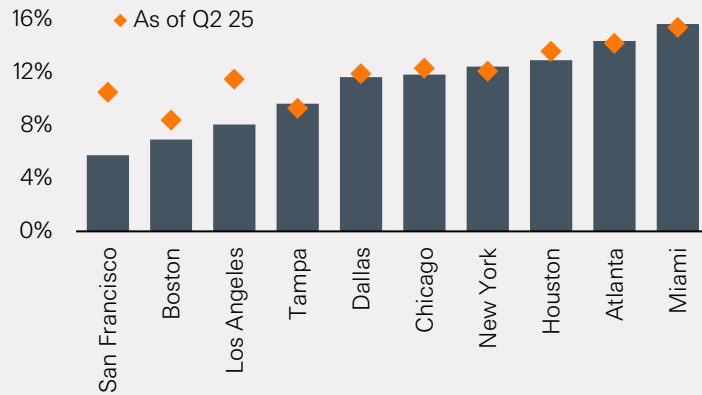
Distress potential: low

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Lack of new supply supports stable occupancy and rent growth even as macro environment keeps upward pressure on store closures</p> <p>Capital markets: Strong investor demand and debt availability support steady improvement in transaction activity; cap rates stable amid higher interest rate environment</p>	<ul style="list-style-type: none"> - High quality, newer vintage assets in growth markets - Stabilized assets with upside levers (e.g. pad developments, select repositioning) - Community centers with mix of convenience and lifestyle - Market leading grocer locations with near term early renewal / blend-and-extend opportunities 	<ul style="list-style-type: none"> - Large format, prior generation power centers with big-box backfill risk - Locations without proximity to fast growing, affluent, and high-density residential
Downside scenario	<p>Operating fundamentals: Occupancy and rent growth deteriorate with more store closures and weak spending, but lack of new supply and relatively healthy retail balance sheets prevent GFC-level declines</p> <p>Capital markets: High starting point limits cap rate expansion, overall volumes decline with buyers focused on higher quality assets with longer WALT and credit leases</p>	<ul style="list-style-type: none"> - Longer WALT assets with investment grade, necessity-based tenancy - Assets anchored by dominant grocer with necessity-based in-line tenancy 	<ul style="list-style-type: none"> - Assets with heavy tenant roll, concentrated tenancy risk and aggressive mark-to-market assumptions - Markets with undifferentiated, significant retail SF per capita

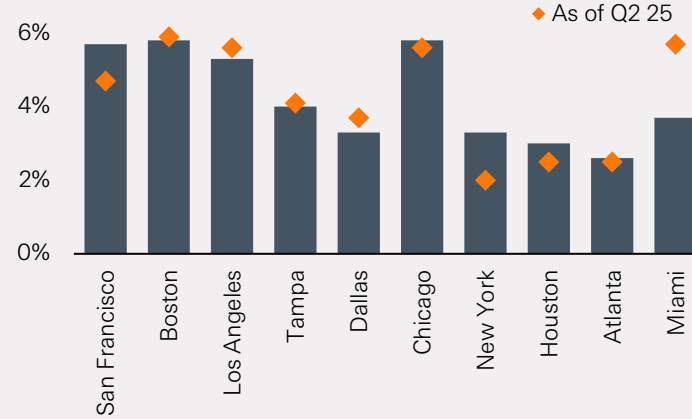
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Senior housing - US

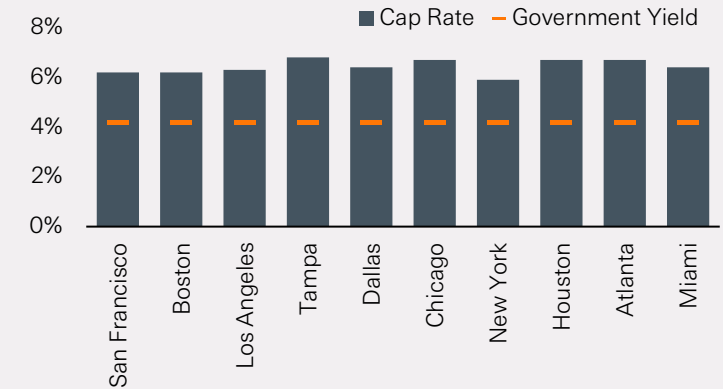
Vacancy rates¹



YoY rental rate growth¹



Grade-A cap rates & 10yr govt yields²



Distress potential: low

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Positive outlook, with Silver Tsunami underpinning strong demand and near-record low new supply forecasted. NOI margins re-stabilizing</p> <ul style="list-style-type: none"> - Higher quality properties approaching stabilization in the 90%+ range and seeing well above inflationary rent growth <p>Capital markets: Cap rates have compressed with underwriting focused on near-term growth, rather than trailing operations. Transaction volumes have surpassed the prior 2015 peak and buyer pools have broadened, even including core profiles. Buyers of stabilized assets can achieve positive leverage with a constructive financing market, supported by Agency and LifeCo lenders</p>	<ul style="list-style-type: none"> - Stabilizing, class A assets, esp. high end, benefiting from above-inflationary rent growth - New development, given very limited pipeline - Higher barrier to entry markets with additional hurdles such as Certificate of Need or union labor requirements - Strong operators are key 	<ul style="list-style-type: none"> - Class B/C product and older layouts with deferred cap ex - Standalone memory care and higher-acuity-skewed-assets with limited institutional liquidity - Very large format assets (harder to maintain stabilization)

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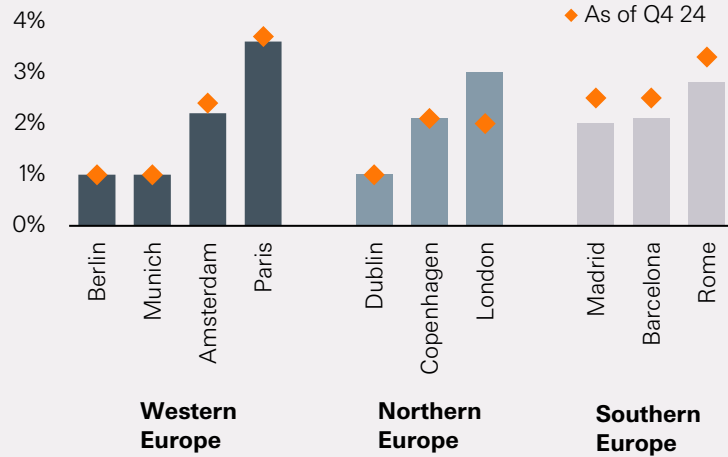
1. Source: Green Street, Q4 25. 2. Sources: Green Street, CapIQ, Q4 25.



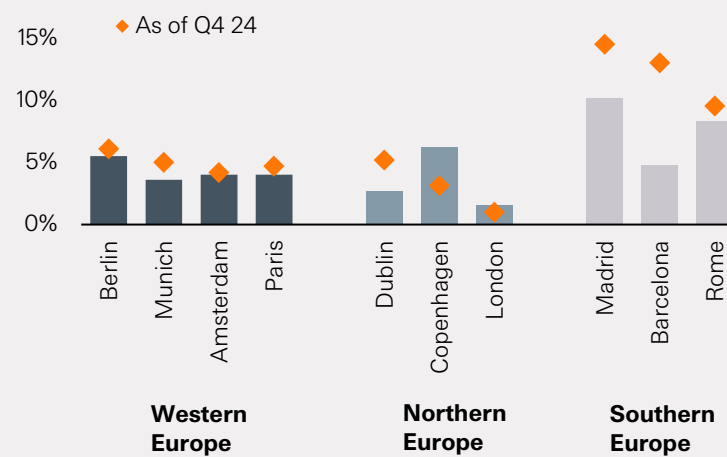
Europe/UK outlook

Multifamily – Europe/UK

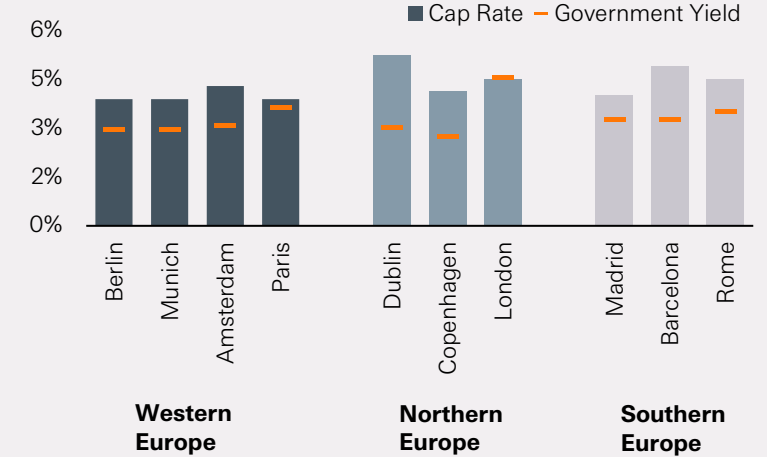
Vacancy rates¹



YoY rental rate growth¹



Grade-A cap rates & 10yr govt yields²



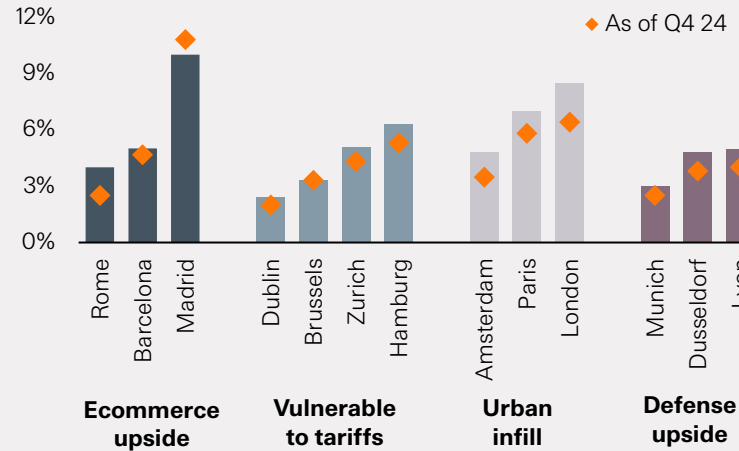
Distress potential: low

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Limited supply and healthy demand should support stable and high occupancy, inflation+ rent growth and low credit loss</p> <p>Capital markets: Spike in swap rates results in less accretive debt day 1, however broad, capitalized buyer pool should support slow but steady transaction markets and stable cap rates</p>	<ul style="list-style-type: none"> - Mid-market product with widest demand pool - Cities with high supply barriers, strong urbanization trends - Markets that benefit from positive leverage - Dublin, Copenhagen, Amsterdam, Madrid - Preferred equity positions in new developments - Brown-to-green strategies in select markets - Recap new assets/portfolios with fund life considerations 	<ul style="list-style-type: none"> - Prime product at top decile rents - Regulation changes mid-investment period - New development - High-end regional UK schemes
Downside scenario	<p>Operating fundamentals: Likely modest weakening except in severe downturn. Persistent undersupply should limit occupancy and rent declines</p> <p>Capital markets: Severity of downturn, central bank policy will determine impacts, but high current cap rates (vs. peak) and healthy investor interest could help to limit sales volume and value declines</p>	<ul style="list-style-type: none"> - Markets with strong fiscal strength (DK, SE, NL, DE, IE) - Markets with strong social safety nets - Affordable housing strategies - Acquire unbroken for-sale assets, reposition to multifamily 	<ul style="list-style-type: none"> - Grade A/prime development - Highly exposed economies with weak supply barriers - Secondary cities

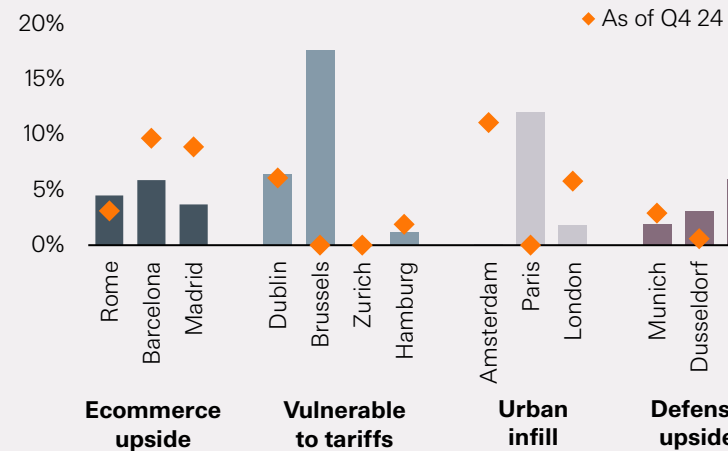
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Industrial – Europe/UK

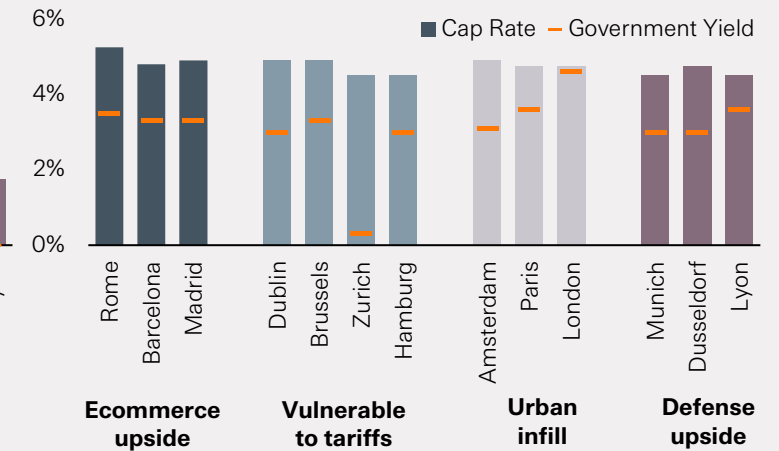
Vacancy rates¹



YoY rental rate growth²



Grade-A cap rates & 10yr govt yields³



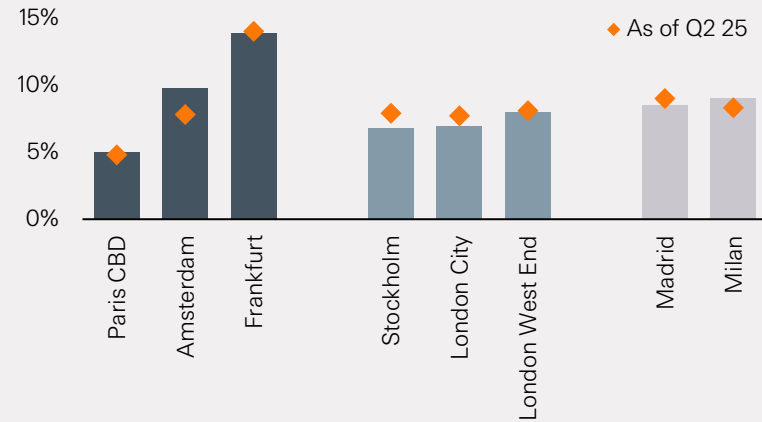
Distress potential: medium

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Occupier markets are stable but increasing economic and political uncertainty is impacting leasing activity. Rent growth is slowing but remains positive despite uptick in vacancy rates</p> <p>Capital markets: Investment volumes and valuations are stable with gradual improvement expected as investor confidence improves. Investors focused on quality assets and single property transactions</p>	<ul style="list-style-type: none"> - High quality assets - Net zero ready facilities - Last-mile, urban infill assets - Assets linked to supply chain mgmt. along key trade corridors 	<ul style="list-style-type: none"> - Speculative development - B/B+ quality stock in need of modernization
Downside scenario	<p>Operating fundamentals: Weakening depends on severity of downturn, with core markets outperforming. Structural changes to demand drivers (e.g. ecommerce) provide floor to occupancy and help to limit rent declines</p> <p>Capital markets: Meaningful decline in valuations and transaction activity, although current high cap rates and continued institutional interest help to limit severity</p>	<ul style="list-style-type: none"> - Longer WALT assets - High barrier to entry markets - Investment grade tenants with sector diversification - Key manufacturing clusters tied to defense 	<ul style="list-style-type: none"> - Secondary, tertiary locations - Seaport locations hit by pullback in trade - Markets reliant on auto manufacturing and/or direct exports to US

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Office – Europe/UK

Vacancy rates¹

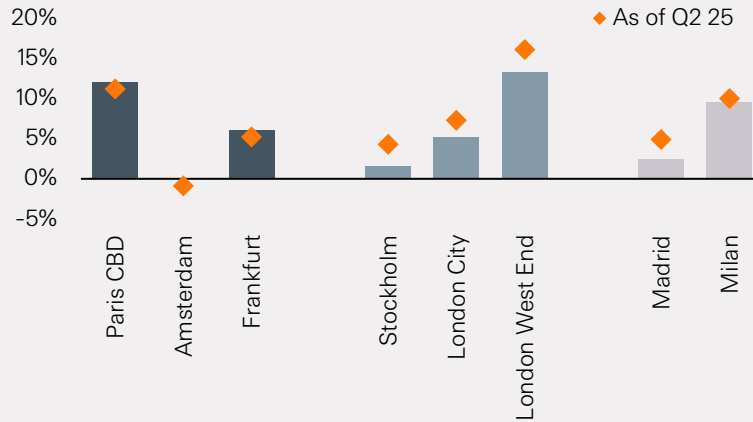


Western Europe

Northern Europe

Southern Europe

YoY rental rate growth²

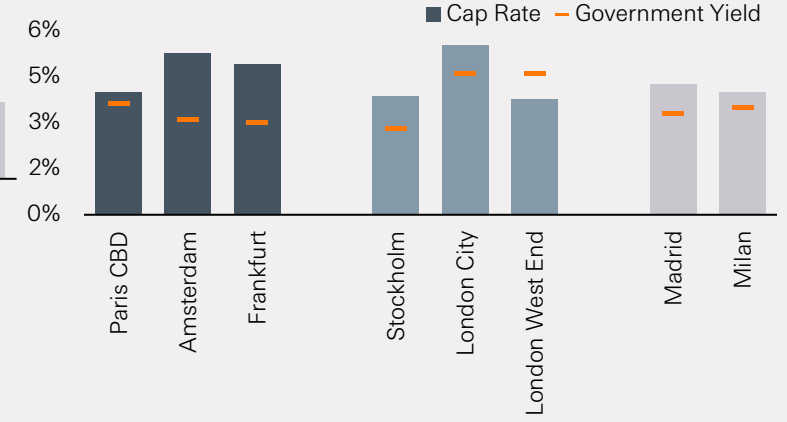


Western Europe

Northern Europe

Southern Europe

Grade-A cap rates & 10yr govt yields³



Western Europe

Northern Europe

Southern Europe

Distress potential: high

Key market trends

Operating fundamentals: Overall sentiment continues to improve slowly, driven by limited new supply and re-pricing since pre-rate rise. However, significant headwinds remain, including potential disruption related to AI and overall macro uncertainty

- Best performing submarkets in Europe remain the Core CBDs of capital cities such as Paris (QCA) and London (West End)

Capital markets: Liquidity is concentrated in best quality assets, demonstrating good ESG-credentials with strong credit tenants and longer WALT

Winners

- Well-located, highly amenitized Class A office stock with strong ESG credentials
- Assets with long WALT and high credit quality tenants
- Flexible lease arrangements

Losers

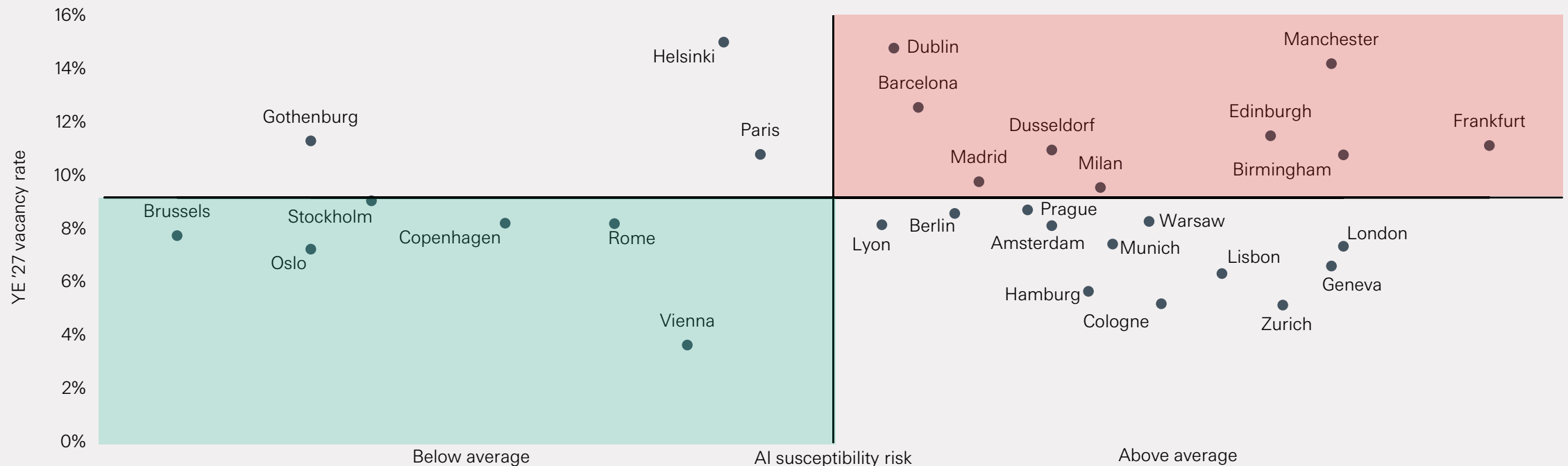
- Lower quality, outdated office stock in secondary locations with poor ESG credentials
- Assets with high lease-up requirements, short tenant WALTs and / or weak tenant credit quality

Baseline

AI represents one more headwind for office

- Markets with concentrations in finance, private sector admin and support roles face greater risk
- Nordic markets rank as less risky due to favorable industry concentration, labor relations practices and high economic efficiency. Regional UK markets rank poorly due to job types and current high vacancy

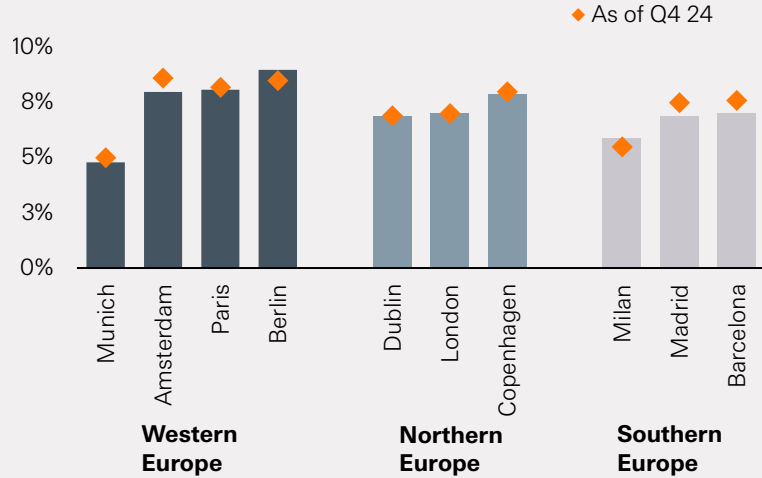
Europe/UK office demand: AI risk assessment



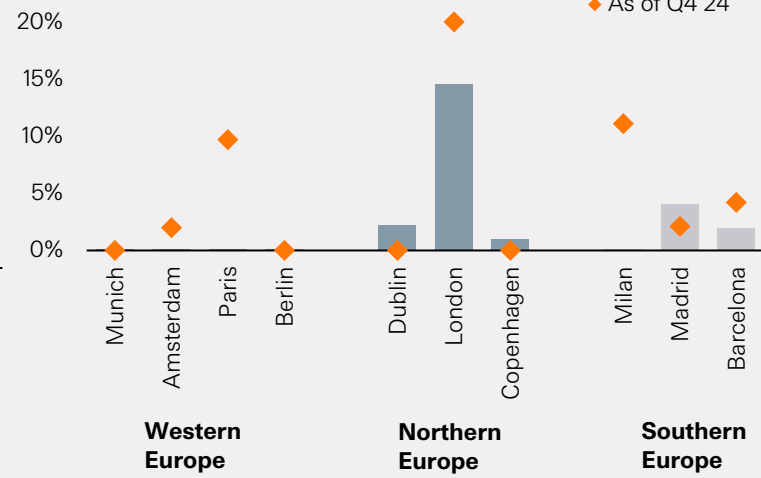
Source: Green Street, ILOSTAT, Oxford Economics, January 2026. Green Street assessed office market risk related to AI based on industry concentration, level of labor unionization, economic productivity.

Retail – Europe/UK

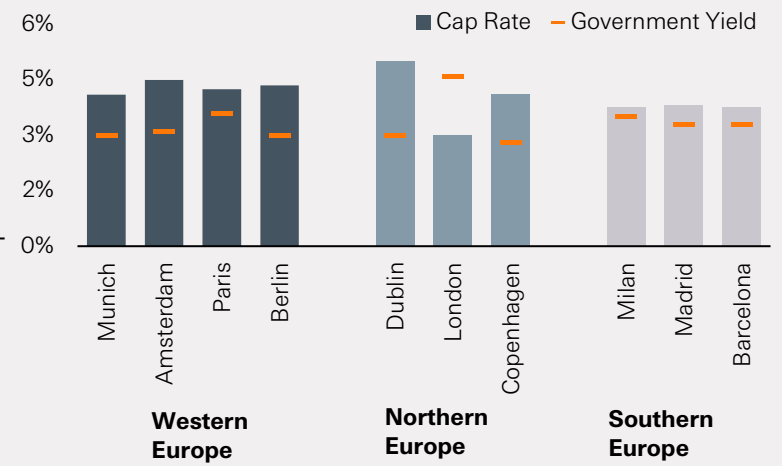
Vacancy rates¹



YoY rental rate growth²



Grade-A cap rates & 10yr govt yields³



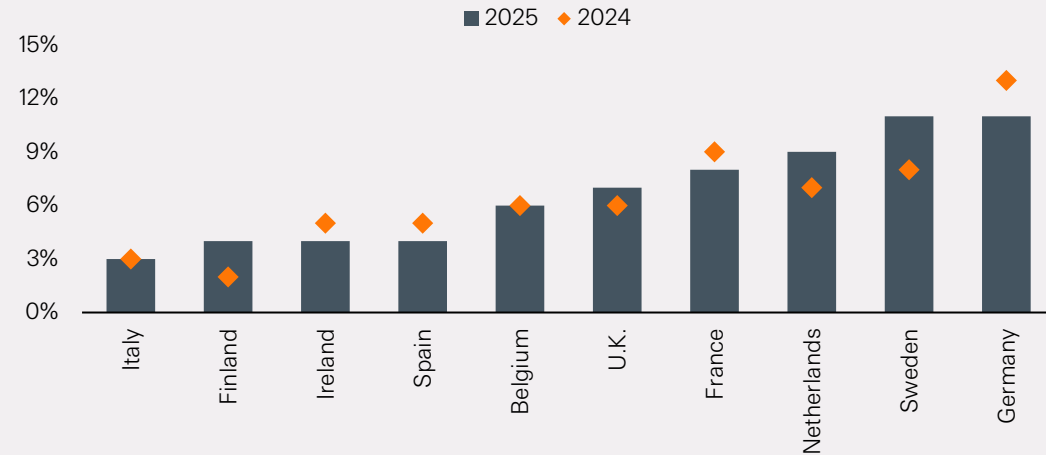
📍 Distress potential: medium

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Steady improvement in demand supporting stable occupancy and modest rent growth</p> <p>Capital markets: Increasing investor interest could support modest cap rate compression. Grocery, high street, and select shopping center assets driving gradual recovery in transaction activity</p>	<ul style="list-style-type: none"> - Grocery anchored and retail parks in established locations - Prime high-street retail in major cities - Select shopping centers in core markets 	<ul style="list-style-type: none"> - Regional high-street retail - Large format retail parks in B locations - Outdated shopping centers outside city centers
Downside scenario	<p>Operating fundamentals: Space give-backs lead to occupancy declines and negative rent growth. Grocery-led and convenience assets prove most resilient</p> <p>Capital markets: Yields remain wide as weakened tenant credit quality weighs on operating fundamentals. Reset bases help to provide floor to values even in more severe downside</p>	<ul style="list-style-type: none"> - Assets in high barrier to entry markets with limited competition - Grade A shopping centers in prime locations with high quality tenants 	<ul style="list-style-type: none"> - Markets characterized by lower profit margins (NL) - Assets in non-core locations with volatile footfall

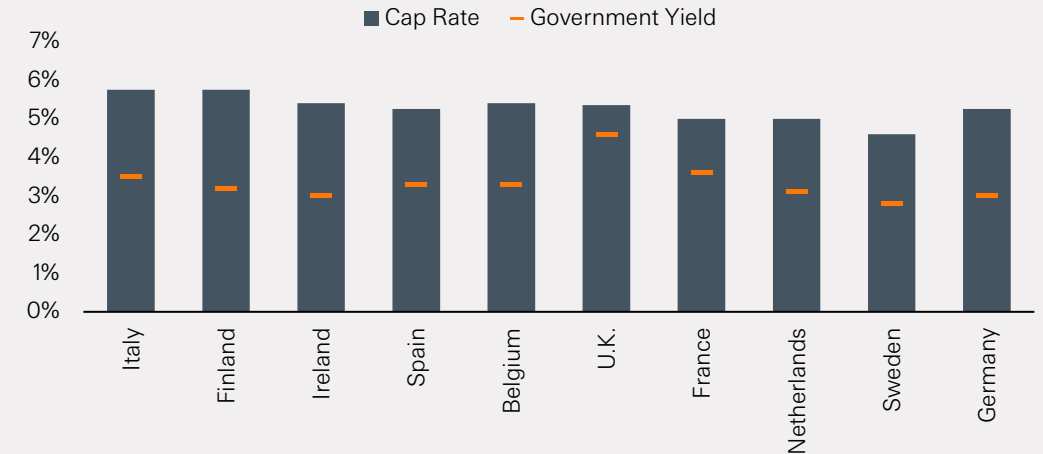
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Senior Housing – Europe/UK

Vacancy rates¹



Grade-A cap rates & 10yr govt yields²



📍 Distress potential: low (ex FR)

	Key market trends	Winners	Losers
Baseline	<p>Operating fundamentals: Occupancy has returned to pre-pandemic levels, with most Western European markets operating in the high-80s to low-90s and several Southern and Nordic markets back to mid 90s. Supply shortage likely amid competitive land acquisition process. Opportunity for long-term secured rental income stream, with additional revenues from top-up services</p> <p>Capital markets: Strong demand growth and demographic tailwinds have led to significant investor interest. Understanding local funding systems and lease standards is crucial to assessing relative value between markets</p>	<ul style="list-style-type: none"> - UK: Strong pricing power and low net new bed supply - Nordics: Significant shortage of care homes despite a rapidly aging population, supported by advanced welfare systems - Spain: Acute supply shortage and low cost per bed - Partnering with the right local operating partners important to mitigate country-specific risks in highly regulated business 	<ul style="list-style-type: none"> - Germany: Tough regulatory environment with differing legislation for each individual federal state - France: Growth limited by strict regulation on new care bed approvals. Market dominated by public sector and non-profit institutions. Lease terms typically shorter vs rest of Europe

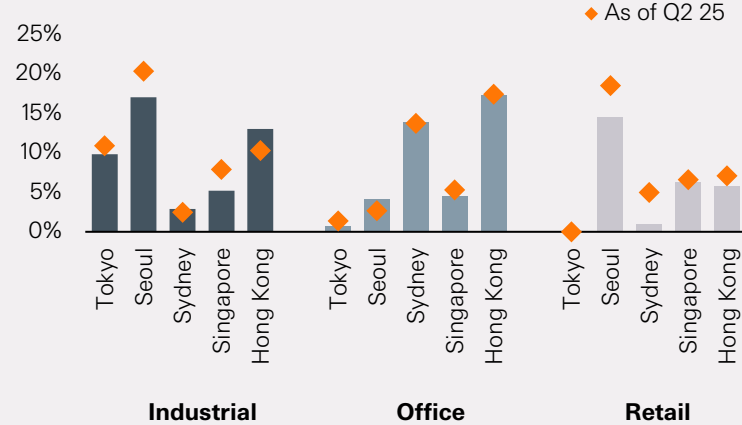
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The slide features a dark blue background on the right and a light blue background on the left with a 3D architectural pattern of vertical, stepped lines. A bright green horizontal bar is positioned at the bottom of the slide.

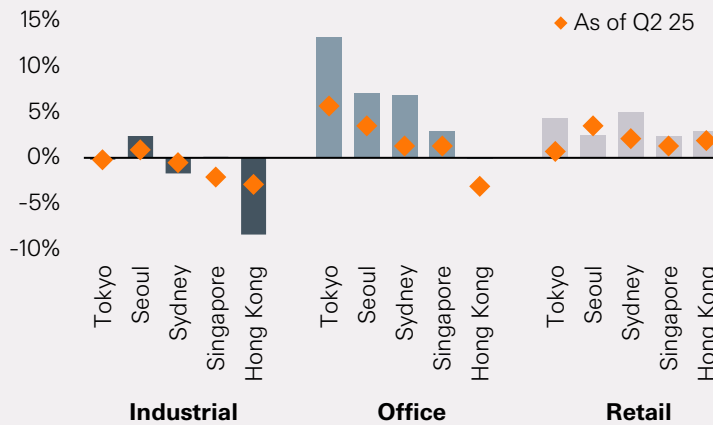
APAC outlook

APAC property sectors - baseline

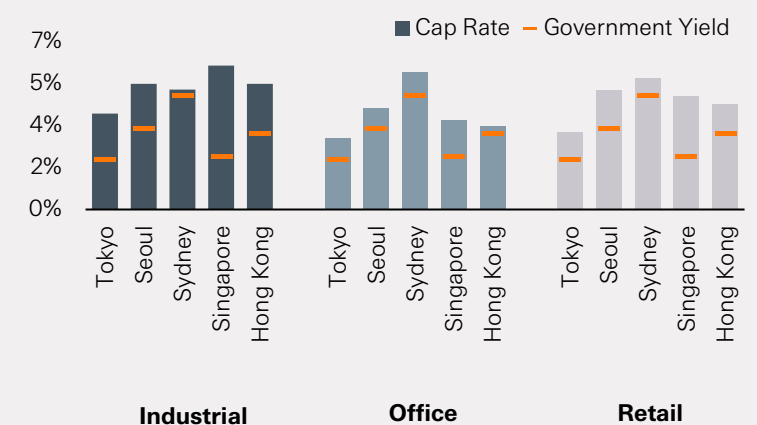
Vacancy rates¹



YoY rental rate growth¹



Grade-A cap rates & 10yr govt yields²



	Key market trends	Winners	Losers	Distress potential
Multifamily	<p>Operating fundamentals: In Tokyo, fundamentals are strong with wage growth supporting rental increases. In Australia, despite supportive fundamentals and policy, institutional build-to-rent remains nascent as high construction costs limit feasibility</p> <p>Capital markets: In Japan, further rate hikes and higher 10-year JGB yields may result in mild cap rate expansion. In Australia, the RBA is expected to keep rates higher for longer, compressing development margins</p>	<ul style="list-style-type: none"> - Well-located assets near public transportation - Tokyo 	<ul style="list-style-type: none"> - Development assets facing cost overruns and delays in Australia 	Low
Industrial	<p>Operating fundamentals: In Tokyo, vacancy is trending downward following 2025 supply peak. In Australia, new supply is driving slight uptick in vacancy and weighing on rent growth</p> <p>Capital markets: In Tokyo, yields remain tight for well-located assets while weaker submarkets saw mild expansion. Investor caution and drop in large-scale deals drove sharp YoY decline in transaction activity in Australia</p>	<ul style="list-style-type: none"> - Modern assets in prime locations - Infill locations with limited new supply 	<ul style="list-style-type: none"> - Speculative development in oversupplied submarkets 	Low
Office	<p>Operating fundamentals: In Tokyo, limited vacancy and strong precommitments support high rental growth. In Sydney, prime rents grew meaningfully while vacancy remains elevated in secondary locations</p> <p>Capital markets: Japan's most active sector; strong YoY transaction growth. Prime Sydney yields compressed (1st time in current rate cycle); weaker demand for secondary locations</p>	<ul style="list-style-type: none"> - Well-located assets in Seoul and Tokyo/Osaka 	<ul style="list-style-type: none"> - China and Hong Kong - Secondary locations in Melbourne and Sydney 	Low in Japan / Seoul High in China and Hong Kong

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Other property types



Other rental housing sectors

Sector	Commentary	Distress potential
Manufactured housing	<p>US:</p> <ul style="list-style-type: none"> - Affordability and near-nonexistent new supply have resulted in strong fundamentals. Investors need to be aware of each market's potential for changes in regulation - Strong capital markets activity. Steady demand for individual assets by non-institutional and institutional buyers, with institutional capital seeking defensive core returns for stabilized high-quality assets / portfolios. Difficult to achieve outperformance at scale 	Low
Single family rental	<p>US & UK:</p> <ul style="list-style-type: none"> - In the US, uncertainty due to bipartisan support for legislation limiting institutional investment in SFR; limits may end up manageable for BTR - Demand supported by high costs of home ownership and limited supply of homes listed for sale (due to "locked-in" effect) - Disconnect between retail home value and income capitalization rate approach keeping scattered site SFR volume low - Unproven liquidity, at scale, for stabilized assets in the UK, due in part to underwritten exit yields sitting below borrowing costs 	Medium
Student housing	<ul style="list-style-type: none"> - US: Delivery of new supply and affordability weighing on rent growth and occupancies for current academic year. Opportunities are very market-specific. New construction starts remain elevated in low barrier to entry markets. Capital markets environment is liquid with strong investor and lender demand - Europe/UK: Investment activity remains high. Strong growth in domestic and international students due to Europe's appeal, quality institutions, lower tuition, and recent lift from US, Canada and Australian policy changes. Supply constrained due to high construction costs and planning policies. Affordability constraints and visa policies are driving market bifurcation, with softening apparent in UK - APAC: Australia continues to be the most active student housing market in APAC. Hong Kong is undersupplied due to strong demand from mainland Chinese students following a new, higher cap on non-local students at public universities; however, exit is a concern 	Low

Overweight Neutral Underweight

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Alternative sectors

Sector	Commentary	Distress potential
 Data centers	<ul style="list-style-type: none"> - US: Barriers to securing power in core markets drive scarcity and valuation. Potential risk to tertiary, AI-focused data centers as hyperscalers' requirements evolve - Europe/UK: Core markets remain fundamentally attractive, but strained power grids across FLAPD hubs are driving spillover hyperscaler deployment and investment into tier-2 cities with strong grid capacity and land availability, notably Milan, Madrid and Berlin - APAC: Hyperscaler build-to-suit / development projects in established markets remain the preferred strategy even as hyperscalers' strong bargaining power often yields thinner margins and limited rental growth. Space and power constraints are shifting investment activity toward emerging markets, which introduces risks related to weaker leasing, construction delays, cost overruns, and systemic and regulatory uncertainties 	Low
 Life sciences	<ul style="list-style-type: none"> - US: Net absorption is negative due to weak demand, which is challenged further by changes to federal programs and research grants. Oversupply remains significant; new deliveries continue due to long development timelines. Limited investor and lender demand; credit build-to-suit developments continue to be capitalized - Europe/UK: Limited activity in the sector, at both occupational and capital flow levels. Relevant geographies limited to a few micro-locations in Europe (Oxford/Cambridge, London, Paris, Berlin-Potsdam). Complexity as to what level of specifications qualify for a "Life Sciences" product. Tailwinds include government support and race to discover new drugs - APAC: Growing institutional interest across the region, particularly in Australia and Japan, driven by favorable demographic trends and government support 	High
 Medical office	<ul style="list-style-type: none"> - US: Increased liquidity in market with transaction volume up across private institutional buyers and public REITs. Lenders are active; competition is driving spread compression. Re-leasing rents, particularly at the top end of the market, demonstrate strong growth and the supply pipeline remains muted and largely pre-leased 	Low
 Self storage	<ul style="list-style-type: none"> - US: Operations have stabilized with positive absorption of existing physical vacancy. Oversupplied markets are underperforming higher barrier markets. Continued institutional demand for well-located assets; multiple large portfolio transactions in market and closing. Debt availability from banks, insurance companies, and debt funds - Europe/UK: Improved performance of the listed sector in H2 2025, notably for Safestore. Strong interest but subdued transaction activity due to bid-ask spread. Aggregation strategies focused on conversion of vacant retail/industrial assets or development of best-in-class product with operators focused on data-led strategies, scale and technology - APAC: Australia, Hong Kong, and Japan lead market activity. Investors focusing on aggregation strategies. Ownership remains fragmented compared to Western markets 	Medium
 Hotel	<ul style="list-style-type: none"> - US: Near-term demand growth expected to stagnate, driven by weakening consumer and softening travel trends. And with elevated labor costs, risk of further margin compression - Europe/UK: Top-line growth has plateaued. Business travel nearing pre-pandemic levels, adding momentum into 2026. Margins under pressure from higher staff and energy costs, partly offset by emerging market demand, stricter short-term rental rules, and limited supply. Transaction volumes jumped last year but may soften amid higher interest rates - APAC: Inbound tourism in Japan reached a new high in 2025 despite a decrease in arrivals from China. Japan remains the leading investment destination in APAC 	Medium

■ Overweight
 ■ Neutral
 ■ Underweight

RISKS AND OTHER CONSIDERATIONS

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

Reliance on Third Parties. StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

Reliance on Managers. The investment will be highly dependent on the capabilities of the managers.

Risk Associated with Portfolio Companies. The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

Uncertainty Due to Public Health Crisis. A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

Taxation. An investment involves numerous tax risks. Please consult with your independent tax advisor.

Conflicts of Interest. Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

Allocation of Investment Opportunities. StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

Existing Relationships. StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

Carried Interest. In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

Other Activities. Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

Material, Non-Public Information. From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.

Responsible Investment Integration. While StepStone seeks to integrate certain responsible investment factors into its investment process and firm operations, there is no guarantee that StepStone's responsible investment strategy will be successfully implemented or that any investments or operations will have a positive responsible investment impact. Applying responsible investment factors to investment decisions involves qualitative and subjective decisions and there is no guarantee the criteria used by StepStone to formulate decisions regarding responsible investment, or StepStone's judgment regarding the same, will be reflected in the beliefs or values of any particular client or investor. There are significant differences in interpretation of what constitutes positive responsible investment impact and those interpretations are rapidly changing. The description of responsible investment integration herein is provided to illustrate StepStone's intended approach to investing and firm operations; however, there is no guarantee that the processes will be followed in every circumstance or at all.

Performance Information. No investment decisions may be made in reliance on this document. In considering performance information herein, readers should bear in mind that past performance is not necessarily indicative of future results and that actual results may vary. There can be no assurance that any StepStone fund will be able to successfully implement its investment strategy or avoid losses. Performance shown herein may include investments across different StepStone funds. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received such aggregate returns as the investments were made across multiple funds and accounts over multiple years.



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