

STARLIGHT WESTERN CANADA MULTI-FAMILY (NO. 2) FUND ANNOUNCES Q4-2023 OPERATING RESULTS INCLUDING YEAR-OVER-YEAR RENT GROWTH OF 4.7% AND SUCCESSFUL DEPLOYMENT OF THE OFFERING PROCEEDS WITH THE ACQUISITION OF ITS NINTH PROPERTY

Toronto – March 19, 2024 – Starlight Western Canada Multi-Family (No. 2) Fund (the “Fund”) announced today its results of operations and financial condition for the three months ended December 31, 2023 (“Q4-2023”) and year ended December 31, 2023 (“YTD-2023”). Certain comparative figures are included for the three months ended December 31, 2022 (“Q4-2022”) and year ended December 31, 2022 (“YTD-2022”), which includes 312 days of operating activity following the closing of the Fund’s initial public offering on February 22, 2022 (the “Offering”) through December 31, 2022 (the “Initial Reporting Period”).

All amounts in this press release are in thousands of Canadian dollars except for average monthly rent (“AMR”)¹ or unless otherwise stated.

“We are pleased to announce another quarter of strong operating results with the Fund achieving year-over-year average monthly rent growth of 4.7%,” commented Daniel Drimmer, the Fund’s Chief Executive Officer. “The Fund’s singular focus is to increase net operating income at its properties through an active asset management strategy, given it has fully deployed the proceeds of its initial public offering with the acquisition of a ninth multi-family property.”

Q4-2023 HIGHLIGHTS

- The Fund completed the acquisition of its ninth multi-family property on November 14, 2023, adding 106 multi-family suites in Langford, British Columbia (“BC”) and completing the deployment of funds remaining from the Offering.
- The Fund commissioned independent appraisal valuations which resulted in an aggregate fair value for the nine multi-family properties owned (the “Properties”) of \$419,500 as at December 31, 2023, equating to an increase of \$14,595 over Q3-2023. The fair value gain during Q4-2023 was due to a combination of net operating income (“NOI”)¹ growth, which was the result of increased rental demand for multi-family properties across Vancouver Island and the mainland of the Province of BC (the “Primary Markets”) and capitalization rate compression.
- The Fund achieved approximately 4.7% AMR growth between Q4-2022 and Q4-2023, continuing to be driven by the demand for multi-family suites due to the economic strength and increased immigration levels in Canada and in particular, the Primary Markets.
- Revenue from property operations and NOI for Q4-2023 were \$5,079 and \$3,617 (Q4-2022 - \$4,655 and \$3,339), respectively, representing an increase of \$424 and \$278 relative to Q4-2022. The significant increase is primarily due to the Fund’s acquisition of its ninth multi-family property in Langford, BC during Q4-2023.
- Same property NOI for Q4-2023 was \$3,414 (Q4-2022 - \$3,339), representing an increase of \$75 or 2.2% relative to Q4-2022 driven primarily by strong revenue growth.
- The Fund had approximately \$4,814 of available liquidity as at December 31, 2023, which is expected to be used to fund existing operations. The liquidity subsequently increased to \$6,665, resulting from an incremental interest of \$1,851 owing on historical bank balances, which was received from the Fund’s corporate banking provider, a Canadian chartered bank (see “Subsequent Events”).

¹ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see “Non-IFRS Financial Measures and Reconciliations”).



- As at March 19, 2024, the Fund had collected approximately 99.4% of rents for Q4-2023, with further amounts expected to be collected in future periods, demonstrating the Fund's strong resident base and operating performance.
- Adjusted funds from operations ("AFFO")¹ for Q4-2023 was \$601 (Q4-2022 - \$202), representing an increase of \$399 or 197.5% relative to Q4-2022, primarily due to an increase in NOI and a decrease in finance costs, partially offset by increases in fund and trust expenses.

YTD-2023 HIGHLIGHTS

- During YTD-2023, the Fund recorded a fair value gain on its Properties of \$24,321, an 11.6% increase over the aggregate purchase price since the Properties were acquired by the Fund. The fair value gain during YTD-2023 was entirely driven by NOI growth.
- The Fund increased the amount of fixed rate debt to 80.6% as at December 31, 2023, reducing its total weighted average interest rate from 4.35% to 3.78% during YTD-2023. As at December 31, 2023, the Fund's weighted average fixed interest rate and fixed loan term to maturity were 2.84% and 5.56 years, respectively (see "Subsequent Events").
- Revenue from property operations and NOI for YTD-2023 were \$19,209 and \$13,754 (YTD-2022 - \$13,722 and \$10,023), respectively, representing an increase of \$5,487 and \$3,731 relative to YTD-2022. The significant increase is primarily due to the difference in operating days and the number of Properties owned between YTD-2022 and YTD-2023.
- Net income and comprehensive income attributable to unitholders of the Fund ("Unitholders") for YTD-2023 was \$16,606 (YTD-2022 - \$10,418), representing an increase of \$6,188 relative to YTD-2022, primarily due to the fair value gain on the Properties and increased NOI, partially offset by higher finance costs, fund and trust expenses and distributions to Unitholders.
- AFFO for YTD-2023 was \$1,836 (YTD-2022 - \$1,758), representing an increase of \$78 or 4.4% relative to YTD-2022 primarily due to higher NOI between YTD-2022 and YTD-2023, partially offset by higher finance costs and fund and trust expenses.

¹ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "non-IFRS financial measures").



FINANCIAL CONDITION AND OPERATING RESULTS

Highlights of the financial and operating performance of the Fund as at December 31, 2023, for Q4-2023 and YTD-2023, including a comparison to December 31, 2022, Q4-2022 and YTD-2022 as applicable, are provided below:

				December 31, 2023		December 31, 2022	
Key Multi-Family Operational Information ⁽¹⁾							
Number of multi-family properties owned ⁽¹⁾				9		8	
Total multi-family suites				944		838	
Economic occupancy ⁽²⁾⁽³⁾				93.7 %		95.2 %	
AMR (in actual dollars)				\$ 1,934		\$ 1,848	
AMR per square foot (in actual dollars)				\$ 2.47		\$ 2.35	
Summary of Financial Information							
Gross Book Value ⁽³⁾				\$ 419,500		\$ 350,400	
Indebtedness ⁽³⁾				\$ 267,171		\$ 244,227	
Indebtedness to Gross Book Value ⁽³⁾				63.7 %		69.7 %	
Weighted average interest rate - as at period end ⁽⁴⁾				3.78 %		4.35 %	
Weighted average loan term to maturity ⁽³⁾				4.53 years		3.44 years	
				Q4-2023		Q4-2022	
				YTD-2023		YTD-2022 ⁽⁵⁾	
Summary of Financial Information							
Revenue from property operations				\$ 5,079		\$ 4,655	
Property operating costs				(1,124)		(1,027)	
Property taxes				(338)		(289)	
Income from rental operations / NOI				\$ 3,617		\$ 3,339	
Net income and comprehensive income				\$ 10,544		\$ 11,781	
				\$ 19,209		\$ 13,722	
				(4,159)		(2,789)	
				(1,296)		(910)	
				\$ 13,754		\$ 10,023	
				\$ 16,606		\$ 10,418	
Other Selected Financial Information							
Funds from operations ("FFO") ⁽³⁾				\$ 368		\$ (280)	
FFO per Unit - basic and diluted ⁽³⁾				\$ 0.03		\$ (0.02)	
AFFO				\$ 601		\$ 202	
AFFO per Unit - basic and diluted ⁽³⁾				\$ 0.05		\$ 0.02	
Weighted average interest rate				3.77 %		4.19 %	
Interest coverage ratio ⁽³⁾				1.28x		1.13x	
Indebtedness coverage ratio ⁽³⁾				0.95x		0.90x	
Weighted average Units outstanding (000s) - basic and diluted				12,980		13,000	
				12,988		13,000	

(1) The Fund commenced operations following the acquisition of five Properties on February 23, 2022 and subsequently acquired four additional Properties on March 1, 2022, June 7, 2022, August 29, 2022 and November 14, 2023.

(2) Economic occupancy for Q4-2023 and Q4-2022.

(3) This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures and Reconciliations").

(4) The weighted average interest rate on loans payable is presented as at December 31, 2023 and December 31, 2022, respectively.

(5) Figures represent the actual results for the Initial Reporting Period.

NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

The Fund's audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms that may be used in this press release such as AFFO, AFFO payout ratio, AMR, adjusted net income and comprehensive income, cash provided by operating activities including interest costs, economic occupancy, FFO, FFO payout ratio, gross book value, indebtedness, indebtedness coverage ratio, indebtedness to gross book value, interest coverage ratio, same property NOI and NOI (collectively, the "Non-IFRS Measures") as well as other measures discussed elsewhere in this press release, are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have a standardized meanings prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures as reported by other issuers. The Fund uses these measures to better assess its underlying performance and provides these additional measures so that investors may do the same. Further details on Non-IFRS Measures are set out in the Fund's management's discussion and analysis ("MD&A") in the "Non-IFRS Financial Measures" section for Q4-2023 and are available on the Fund's profile on SEDAR+ at www.sedarplus.ca.



A reconciliation of the Fund's interest coverage ratio and indebtedness coverage ratio are provided below:

Interest and indebtedness coverage ratio	Q4-2023	Q4-2022	YTD-2023	YTD-2022 ⁽¹⁾
Net income and comprehensive income	\$ 10,544	\$ 11,781	\$ 16,606	\$ 10,418
(Deduct) / Add: non-cash or one-time items including distributions ⁽²⁾	(9,867)	(11,454)	(14,263)	(8,267)
Adjusted net income and comprehensive income ⁽³⁾	\$ 677	\$ 327	\$ 2,343	\$ 2,151
Interest coverage ratio ⁽⁴⁾	1.28x	1.13x	1.25x	1.34x
Indebtedness coverage ratio ⁽⁵⁾	0.95x	0.90x	0.79x	1.02x

(1) Figures represent the actual results for the Initial Reporting Period.

(2) Non-cash or one-time items consist of amortization of deferred financing costs, other financing costs, fair value adjustment on investment properties and provision for carried interest.

(3) This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures and Reconciliations").

(4) Interest coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense, divided by interest expense.

(5) Indebtedness coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense, divided by interest expense and mandatory principal payments on the Fund's loans payable for a specific reporting period.

For Q4-2023, the interest coverage ratio and the indebtedness coverage ratio were 1.28x and 0.95x (Q4-2022 - 1.13x and 0.90x), respectively. To the extent that these ratios are below 1.0x, any shortfall is covered by cash on hand (see "Subsequent Events").

CASH PROVIDED BY OPERATING ACTIVITIES RECONCILIATION TO FFO and AFFO

The Fund was formed as a "closed-end" fund with an initial term of three years, a targeted annual yield of 3.0% to 4.0% and a targeted minimum 12.0% pre-tax total investor internal rate of return across all classes of units of the Fund ("Units").

Basic and diluted AFFO and AFFO per Unit for Q4-2023 were \$601 and \$0.05 (Q4-2022 - \$202 and \$0.02), respectively, representing an increase in AFFO of \$399 or 197.5%, primarily due to an increase in NOI and a decrease in finance costs, partially offset by increases in fund and trust expenses.

A reconciliation of the Fund's cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q4-2023, Q4-2022, YTD-2023 and YTD-2022 is provided below:

	Q4-2023	Q4-2022	YTD-2023	YTD-2022 ⁽¹⁾
Cash provided by operating activities	\$ 3,480	\$ 2,924	\$ 11,793	\$ 7,545
Less: interest and finance costs	(2,422)	(2,597)	(9,666)	(6,608)
Cash provided by operating activities - including interest and finance costs	\$ 1,058	\$ 327	\$ 2,127	\$ 937
Add / (Deduct):				
Change in non-cash operating working capital	(508)	(58)	(256)	(216)
Change in restricted cash	94	(46)	133	1,109
Amortization of deferred financing costs	(276)	(503)	(1,104)	(1,059)
FFO	\$ 368	\$ (280)	\$ 900	\$ 771
Add / (Deduct):				
Amortization of deferred financing costs	276	503	1,104	1,059
Sustaining capital expenditures and suite renovation reserves	(43)	(21)	(168)	(72)
AFFO	\$ 601	\$ 202	\$ 1,836	\$ 1,758

(1) Figures represent the actual results for the Initial Reporting Period.

The Fund's cash provided by operating activities, including interest and finance costs for Q4-2023 was \$1,058 (Q4-2022 - \$327), which was higher than distributions declared to Unitholders by \$61 (Q4-2022 - lower than distributions declared to Unitholders by - \$672). Any shortfall between cash provided by operating activities and distributions paid is covered by cash on hand (see "Subsequent Events").



A reconciliation of the Fund's FFO payout ratio and AFFO payout ratio adjusted for equity deployed is provided below:

Adjusted distributions	Q4-2023	Q4-2022	YTD-2023	YTD-2022 ⁽¹⁾
Cash paid for acquisition of Properties ⁽²⁾	\$ 15,629	\$ —	\$ 15,629	\$ 90,213
Adjusted distributions for equity deployed ⁽³⁾	\$ 802	\$ 739	\$ 3,019	\$ 2,525
FFO and AFFO payout ratios adjusted for equity deployed	Q4-2023	Q4-2022	YTD-2023	YTD-2022 ⁽¹⁾
FFO payout ratio adjusted for equity deployed ⁽⁴⁾	217.9 %	n/a	335.4 %	327.5 %
AFFO payout ratio adjusted for equity deployed ⁽⁴⁾	133.4 %	365.9 %	164.4 %	143.6 %

(1) Figures represent the actual results for the Initial Reporting Period.

(2) Figures represent the cash paid for the acquisitions of Properties as reported in the consolidated financial statements of the Fund.

(3) The Fund elected to pay the 3.1% annualized targeted distribution on the gross subscription proceeds from the Offering during Q4-2023, Q4-2022, YTD-2023 and YTD-2022, despite the fact that all of the Offering proceeds had not been fully deployed for those periods. Adjusted distributions for equity deployed is calculated assuming the Fund had paid distributions based on the actual equity deployed on the acquisition of the Properties.

(4) This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures and Reconciliations").

SUBSEQUENT EVENTS

On March 5, 2024, \$1,851 was received from the Fund's corporate banking provider, a Canadian chartered bank, related to incremental interest owing on historical bank balances.

Subsequent to December 31, 2023, the maturities of the credit facilities relating to the Fund's first six Properties were extended to March 25, 2024. The Fund has commitments in place from lenders for the refinancing of these facilities as at the extended maturity date, expected to increase the Fund's exposure to fixed rate debt from 80.6% to 91.4%.

FUTURE OUTLOOK

Throughout 2022 and 2023, concerns over rising cost inflation have contributed to a significant increase in interest rates with the Bank of Canada raising its target interest rate from 0.25% in early 2022 to 5.00% as at March 19, 2024. Increases in target interest rates typically lead to increases in borrowing costs. Importantly, at December 31, 2023, 80.6% of the Fund's debt was fixed rate. Although inflation in Canada persists, it has declined from its peak in 2022 with improvements in global supply chains and the effects of higher interest rates moving through the economy.

The significant increases in interest rates have also contributed to an increase in volatility across capital markets, leading banks and other debt providers to reduce their lending capacity while increasing the cost of new loans. Although operating fundamentals continue to be favorable as evidenced by the operating results achieved by the Fund, the Fund's financial results continue to be impacted by the significant increases in interest rates while being mitigated by the Fund's debt structure. Given the Fund was formed as a "closed-end" fund with an initial term of three years, it is the Fund's intention to maintain its targeted annual yield of 3.0% to 4.0% across all classes of Units despite increasing interest rates. The Fund continues to actively monitor the current interest rate environment and any associated impact this may have on the Fund's financial performance and ability to pay distributions.

According to Statistics Canada, the December 2023 unemployment rate in Canada was 5.3% as compared to an unemployment rate of 5.0% in BC, including the Primary Markets. BC gained approximately 73,500 jobs between December 2022 and December 2023, demonstrating the economic strength of the Primary Markets.

Each year, the Federal Department of Immigration, Refugees and Citizenship Canada ("IRCC") releases a new Immigration Levels Plan which it uses to guide its operations. In 2022, IRCC welcomed more than 437,000 immigrants to Canada. Between 2024 and 2026, Canada's target is to welcome more than 485,000 new permanent residents each year.

The above factors including the lack of housing supply and affordability has made it more challenging for existing residents of multi-family properties to buy homes. In addition, the construction slowdown due to higher interest rates has also continued to result in increased demand of multi-family suites.

The Primary Markets, including Langford, Nanaimo, Vernon and Langley, possess attractive qualities such as some of the fastest growing populations in BC with strong demographics of highly educated young professionals and families, diverse local job sectors, desirable dwelling locations with waterfront and mountain views, as well as significant economic growth and a limited supply of multi-family suites creating an



environment for continued demand for suites which drive occupancy and rent growth. The Fund believes it is well positioned to take advantage of increasing levels of immigration and favourable conditions.

Further disclosure surrounding the Future Outlook is included in the Fund's management's discussion and analysis in the "Future Outlook" section for Q4-2023 under the Fund's profile, which is available on www.sedarplus.ca.



FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws and reflect the Fund's current expectations regarding future events, including the overall financial performance of the Properties, as well as the impact of elevated levels of inflation and interest rates.

Forward-looking information is provided for the purposes of assisting the reader in understanding the Fund's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, the impact of inflation, interest rates, acquisitions, financing, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes and plans and objectives of or involving the Fund. Particularly, matters described in "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the extent and sustainability of higher levels of inflation and the potential impact on the Fund's operating costs; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Properties or the Fund's legal entities; the applicability of any government regulation concerning the Fund's residents or rents; the realization of property value appreciation and the timing thereof; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; and the availability of debt financing. A variety of factors, many of which are beyond the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the applicability of any government regulation concerning the Fund's residents or rents; the realization of property value appreciation and the timing thereof; the inventory of residential real estate properties; the ability of the Fund to benefit from any asset management initiatives at certain Properties; the price at which the Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the disposition of the Properties; availability of mortgage financing and current rates and market expectations for future interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in NOI generated from asset management initiatives; the population of residential real estate market participants; assumptions about the markets in which the Fund operates; expenditures and fees in connection with the maintenance, operation and administration of the Properties; the ability of Starlight Investments CDN AM Group LP (the "Manager") to manage and operate the Properties; the global and Canadian economic environment; the impact, if any, of cost inflation on the Fund's operating costs; and governmental regulations or tax laws. There can be no assurance regarding: (a) cost inflation or changes in interest rates on the Fund's business, operations or performance; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) that the Manager or any of its affiliates, will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

The forward-looking information included in this press release relates only to events or information as of the date on which the statements are made in this press release. Except as specifically required by applicable Canadian securities law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.



ABOUT STARLIGHT WESTERN CANADA MULTI-FAMILY (NO. 2) FUND

The Fund is a trust formed under the laws of Ontario for the primary purpose of indirectly acquiring, owning and operating a portfolio of income producing multi-family rental properties located in BC. The Fund has interests in and operates a portfolio comprising interests in 944 income producing multi-family suites located in the Primary Markets.

For the Fund's complete audited consolidated financial statements and MD&A for the year ended December 31, 2023 and any other information related to the Fund, please visit www.sedarplus.ca. Further details regarding the Fund's unit performance and distributions, market conditions where the Fund's properties are located, performance by the Fund's properties and a capital investment update are also available in the Fund's March 2024 Newsletter which is available on the Fund's profile at www.starlightinvest.com.

Please visit us at www.starlightinvest.com and connect with us on LinkedIn at www.linkedin.com/company/starlight-investments-ltd-.

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