



5477 200 Street, Langley, BC

STARLIGHT WESTERN CANADA MULTI-FAMILY (NO. 2) FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

August 15, 2022

STARLIGHT WESTERN CANADA MULTI-FAMILY (NO. 2) FUND - Q2 2022 MD&A

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FUND METRICS

- **ANNUAL PRE-TAX TARGETED DISTRIBUTION YIELD: 3.0% to 4.0%**
- **PRE-TAX TARGETED TOTAL RETURN: 12%**

2699 Peatt Road
Langford, British Columbia



3400 Centennial Drive
Vernon, British Columbia



1085 Goldstream Avenue
Langford, British Columbia



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the condensed consolidated interim financial results of Starlight Western Canada Multi-Family (No. 2) Fund (the "Fund") dated August 15, 2022 for the three months ended June 30, 2022 ("Q2-2022") and for the six months ended June 30, 2022 ("YTD-2022") should be read in conjunction with the Fund's unaudited condensed consolidated interim financial statements for the same period as well as the audited consolidated financial statements for the period from November 12, 2021 (date of formation) to December 31, 2021 and accompanying notes for the same period, both of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on SEDAR at www.sedar.com.

The Fund's presentation currency is Canadian dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of Canadian dollars, except for per trust unit of the Fund ("Unit") and average monthly rents ("AMR") information. Non-IFRS measures are reported throughout this MD&A. For further information on Non-IFRS measures, please refer to "Non-IFRS Financial Measures" section.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws and which reflect the Fund's current expectations regarding future events, including the overall financial performance of the Fund and its properties ("Properties"), including the impact of the coronavirus (SARS-CoV2) and its variants ("COVID-19"), inflation and interest rates on the business and operations of the Fund. 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 and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking information may relate to future results, the impact of COVID-19 on the Properties as well as the impact of COVID-19 on the markets in which the Fund operates, 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 "COVID 19" and "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 impact of COVID-19 on the Properties as well as the impact of COVID-19 on the markets in which the Fund operates; the impact of inflation; 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 ability of the Fund to deploy the remaining proceeds of its initial public offering on February 22, 2022 (the "Offering"); the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof, and the availability of residential properties for acquisition; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; the availability of debt financing; and the price at which such properties may be acquired. 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.

There are numerous risks and uncertainties which include, but are not limited to, risks related to the Units, risks related to the Fund and its business, and any risks related to the uncertainties surrounding COVID-19 and the potential adverse effect or the perception of its effects, on the Fund and its Units. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements. Although the Fund believes the expectations reflected in such forward-looking information are reasonable and represent the Fund's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the impact of COVID-19, the impact of inflation, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing and the interest rates for such financing, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws.

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See “Risks and Uncertainties” section and the reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information. The Fund is actively monitoring COVID-19, inflation and interest rates closely and has proactively raised its level of preparedness and planning to adapt more quickly should risk levels rise.

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 ability to deploy the remaining proceeds from the Offering; the impact of COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof; the inventory of residential real estate properties; the availability of residential properties for acquisition and the price at which such properties may be acquired; the ability of the Fund to benefit from any asset management initiatives the Fund conducts 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 acquisition and disposition of the Properties; the impact of inflation and availability of mortgage financing and current interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in net operating income (“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 North American economic environment; and governmental regulations or tax laws. Given this unprecedented period of uncertainty, there can be no assurance regarding: (a) the impact of COVID-19 on the Fund's business, operations and performance or the volatility of the Units; (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 MD&A relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian securities 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.

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A including adjusted funds from operations (“AFFO”), AMR, cash provided by operating activities including interest paid, economic occupancy, funds from operations (“FFO”), gross book value (“Gross Book Value”), indebtedness (“Indebtedness”), indebtedness coverage ratio (“Indebtedness Coverage Ratio”), indebtedness to Gross Book Value, interest coverage ratio (“Interest Coverage Ratio”) and NOI are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have a standardized definition prescribed by IFRS and should not be construed as alternatives to net income (loss) and comprehensive income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. AFFO, AMR, cash provided by operating activities including interest paid, economic occupancy, FFO, Gross Book Value, Indebtedness, Indebtedness Coverage Ratio, Indebtedness to Gross Book Value, Interest Coverage Ratio and NOI as computed by the Fund may not be comparable to similar measures as reported by other trusts or companies in similar or different industries. The Fund uses these measures to better assess the Fund's underlying performance and provides these additional measures so that investors may do the same.

AFFO is defined as FFO subject to certain additional adjustments, including: (i) amortization of fair value mark-to-market adjustments on loans assumed; (ii) amortization of financing costs; and (iii) deduction of a reserve for normalized maintenance capital expenditures and suite make ready costs, as determined by the Manager. Other adjustments may be made to AFFO as determined by the Manager. AFFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to unitholders of the Fund (“Unitholders”) after a provision for maintenance capital expenditures. AFFO should not be interpreted as an indicator of cash generated from operating activities, as it does not consider changes in working capital. AFFO has not been calculated in accordance with the Real Property Association of Canada (“RPAC”) definition, as the Fund adjusts for non-cash items to better measure the sustainability of future distributions. This MD&A does not include a presentation of adjusted cash flow from operations as defined by RPAC. The most comparable IFRS measures for AFFO are cash flow from operating activities and net income (loss) and comprehensive income (loss).

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AFFO payout ratio is calculated by taking distributions declared and dividing by AFFO in a given reporting period. The Fund considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders.

AFFO payout ratio adjusted for equity deployed is calculated by taking distributions declared, adjusted for the actual equity deployed during each applicable reporting period, and dividing by AFFO. The Fund considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders.

AMR is defined as the total in place rents divided by the total number of multi-family suites occupied as at the reporting date.

Cash provided by operating activities including interest paid is a measure of the amount of cash generated from operating activities including interest paid and is presented in this MD&A as the Manager considers this non-IFRS measure when determining the sustainability of future distributions paid to Unitholders.

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. The Fund considers this an important operating metric to evaluate the extent to which revenue potential is being realized.

FFO is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS, excluding fair value adjustments of the investment properties, distributions to Unitholders classified as financial liabilities, and provisions for carried interest. FFO payout ratio compares distributions declared to FFO. FFO is a measure of operating performance based on the funds generated from the business before reinvestment or provision for other capital needs. FFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of operating performance and is calculated in accordance with RPAC. The most comparable IFRS measures to FFO are cash flow from operating activities and net income (loss) and comprehensive income (loss).

FFO payout ratio is calculated by taking distributions declared and dividing by FFO in a given reporting period. The Fund considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders.

FFO payout ratio adjusted for equity deployed is calculated by taking distributions declared, adjusted for the actual equity deployed during each applicable reporting period, and dividing by FFO. The Fund considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders.

Gross Book Value is defined as the fair market value of the Fund's investment properties as described under "Portfolio Summary". Gross Book Value is presented in this MD&A as the Fund considers this non-IFRS measure to be an important measure of the Fund's financial condition. The most comparable IFRS measure for Gross Book Value is investment properties.

Indebtedness is defined as the face value of loans payable. Indebtedness is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition. The most comparable IFRS measure for indebtedness is loans payable.

Indebtedness Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before provisions for carried interest plus finance costs, which include amortization of financing costs and other finance costs, less finance income and adjusted for other non-cash items divided by interest and principal payments. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy the Fund's debt service obligations. Indebtedness Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual principal and interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

Indebtedness to Gross Book Value is defined as the Fund's Indebtedness divided by the Fund's Gross Book Value of the Properties. Indebtedness to Gross Book Value is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Interest Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before provisions for carried interest plus finance costs, which includes amortization of financing costs and other finance costs, less finance income and adjusted for other non-cash items divided by interest expense. Generally, a higher Interest Coverage Ratio indicates a lower credit risk. Interest Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

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NOI is defined as all property revenue, less direct property costs such as utilities, property taxes, repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property-specific administrative costs. NOI is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's operating performance and uses this measure to assess the Fund's property operating performance on an unlevered basis. The most comparable measure to IFRS is net income (loss) and comprehensive income (loss).

Same property operating results and NOI (revenue less property operating costs and realty taxes) have not been presented in this MD&A given the Properties had no comparable results under the Fund's ownership.

Reconciliations of net income (loss) and comprehensive income (loss) to FFO and AFFO are provided herein at "Non-IFRS Financial Measures – FFO and AFFO". In addition, a reconciliation of cash provided by operating activities including interest paid to AFFO is provided herein at "Non-IFRS Financial Measures – FFO and AFFO" and a reconciliation of NOI from the financial statement presentation of revenue, property operating costs and property taxes is provided herein at "Financial and Operational Highlights".

INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a "closed-ended fund" established pursuant to an initial declaration of trust dated as of November 12, 2021, as amended and restated on January 27, 2022 (the "Declaration of Trust"), and governed by the laws of Province of Ontario. The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3.

The term of the Fund is three years, with two one-year extensions available at the option of the Fund's Board of Trustees (the "Board") and may be further extended by special resolution of the Unitholders.

The ownership of the Fund is separated into three classes of Units. On February 22, 2022, the Fund issued the following Units: 4,207,395 Class A Units, 5,404,905 Class B Units and 3,387,700 Class C Units at a price of C\$10.00 per Unit.

The Offering raised gross subscription proceeds of \$130,000. After the closing of the Offering on February 22, 2022, the Fund acquired 6035 Linley Valley Drive and 4800 Uplands Drive, Nanaimo ("Nanaimo"), 733 Goldstream Avenue, Langford ("Langford"), 3400 Centennial Drive, Vernon ("Vernon"), 1803 31A Street, Vernon ("Vernon 2") and 2699 Peatt Road, Langford ("Langford 2") (collectively, (the "Initial Properties")), consisting of a combined 495 multi-family suites. The Fund subsequently acquired 1085 Goldstream Avenue, Langford ("Langford 3") and 5477 200 Street, Langley ("Langley"), consisting of 166 and 57 multi-family suites, respectively. The Properties are each located in British Columbia (see "Portfolio Summary").

The Fund's primary markets are Vancouver Island and the mainland of the Province of British Columbia ("Primary Markets").

The Fund's investment strategy:

The Fund was established for the primary purpose of directly or indirectly acquiring, owning, operating and stabilizing a portfolio composed of income-producing multi-family real estate properties in Western Canada that demonstrate value based on pricing and local supply and demand trends to achieve the Fund's target metrics by increasing in-place rents to market rents, revenue enhancement through ancillary income opportunities and operating expense reductions as a result of active asset management, and that are located in the Primary Markets. The Manager believes the western Canadian multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate opportunities.

The Fund's investment objectives are to:

1. Directly or indirectly acquire, own, operate and stabilize a portfolio of newer vintage and newly constructed income-producing, multi-family real estate properties which are geographically diversified across the Primary Markets;
2. Make stable monthly cash distributions; and
3. Enhance earnings from the Properties through active asset management, which may include leasing non-stabilized properties, increasing in-place rents to market rents, revenue enhancement through ancillary income opportunities and operating expense reductions, best-in-class property management and economies of scale.

The Manager targets acquisitions in the Primary Markets, where markets feature:

1. Compelling employment, population and economic growth rates;
2. Attractive employment and other opportunities for new immigrants to Canada;
3. Consistently low rental vacancy rates and high rental growth rates; and
4. Relatively comfortable climates and quality of life.

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ACQUISITION OF WESTERN CANADIAN MULTI-FAMILY REAL ESTATE

1. Identify multi-family acquisition opportunities in the Primary Markets through the Manager's strong pipeline of exclusive acquisition opportunities by leveraging the Manager's relationships with principals, operators, brokers and other real estate asset managers and by its ability to source "off market" opportunities.
2. Target multi-family assets that are:
 - a) Newer vintage or newly constructed properties that have not been stabilized or demonstrate the opportunity to increase in-place rents to market rents, with significant value upside; and
 - b) Strategically located properties in the Primary Markets, which demonstrate a supply-demand imbalance as well as barriers to new development.
3. Complete a comprehensive due diligence program, including cash flow and operating expense reviews, and third party reports including market studies, structural and environmental assessments and appraisals.
4. Conduct a broad canvass of the lending community, including lenders with whom the Manager enjoys long-term relationships, to secure debt financing on competitive terms.
5. Explore, from time to time, co-investment opportunities involving the Fund and one or more co-investors.

ASSET VALUE ENHANCEMENT THROUGH ACTIVE MANAGEMENT STRATEGY

1. Utilize the Manager's network to source attractive future acquisitions from principals, operators, brokers and other real estate asset managers;
2. Seek ancillary income opportunities such as cable, antenna and laundry contracts as well as package handling and visitor and tenant parking;
3. Reduce operating expenses such as staffing, energy and water expenses through sub-metering, maintenance contracts, general and administrative expenses, and insurance through economies of scale; and
4. Utilize reputable best-in-class property managers.

VALUE REALIZATION

1. Asset value increases are expected by the Manager to be realized through a combination of NOI growth, through, among other things, active asset management resulting in increased rental rates, and a pricing premium on the Fund's aggregated portfolio;
2. The Manager, on behalf of the Fund, plans to execute dispositions throughout the term on a single asset or portfolio basis through private and public market transactions to maximize value; and
3. The private real estate investment market and the public capital markets will be monitored to seek an exit strategy that can be executed with a view towards value maximization.

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PORTFOLIO SUMMARY

Property	Address	City	Suites	Vintage	Rentable Area (Sq. Ft)	Avg. Suite Size (Sq. Ft)	Land Area (Acres)	Date Acquired
Nanaimo	6035 Linley Valley Drive & 4800 Uplands Drive	Nanaimo	251	2020	208,906	832	6.90	2/23/2022
Langford	733 Goldstream Avenue	Langford	60	2020	41,618	694	0.86	2/23/2022
Vernon	3400 Centennial Drive	Vernon	60	2018	52,605	877	1.20	2/23/2022
Vernon 2	1803 31A Street	Vernon	43	2019	39,331	915	0.54	2/23/2022
Langford 2	2699 Peatt Road	Langford	81	2017	60,958	753	0.74	2/23/2022
Langford 3	1085 Goldstream Avenue	Langford	166	2019	109,490	660	2.15	3/1/2022
Langley	5477 200 Street	Langley	57	2016	49,428	867	0.68	6/7/2022
Total Ownership as at June 30, 2022			718	2018	562,336	783	13.07	
Properties under contract but not yet acquired								
Nanaimo 2	4745 Ledgerwood Road	Nanaimo	120	2022	95,401	733	3.20	TBD

NANAIMO

Nanaimo was completed in 2020 and is located approximately 86.6 kilometers west of downtown Vancouver, at 6035 Linley Valley Drive & 4800 Uplands Drive, Nanaimo, BC. The property provides convenient access to the largest estuary on Vancouver Island, the Nanaimo River estuary. Built on a 6.90 acre site, Nanaimo comprises 251 multi-family suites, ranging in size from one bedroom to two bedrooms, across three mid-rise buildings.

LANGFORD

Langford was completed in 2020 and is located approximately 12.6 kilometers west of downtown Victoria, at 733 Goldstream Avenue, Langford, BC. The property provides convenient access to Goldstream Provincial Park and Mill Hill, Mount Wells and Thetis Lake Regional Parks. Built on a 0.86 acre site, Langford comprises 60 multi-family suites, ranging in size from one bedroom to two bedrooms, in one mid-rise building.

VERNON

Vernon was completed in 2018 and is located in Vernon, BC, approximately 50 kilometers north of Kelowna, at 3400 Centennial Drive, Vernon, BC. The property provides convenient access to Kalamaka Lake Provincial Park, Kal Beach, Kin Beach and Silver Star Provincial Park. Built on a 1.20 acre site, Vernon comprises 60 multi-family suites, ranging in size from one bedroom to three bedrooms, in one mid-rise building.

VERNON 2

Vernon 2 was completed in 2019 and is located in Vernon, BC, approximately 50 kilometers north of Kelowna, at 1803 31A Street, Vernon, BC. The property provides convenient access to Kalamaka Lake Provincial Park, Kal Beach, Kin Beach and Silver Star Provincial Park. Built on a 0.54 acre site, Vernon 2 comprises 43 multi-family suites, ranging in size from one bedroom to three bedrooms, in one mid-rise building.

LANGFORD 2

Langford 2 was completed in 2017 and is located approximately 13.8 kilometers west of downtown Victoria, at 2699 Peatt Road, Langford, BC. The property provides convenient access to Goldstream Provincial Park and Mill Hill, Mount Wells and Thetis Lake Regional Parks. Built on a 0.74 acre site, Langford 2 comprises 81 multi-family suites, ranging in size from bachelor to two bedrooms, in one low-rise building.

LANGFORD 3

Langford 3 was completed in 2019 and is located approximately 14.3 kilometers west of downtown Victoria, at 1085 Goldstream Avenue, Langford, BC. The property provides convenient access to Goldstream Provincial Park and Mill Hill, Mount Wells and Thetis Lake Regional Parks. Built on a 2.15 acre site, Langford 3 comprises 166 multi-family suites, ranging in size from one bedroom to three bedrooms, in one mid-rise building.

LANGLEY

Langley was completed in 2016 and is located approximately 1.9 kilometers west of downtown Langley, at 5477 200 Street, Langley, BC. The property provides convenient access to Crescent Beach, Peace Arch Hospital and Trinity Western University. Built on a 0.68 acre site, Langley comprises 57 multi-family suites, ranging in size from one bedroom to two bedrooms, in one mid-rise building.

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operating performance of the Fund as at June 30, 2022 and for Q2-2022 and YTD-2022. YTD-2022 includes 128 days of operating activity for the Initial Properties, representing the period from the acquisition of the Initial Properties on February 23, 2022 to June 30, 2022 (the "Initial Reporting Period"), 121 operating days for Langford 3 from March 1, 2022 to June 30, 2022 and 24 operating days for Langley from June 7, 2022 to June 30, 2022.

Given the Offering was completed on February 22, 2022 and there are no comparative operational results, the Fund has included a comparison of the results for the Q2-2022 and YTD-2022 to the financial forecast (the "Forecast") included in the Fund's final long form prospectus dated January 27, 2022 (the "Prospectus"). Langford 3 and Langley are not included in the Forecast (the "Non-Forecast Properties"). The Forecast was prepared in accordance with IFRS and was based on management's estimates and using assumptions that reflected management's intended course of action for the periods presented, given management's judgment as to the most probable set of economic conditions. The Forecast was not, when made, a historical fact, but a forward-looking statement about, among other things, the financial conditions, results of operations and business of the Fund and is subject to important risks, uncertainties and assumptions that can be found in the Prospectus.

HIGHLIGHTS FOR Q2-2022

- The Fund completed the acquisition of Langley, its seventh multi-family property on June 7, 2022, adding 57 multi-family suites in Langley, BC.
- Following the acquisition of Langley, the Fund had approximately \$41,883 of available liquidity, which included cash remaining from the Offering to be primarily used to acquire additional multi-family properties.
- The Nanaimo property achieved LEED® BD+C Gold certification on March 10, 2022. LEED® (@Leadership in Energy and Environmental Design) is an internationally recognized system that plays a critical role in addressing climate change in development and design. LEED-certified buildings save residents' money, improve efficiency, lower carbon emissions, and create healthier places for people to live.
- The Fund entered into an agreement to acquire an eighth multi-family property, which on completion would add an additional 120 multi-family suites in Nanaimo, British Columbia.
- Revenue from property operations for Q2-2022 was \$3,535, representing an increase of \$813 or 29.9% compared to Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, revenue was slightly below the Forecast by \$53 or 1.9%, primarily as a result of lower than Forecast occupancy, partially offset by increases in AMR and ancillary income (see "Results of Operations").
- Total portfolio NOI for Q2-2022 was \$2,507, representing an increase of \$586 or 30.5% compared to Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI was \$60 or 3.1% below the Forecast primarily driven by lower than forecasted revenue from property operations and higher than forecasted property operating costs, primarily offset by lower than forecasted property taxes.
- As at August 15, 2022, the Fund had collected approximately 99.0% of rents for Q2-2022, with further amounts expected to be collected in future periods, demonstrating the Fund's strong resident base and operating performance.
- Net loss and comprehensive loss attributable to Unitholders for Q2-2022 was \$575, representing a decline of \$643 relative to Forecast primarily as a result of higher distributions to Unitholders due to the Fund electing to pay a 3.1% annualized distribution despite 100% of the Offering proceeds not yet being fully deployed. Finance costs and fund and trust expenses also exceeded Forecast primarily due to Non-Forecast Properties not being included in the Forecast.
- AFFO for Q2-2022 was \$633, representing a decrease of \$130 or 17% relative to the Forecast primarily due to higher than forecasted finance costs and fund and trust expenses attributable to Non-Forecast Properties not being included in the Forecast, partially offset by higher than forecasted NOI as a result of Non-Forecast Properties, which were not included in the Forecast (see "Non-IFRS Financial Measures").

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HIGHLIGHTS FOR YTD-2022

- Completed the Offering on February 22, 2022 and raised gross subscription proceeds of \$130,000, achieving the maximum offering allowable as set out in the Prospectus.
- Subsequent to the Offering, on February 23, 2022 the Fund completed the acquisition of the Initial Properties, which included a total of 495 multi-family suites located on Vancouver Island and the mainland of the Province of British Columbia, utilizing proceeds from the Offering of approximately \$54,604.
- On March 1, 2022 and June 7, 2022, the Fund acquired Langford 3 and Langley, adding 166 and 57 multi-family suites in Langford and Langley, BC, respectively, increasing its total number of multi-family suites to 718.
- Revenue from property operations for YTD-2022 was \$4,946, representing an increase of \$1,113 or 29.0% compared to Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, revenue was slightly below the Forecast by \$27 or 0.7% (see "Results of Operations").
- Total portfolio NOI for YTD-2022 was \$3,617, representing an increase of \$921 or 34.2% compared to Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI was \$52 or 1.9% higher than the Forecast primarily driven by lower than forecasted property taxes, partially offset by higher property operating costs and lower revenue from operations.
- Net loss and comprehensive loss attributable to Unitholders for YTD-2022 was \$661, representing a decline of \$741 relative to Forecast primarily as a result of higher distributions to Unitholders due to the Fund electing to pay a 3.1% annualized distribution during YTD-2022 despite 100% of the Offering proceeds not yet being fully deployed. Finance costs and fund and trust expenses also exceeded Forecast primarily due to Non-Forecast Properties not being included in the Forecast.
- AFFO for YTD-2022 was \$1,032, representing a decrease of \$28 or 2.6% relative to the Forecast primarily due to higher than forecasted finance costs and fund and trust expenses attributable to Non-Forecast Properties not being included in the Forecast, partially offset by higher than forecasted NOI as a result of Non-Forecast Properties, which were not included in the Forecast (see "Non-IFRS Financial Measures").

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at June 30, 2022				
Key Operational Information ⁽¹⁾				
Number of properties				7
Total suites				718
Economic occupancy ⁽²⁾				95.5 %
AMR (in actual dollars)	\$			1,771
AMR per square foot (in actual dollars)	\$			2.26
Summary of Financial Information				
Gross Book Value	\$			287,558
Indebtedness	\$			207,801
Indebtedness to Gross Book Value				72.3 %
Weighted average interest rate ⁽³⁾				3.20 %
Weighted average term to maturity				4.64 years
	Q2-2022	Forecast Q2-2022 ⁽⁴⁾	YTD-2022	Forecast YTD-2022 ⁽⁴⁾
Summary of Financial Information				
Revenue from property operations	\$ 3,535	\$ 2,722	\$ 4,946	\$ 3,833
Property operating costs	(756)	(504)	(981)	(718)
Property taxes	(272)	(297)	(348)	(419)
Income from rental operations / NOI	\$ 2,507	\$ 1,921	\$ 3,617	\$ 2,696
Net (loss) income and comprehensive (loss) income	\$ (575)	\$ 68	\$ (661)	\$ 80
Other Selected Financial Information				
FFO	\$ 424	\$ 602	\$ 754	\$ 833
FFO per Unit - basic and diluted	\$ 0.03	\$ 0.10	\$ 0.06	\$ 0.14
AFFO	\$ 633	\$ 763	\$ 1,032	\$ 1,060
AFFO per Unit - basic and diluted	\$ 0.05	\$ 0.13	\$ 0.08	\$ 0.17
Weighted average interest rate	3.04 %	2.40 %	2.95 %	2.40 %
Interest coverage ratio	1.53x	1.9x	1.62x	1.88x
Indebtedness coverage ratio	1.05x	1.09x	1.18x	1.18x
Weighted average Units outstanding (000s) - basic and diluted	13,000	6,100	13,000	6,100

(1) The Fund commenced operations following the acquisition of the Initial Properties on February 23, 2022 and subsequently acquired Langford 3 on March 1, 2022 and Langley on June 7, 2022.

(2) Economic occupancy for the Initial Reporting Period.

(3) The weighted average interest rate is presented as at June 30, 2022.

(4) Forecast Q2-2022 and Forecast YTD-2022 only include results related to the Initial Properties.

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FINANCIAL PERFORMANCE

The Fund does not, as a matter of course, publish its business plans, budgets, strategies or make external projections or forecasts, including its anticipated financial position and results of operations. Pursuant to applicable Canadian securities laws, the Fund is required to update the Forecast set out in its Prospectus during the relevant period by identifying any material changes from the Forecast resulting from events that have occurred since it was issued and by comparing the Forecast with actual results for the periods covered.

The Fund is also required to discuss events and circumstances that occurred during the period from January 1, 2022 to June 30, 2022 that are reasonably likely to cause actual results to differ materially from the Forecast for periods that are not yet complete and their expected differences, if any. The Forecast includes only the Initial Properties for Q2-2022 and YTD-2022 and for comparison purposes has been adjusted to reflect the Fund's actual period of ownership of the Initial Properties from February 23, 2022 to June 30, 2022. As a result, there may continue to be material differences between actual and forecasted results for the remaining Forecast periods consistent with such explanations throughout this MD&A. The Forecast also assumed that the Fund would raise gross subscription proceeds at the closing of the Offering of \$61,000 whereas the Fund raised gross subscription proceeds of \$130,000.

	Q2-2022 ⁽¹⁾	Forecast Q2-2022 ⁽²⁾	YTD-2022 ⁽¹⁾	Forecast YTD-2022 ⁽³⁾
Revenue from property operations	\$ 3,535	\$ 2,722	\$ 4,946	\$ 3,833
Property operating costs	(756)	(504)	(981)	(718)
Property taxes	(272)	(297)	(348)	(419)
Income from rental operations	2,507	1,921	3,617	2,696
Finance costs	(1,700)	(1,036)	(2,304)	(1,463)
Distributions to Unitholders	(999)	(534)	(1,415)	(753)
Fund and trust expenses	(383)	(283)	(559)	(400)
Net (loss) income and comprehensive (loss) income	\$ (575)	\$ 68	\$ (661)	\$ 80

(1) Figures represent the actual results of the Properties for Q2-2022 and YTD-2022.

(2) The Forecast for Q2-2022 includes the Initial Properties only and does not include any amounts for Langford 3 and Langley.

(3) The Forecast for YTD-2022 is adjusted to include the Initial Reporting Period for the Initial Properties and does not include any amounts for Langford 3 and Langley.

RESULTS OF OPERATIONS

The results of the Fund for the Properties together with variance commentary are discussed below:

	Q2-2022 ⁽¹⁾	Forecast ⁽²⁾	\$ Chg	% Chg
Revenue from property operations	\$ 3,535	\$ 2,722	\$ 813	29.9 %
Property operating costs	(756)	(504)	(252)	(50.0)%
Property taxes	(272)	(297)	25	8.4 %
NOI	\$ 2,507	\$ 1,921	\$ 586	30.5 %
NOI margin	70.9 %	70.6 %		

(1) Figures represent the Q2-2022 actual results of the Properties.

(2) Figures represent the Q2 2022 Forecast for the Initial Properties.

	YTD-2022 ⁽¹⁾	Forecast ⁽²⁾	\$ Chg	% Chg
Revenue from property operations	\$ 4,946	\$ 3,833	\$ 1,113	29.0 %
Property operating costs	(981)	(718)	(263)	(36.6)%
Property taxes	(348)	(419)	71	16.9 %
NOI	\$ 3,617	\$ 2,696	\$ 921	34.2 %
NOI margin	73.1 %	70.3 %		

(1) Figures represent the YTD-2022 actual results of the Properties relating to the Initial Reporting Period.

(2) Figures represent the YTD-2022 Forecast for the Initial Properties, adjusted for the Initial Reporting Period.

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REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations includes the monthly rent charges for the lease of multi-family suites, other ancillary income and the reimbursement by the residents for certain utility expenses incurred. Other ancillary income may include, but is not limited to, amounts from forfeited deposits, late fees, short notice fees, cleaning fees, lease termination fees, application fees and pet fees. Net rental income is the only material component of total revenue from property operations comprising approximately 90% thereof, with other ancillary income and utility expense reimbursements comprising the remaining approximate 10%.

Revenue from property operations for Q2-2022 was \$3,535 (Forecast - \$2,722), higher than Forecast by \$813 or 29.9%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, Q2-2022 revenue was \$2,669, below the Forecast by \$53 or 1.9% primarily as a result of lower than forecasted occupancy, partially offset by higher AMR and ancillary income (see "Average Monthly Rent" and "Occupancy").

Revenue from property operations for YTD-2022 was \$4,946 (Forecast - \$3,833), higher than Forecast by \$1,113 or 29.0%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, YTD-2022 revenue was \$2,669, slightly below the Forecast by \$27 or 0.7% primarily as a result of lower than forecasted occupancy, partially offset by higher AMR and ancillary income (see "Average Monthly Rent" and "Occupancy").

PROPERTY OPERATING COSTS

The main components of property operating costs are utility costs (approximately 36%), repairs and maintenance expenses (approximately 23%), administrative costs including property management fees (approximately 20%), salaries and benefits (approximately 15%) and insurance expense (approximately 11%). Given each component of property operating costs is not individually material, such amounts have not been separately disclosed.

Property operating costs for Q2-2022 were \$756 (Forecast - \$504), higher than Forecast by \$252 or 50.0%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, property operating costs were \$592, higher than Forecast by \$88 or 17.5% primarily due to higher than forecasted repairs and maintenance costs, insurance expense and utilities expense, partially offset by lower than forecasted bad debt and salaries and wages expense.

Property operating costs for YTD-2022 were \$981 (Forecast - \$718), higher than Forecast by \$263 or 36.6%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, property operating costs were \$787, higher than Forecast by \$69 or 9.6% primarily due to higher than forecasted repairs and maintenance costs and insurance expense, partially offset by lower than forecasted property management fees and salaries and wages expense.

PROPERTY TAXES

Property taxes for Q2-2022 were \$272 (Forecast - \$297), lower than Forecast by \$25 or 8.4%, primarily due to lower than forecasted property taxes in Nanaimo, partly offset by the property taxes for the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, property taxes were \$81 or 27.3% lower than Forecast primarily due to the higher assessed value for Nanaimo used in the Forecast.

Property taxes for YTD-2022 were \$348 (Forecast - \$419), lower than Forecast by \$71 or 16.9%, primarily due to the same reason as described above for Q2-2022. For the Initial Properties, property taxes were \$148 or 35.3% lower than Forecast primarily due to the same reasons as described above for Q2-2022.

The Fund actively manages the assessed values of its Properties to minimize property taxes by utilizing third party consultants in the respective markets which includes appealing against the assessed values where deemed appropriate by the Manager.

NOI AND NOI MARGIN

NOI for Q2-2022 was \$2,507 (Forecast - \$1,921), representing an increase of \$586 or 30.5% relative to Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI was \$1,861, lower than Forecast by \$60 or 3.1%, primarily driven by lower than forecasted revenue (see "Revenue from Property Operations") and higher property operating costs, partially offset by lower property taxes as described above.

During Q2-2022, the NOI margin was 70.9% (Forecast - 70.6%), 0.3% higher than Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI margin was 0.9% below Forecast, primarily attributable to lower than forecasted revenue at Nanaimo and higher than forecasted property operating costs, partially offset by lower than forecasted property taxes.

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NOI for YTD-2022 was \$3,617 (Forecast - \$2,696), representing an increase of \$921 or 34.2% compared to the Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, YTD-2022 NOI was \$2,748, higher than Forecast by \$52 or 1.9%, primarily driven by lower than forecasted property taxes, partially offset by higher property operating costs and lower revenue from operations.

During YTD-2022, the NOI margin was 73.1% (Forecast - 70.3%), 2.8% higher than Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI margin was slightly below Forecast by 1.9%.

AVERAGE MONTHLY RENT

The following table presents AMR (in actual dollars) as at June 30, 2022:

Total Portfolio as at June 30, 2022					
Properties	Suites	Actual AMR ⁽¹⁾	Forecast ⁽¹⁾⁽²⁾	% Chg	
Nanaimo	251	\$ 1,991	\$ 1,982	0.5 %	
Langford	60	\$ 1,719	\$ 1,731	(0.7)%	
Vernon	60	\$ 1,540	\$ 1,554	(0.9)%	
Vernon 2	43	\$ 1,599	\$ 1,578	1.3 %	
Langford 2	81	\$ 1,704	\$ 1,714	(0.6)%	
Langford 3	166	\$ 1,634	\$ —	— %	
Langley	57	\$ 1,722	\$ —	— %	
Total Properties	718	\$ 1,771	\$ 1,821	(2.7)%	
Initial Properties	495	\$ 1,822	\$ 1,821	0.1 %	

(1) Figures represent actual results as at the reporting period end for AMR.

(2) Forecast only includes results related to the Initial Properties as at the end of the reporting period.

Total Portfolio AMR was 2.7% below the Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast, which have a lower AMR relative to the weighted average AMR of the Initial Properties. For the Initial Properties, AMR was 0.1% above the Forecast primarily due to higher than forecasted AMR at Nanaimo, as well as increases driven by overall demand for multi-family suites in the Primary Markets.

OCCUPANCY

The following table presents economic occupancy of the Properties for Q2-2022 and YTD-2022:

Properties	Q2-2022 ⁽¹⁾	Forecast Q2-2022 ⁽²⁾	YTD-2022 ⁽¹⁾	Forecast YTD-2022 ⁽³⁾
Nanaimo	92.8 %	97.9 %	91.6 %	97.9 %
Langford	96.2 %	98.0 %	98.6 %	98.0 %
Vernon	98.0 %	97.9 %	97.6 %	97.9 %
Vernon 2	98.1 %	97.9 %	97.8 %	97.9 %
Langford 2	98.5 %	97.9 %	98.2 %	98.0 %
Langford 3	96.2 %	— %	95.1 %	— %
Langley	94.5 %	— %	100.0 %	— %
Total Properties	95.5 %	97.9 %	94.8 %	97.9 %
Initial Properties	95.3 %	97.9 %	94.5 %	97.9 %

(1) Figures represent the actual results of the Properties for Q2-2022 and YTD-2022.

(2) Forecast for Q2-2022 includes the Initial Properties only.

(3) Figures represent the Forecast for YTD-2022, which has been adjusted for the Initial Reporting Period and for the Initial Properties only.

The Fund's economic occupancy was 95.5% and 94.8% for Q2-2022 and YTD-2022 (Forecast - 97.9% and 97.9%), respectively, below the Forecast primarily due to lower than forecasted occupancy at Nanaimo. The Fund's key focus is to increase and maintain occupancy at targeted levels while capturing rent increases on new resident leases at the prevailing market rates to help maximize revenue in current and future periods.

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CAPITAL INVESTMENTS

The Fund has capital expenditures required to be incurred in future periods in order to maintain the productive capacity of the Properties and to sustain its rental income generating potential over its useful life with such amounts estimated to be \$100 per multi-family suite per annum. In accordance with IFRS, the Fund capitalizes all capital improvement expenditures which enhance the service potential of the Properties and extend the useful life of the assets. These amounts may differ each period due to the seasonality and the cyclical nature of such costs and are estimated based on a combination of third party property condition assessment reports and management's expertise, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well as their knowledge and experience with real estate.

OTHER INCOME AND EXPENSES

FINANCE COSTS

The Fund's finance costs in comparison to the Forecast are summarized below:

	Q2-2022 ⁽¹⁾	Forecast Q2-2022 ⁽²⁾	YTD-2022 ⁽¹⁾	Forecast YTD-2022 ⁽³⁾
Interest on loans payable	\$ 1,391	\$ 863	\$ 1,882	\$ 1,219
Amortization of financing costs	225	173	301	244
Other finance costs	84	—	121	—
Total	\$ 1,700	\$ 1,036	\$ 2,304	\$ 1,463

(1) Figures represent the actual results of Q2-2022 and YTD-2022.

(2) Forecast for Q2-2022 includes the Initial Properties only.

(3) Figures represent the Forecast for YTD-2022, which has been adjusted for the Initial Reporting Period for the Initial Properties only.

Interest on loans payable

Interest on loans payable for Q2-2022 was \$1,391 (Forecast - \$863), representing an increase of \$528 or 61.2% relative to the Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, interest expense on loans payable was \$227 or 26.3% higher than Forecast, primarily due to the Nanaimo and Langford mortgages having higher than Forecast fixed interest rates and the credit spread on the credit facility being 2.25% (Forecast - 2.0%) as well as increases in the Canadian Dollar Offered Rate ("CDOR") relative to the index rate estimate used in the Forecast.

Interest on loans payable for YTD-2022 was \$1,882 (Forecast - \$1,219), representing an increase of \$663 or 54.4% relative to the Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, interest expense on loans payable was \$281 or 23.0% higher than Forecast, due to the same reasons as described above for Q2-2022.

Amortization of financing costs

Amortization of financing costs for Q2-2022 and YTD-2022 were \$225 and \$301, respectively (Forecast - \$173 and \$244), representing an increase of \$52 and \$57 relative to the Forecast, primarily due to the additional financing costs for the Non-Forecast Properties.

Other finance costs

Other financing costs for Q2-2022 and YTD-2022 were \$84 and \$121, respectively (Forecast - \$nil and \$nil), primarily due to guarantee fees, which were not contemplated in the Forecast (see "Related Party Transactions and Arrangements – Arrangements with the Manager").

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DISTRIBUTIONS TO UNITHOLDERS

Consistent with the Prospectus, the Fund declared its first prorated distribution on its outstanding Units for the period from February 22, 2022 to March 31, 2022 following the Fund's first month of operations in March 2022. The Fund's distribution is targeted to be between 3.0% to 4.0% annually on all Unit classes. The Fund intends to declare monthly cash distributions no later than seven business days prior to the end of each month, payable within 15 days following the end of the month (or the next business day if not a business day) in which the distribution is declared to Unitholders as at month-end. During the Initial Reporting Period, the Fund declared distributions as follows:

Class A	Class B	Class C
\$0.10316	\$0.10000	\$0.10556

For Q2-2022 and YTD-2022, the Fund declared distributions totaling \$999 and \$1,415, representing increases of \$465 and \$662 over forecasted amounts, primarily due to higher gross subscription proceeds achieved under the Offering relative to the Forecast and the Manager electing to pay the 3.1% annualized targeted distribution on the full proceeds of the Offering during the Initial Reporting Period despite the fact that 100% of the Offering proceeds had not yet been fully deployed.

Assuming the Fund had paid distributions based on the actual equity deployed during the Initial Reporting Period, distributions would have been \$907.

FUND AND TRUST EXPENSES

Fund and trust expenses include costs incurred by the Fund that are not directly attributable to the Properties. These costs include items such as legal and audit fees, director fees, investor relations expenses, directors' and officers' insurance premiums, expenses relating to the administration of the Fund's distributions and other general and administrative expenses associated with the operation of the Fund. Also included in fund and trust expenses are asset management fees payable to the Manager (see "Related Party Transactions and Arrangements – Arrangements with the Manager").

Fund and trust expenses for Q2-2022 and YTD-2022 were \$383 and \$559, respectively (Forecast - \$283 and \$400) representing an increase of \$100 and \$159 relative to the Forecast primarily due to higher than forecasted asset management fees as a result of asset management fees for the Non-Forecast Properties which were not included in the Forecast, as well as the Forecast being based on lower gross subscription proceeds resulting in lower forecasted general and administrative costs.

INVESTMENT PROPERTIES – FAIR VALUE ADJUSTMENTS

The Fund has selected the fair value method to account for real estate classified as investment properties. Fair values are supported by a combination of internal financial information and market data. The determination of fair value is based on, among other things, the amount of rental income from future leases reflecting current market conditions, adjusted for assumptions of future cash flows in respect of current and future leases, capitalization rates and expected occupancy rates.

For YTD-2022, the Fund did not record a fair value change on the Properties as fair value reflects the consideration paid for the acquisition of the Properties plus any capitalized expenses during the period.

The following table summarizes the change in investment properties for YTD-2022:

	Amount
Balance, as at January 1, 2022	\$ —
Acquisition of investment properties	287,532
Capital additions	26
Balance as at June 30, 2022	\$ 287,558

The following table reconciles the cost base of Properties to their fair value:

	As at June 30, 2022
Cost	\$ 287,558
Cumulative fair value adjustment	—
Balance as at June 30, 2022	\$ 287,558

The key assumptions for Properties held by the Fund are set out in the following table:

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	As at June 30, 2022
Capitalization rate - range	3.50% to 4.25%
Capitalization rate - weighted average	3.84 %

The fair values of the Properties are sensitive to changes in the key valuation assumptions. Changes in the weighted average capitalization rates would result in a change to the fair value of the Fund's Properties as set out in the following table:

Key assumptions	Change	As at June 30, 2022
Weighted average capitalization rate	10-basis-point increase	\$ (7,298)
Weighted average capitalization rate	10-basis-point decrease	\$ 7,689

The impact of a 1% change in NOI used to value the Properties as at June 30, 2022 would affect the fair value by approximately \$2,876.

PROVISION FOR CARRIED INTEREST

As at June 30, 2022, the Fund had not recognized a provision for carried interest after taking into account the minimum return to Unitholders (see "Related Party Transactions and Arrangements"). The Forecast did not contemplate or include a provision for carried interest.

INCOME TAXES

The Fund qualifies as a mutual fund trust for Canadian income tax purposes pursuant to the Income Tax Act (Canada) (the "Tax Act"). In accordance with the terms of the Declaration of Trust, the Fund intends to distribute its income for income tax purposes each year to such an extent that it will not be liable for income taxes under Part I of the Tax Act. The Fund is eligible to claim a tax deduction for distributions paid and, intends to continue to meet the requirements under the Tax Act. Accordingly, no provision for income taxes payable is required or has been made. Income tax obligations relating to distributions of the Fund are the obligations of the Unitholders.

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NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared below for Q2-2022 and YTD-2022 with a comparison to the Forecast.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of net income (loss) and comprehensive income (loss), determined in accordance with IFRS to FFO and AFFO is presented below for Q2-2022 and YTD-2022 with a comparison to the Forecast:

	Q2-2022 ⁽²⁾	Forecast Q2-2022 ⁽³⁾	YTD-2022 ⁽²⁾	Forecast YTD-2022 ⁽⁴⁾
Net (loss) income and comprehensive (loss) income	\$ (575)	\$ 68	\$ (661)	\$ 80
Add / (Deduct):				
Distributions to Unitholders	999	534	1,415	753
FFO	\$ 424	\$ 602	\$ 754	\$ 833
Add / (Deduct):				
Amortization of financing costs	225	173	301	244
Sustaining capital expenditures and suite renovation reserves	(16)	(12)	(23)	(17)
AFFO	\$ 633	\$ 763	\$ 1,032	\$ 1,060
FFO per Unit - basic and diluted	\$ 0.03	\$ 0.10	\$ 0.06	\$ 0.14
FFO payout ratio	235.6%	88.7 %	187.7%	90.4 %
AFFO per Unit - basic and diluted	\$ 0.05	\$ 0.13	\$ 0.08	\$ 0.17
AFFO payout ratio	157.8%	70.0 %	137.1%	71.0 %
Distributions declared ⁽¹⁾	\$ 999	\$ 534	\$ 1,415	\$ 753
Weighted average Units outstanding:				
Basic and diluted - class A, B & C - (000s)	13,000	6,100	13,000	6,100
	Q2-2022 ⁽²⁾		YTD-2022 ⁽²⁾	
Cash paid for acquisition of Properties ⁽⁵⁾	\$ 6,160		\$ 78,154	
Adjusted distributions for equity deployed ⁽⁶⁾	\$ 610		\$ 851	
	Q2-2022 ⁽²⁾	Forecast Q2-2022 ⁽³⁾	YTD-2022 ⁽²⁾	Forecast YTD-2022 ⁽⁴⁾
FFO payout ratio adjusted for equity deployed	144.0 %	88.7 %	112.9 %	90.4 %
AFFO payout ratio adjusted for equity deployed	96.4 %	70.0 %	82.5 %	71.0 %

(1) Distributions declared are calculated based on the monthly distribution per Unit.

(2) Figures represent the actual results of Q2-2022 and YTD-2022.

(3) Forecast for Q2-2022 includes the Initial Properties only.

(4) Forecast for YTD-2022 is adjusted for the Initial Reporting Period and for the Initial Properties only.

(5) Figures represent the cash paid for the acquisitions of Properties as well as costs incurred for the Offering as reported in the consolidated financial statements of the Fund for Q2-2022 and YTD-2022.

(6) The Fund elected to pay the 3.1% annualized targeted distribution on the gross subscription proceeds from the Offering during Q2-2022 and YTD-2022 despite the fact that 100% of the Offering proceeds had not yet been fully deployed. Adjusted distributions for equity deployed is calculated as a percentage of actual equity distributions over equity deployed during Q2-2022 and YTD-2022.

Funds from operations

Basic and diluted FFO and FFO per Unit for Q2-2022 were \$424 and \$0.03, respectively (Forecast - \$602 and \$0.10) representing a decrease of \$178 or 29.6%, primarily due to higher than forecasted finance costs and fund and trust expenses attributable to Non-Forecast Properties not being included in the Forecast, partially offset by higher than forecasted NOI as the Non-Forecast Properties were not included in the Forecast.

Basic and diluted FFO and FFO per Unit for YTD-2022 were \$754 and \$0.06, respectively (Forecast - \$833 and \$0.14), representing a decrease of \$79 or 9.5%, due to the same reasons as described above for Q2-2022.

Adjusted Funds from operations

Basic and diluted AFFO and AFFO per Unit for Q2-2022 were \$633 and \$0.05, respectively (Forecast - \$763 and \$0.13), representing a decrease in AFFO of \$130 or 17.0% primarily due to the same reasons as described above in "Funds from operations".

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Basic and diluted AFFO and AFFO per Unit for YTD-2022 were \$1,032 and \$0.08, respectively (Forecast - \$1,060 and \$0.17), representing a decrease in AFFO of \$28 or 2.6% primarily due to the same reasons as described above in "Funds from operations".

The Manager elected to pay the 3.1% annualized targeted distribution for the Fund during Q2-2022 and YTD-2022 despite the fact that 100% of the Offering proceeds had not yet been fully deployed. Assuming the Fund had paid distributions based on the actual equity deployed during Q2-2022 and YTD-2022, distributions would have been \$610 and \$851, respectively, the FFO payout ratio would have been 144.0% and 112.9%, respectively, and the AFFO payout ratio would have been 96.4% and 82.5%, respectively.

Sustaining capital expenditures

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite renovations of \$16 and \$23 for Q2-2022 and YTD-2022. This reserve is used in the calculation of AFFO as it removes fluctuations in AFFO resulting from seasonality in actual capital expenditures and suite renovation costs. The use of the reserve also eliminates any potential fluctuations in AFFO due to non-recurring or less frequent sustaining capital expenditures. Sustaining capital expenditure reserves are based on third party property condition assessment reports, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate in the Primary Markets. Actual sustaining capital expenditures and suite renovation costs incurred during Q2-2022 and YTD-2022 were \$nil and \$nil.

Cash used in operating activities reconciliation to AFFO

Reconciliation of cash used in operating activities determined in accordance with IFRS to AFFO for Q2-2022 and YTD-2022 are provided below:

	Q2-2022	YTD-2022
Cash used in operating activities	\$ (1,306)	\$ (1,420)
Less: interest and finance costs	(1,475)	(2,003)
Cash used in operating activities - including interest and finance costs	\$ (2,781)	\$ (3,423)
Add / (Deduct):		
Change in non-cash operating working capital	2,972	3,371
Change in restricted cash	458	1,107
Amortization of financing costs	(225)	(301)
FFO	\$ 424	\$ 754
Add / (Deduct):		
Amortization of financing costs	225	301
Sustaining capital expenditures and suite renovation reserves	(16)	(23)
AFFO	\$ 633	\$ 1,032

Distributions to Unitholders relative to Cash used in operating activities

The Fund's cash used in operating activities, including interest costs for Q2-2022 and YTD-2022 were \$2,781 and \$3,423, respectively, representing a shortfall for distributions to Unitholders by \$3,780 and \$4,838, primarily due to the change in non-cash working capital and increase in restricted cash. Acquisition deposits of \$2,000 and \$3,000 were funded for an eighth multi-family property during Q2-2022 and YTD-2022, respectively, and distributions were paid on the full gross subscription proceeds from the Offering despite the fact that 100% of the Offering proceeds had not been fully deployed. Excluding the acquisition deposits, which were funded using excess cash from the Offering, cash provided by operating activities would have been below distributions paid to Unitholders by \$781 and \$423 for Q2-2022 and YTD-2022 with this shortfall being funded by the Fund's cash position.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Fund expects to be able to meet all of its obligations, including distributions to Unitholders and property maintenance and capital improvements. The Fund has financing sources to fulfill its commitments including cash flow from its operating activities and mortgage debt secured by Properties including availability of future funding. As at June 30, 2022, the Fund was in compliance with all of its financial covenants. The Fund is continuing to evaluate the potential impacts of COVID-19 on the liquidity and performance of the Canadian multi-family property class (see "Future Outlook and COVID-19").

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As at June 30, 2022, the Fund had cash on hand of \$41,883 which includes cash remaining from the Offering and expects such cash to be used primarily to acquire additional multi-family properties.

The Fund was formed as a "closed-ended" fund with an initial term of three years, a targeted yield of 3.0% to 4.0% and a targeted minimum 12% pre-tax investor internal rate of return across all classes of Units. Although the AFFO payout ratio was in excess of 100% for Q2-2022 and YTD-2022, this was primarily due to the Fund electing to pay the 3.1% annualized targeted distribution for the Fund despite the fact that 100% of the Offering proceeds had not yet been fully deployed. Adjusting for equity actually deployed during the period, the AFFO payout ratio decreases to 96.4% and 82.5% for Q2-2022 YTD-2022, respectively.

CASH FLOWS

Cash provided by operating activities is expected to represent the primary source of liquidity to fund distributions, debt service and capital improvements. The Fund's cash flow from operating activities is dependent upon the occupancy level of the Properties, the rental rates on its leases, the collectability of rent from its residents, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect the Fund's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section.

The following table details the changes in cash for Q2-2022 and YTD-2022. There are no comparable amounts, as the Forecast did not include cash flow statements.

	Q2-2022	YTD-2022
Cash used in operating activities	\$ (1,306)	\$ (1,420)
Cash provided by financing activities	13,625	329,369
Cash used in investing activities	(23,453)	(286,066)
(Decrease) increase in cash	(11,134)	41,883
Cash, beginning of period	53,017	—
Cash, end of period	\$ 41,883	\$ 41,883

Cash used in operating activities during Q2-2022 and YTD-2022 was \$1,306 and \$1,420, respectively, which primarily consisted of changes in non-cash operating working capital including acquisition deposits of \$2,000 and \$3,000 for the acquisition of Nanaimo 2 during Q2-2022 and YTD-2022, respectively, and changes in restricted cash relating to security deposits. These amounts were partially offset by operating income generated by the Properties.

Cash provided by financing activities for Q2-2022 was \$13,625 which primarily consisted of proceeds from the new credit facility of \$17,688, partially offset by finance costs paid of \$2,372 and distributions of \$1,082.

Cash provided by financing activities for YTD-2022 was \$329,369 which primarily consisted of net proceeds from the Offering of \$124,859 and net proceeds from new and assumed financing of \$211,647, partially offset by finance costs paid of \$6,055 and distributions of \$1,082.

Cash used in investing activities for Q2-2022 was \$23,453, related to the acquisition of Langley.

Cash used in investing activities for YTD-2022 was \$286,066, of which \$286,040 related to the acquisition of Properties and \$26 related to capital additions to the Properties subsequent to acquisition.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Fund's capital is the aggregate of Indebtedness and net liabilities attributable to Unitholders. The Fund's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions as well as existing debt covenants, as the Fund continues to build Unitholder value and maintain sufficient capital contingency amounts. The total capital of the Fund as at June 30, 2022 is summarized below:

	As at June 30, 2022
Loans payable ⁽¹⁾	\$ 207,801
Net liabilities attributable to Unitholders	124,198
Total capital	\$ 331,999

(1) Loans payable include fixed rate mortgages and a non-revolving term credit facility.

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As at June 30, 2022		
Indebtedness to Gross Book Value		72.3 %
Weighted average term to maturity - Indebtedness		4.64 years
	Q2-2022	YTD-2022
Weighted average interest rate - Indebtedness	3.04 %	2.95 %
Interest Coverage Ratio	1.53x	1.62x
Indebtedness Coverage Ratio	1.05x	1.18x

As at June 30, 2022, overall leverage, as represented by the ratio of Indebtedness to Gross Book Value, was 72.3% and the weighted average term to maturity was 4.64 years. The maximum allowable ratio under the Declaration of Trust is 75%.

For Q2-2022 and YTD-2022, the Interest Coverage Ratio was 1.53x and 1.62x, respectively, and the Indebtedness Coverage Ratios were 1.05x and 1.18x, respectively.

LOANS PAYABLE

The following table sets out scheduled principal and interest payments and amounts maturing on the loans over each of the next five fiscal years and the weighted average interest rate of maturing loans based on the Fund's condensed consolidated interim financial statements as at June 30, 2022:

	Scheduled principal payments	Debt maturing during the year	Total loans payable	Percentage of total loans payable	Weighted average interest rate of maturing loans ⁽¹⁾	Scheduled interest payments
2022	\$ 1,300	\$ —	\$ 1,300	0.6 %	— %	\$ 3,127
2023	2,661	—	2,661	1.3 %	— %	6,504
2024	2,732	61,029	63,761	30.1 %	4.48 %	4,339
2025	2,535	13,332	15,867	7.5 %	3.91 %	3,285
2026	2,510	—	2,510	1.2 %	— %	3,053
Thereafter	4,129	121,436	125,565	59.3 %	2.55 %	3,931
	\$ 15,867	\$ 195,797	\$ 211,664	100.0 %	3.24 %	\$ 24,239
Unamortized financing costs			(3,863)			
Total carrying value			\$ 207,801			

(1) Scheduled interest payments and interest rates on non-revolving term credit facility are based on the one-month CDOR as at June 30, 2022.

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the Fund may be involved in litigation and claims in relation to its Properties. As at the date hereof, in the opinion of management, none of the litigation or claims, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the trustees and officers of the Fund and its subsidiaries.

NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The Fund is authorized to issue an unlimited number of Units. The beneficial interest in the net loss and comprehensive loss of the Fund is divided into three classes of Units: Class A Units; Class B Units; and Class C Units. Below is a summary by class of the net liabilities attributable to Unitholders for the period from December 31, 2021 to June 30, 2022:

	Class A	Class B	Class C	Total
Net liabilities attributable to Unitholders, January 1, 2022	\$ —	\$ —	\$ —	\$ —
Units issued in connection with Offering, net of issuance costs, February 22, 2022	40,410	51,911	32,538	124,859
Net loss and comprehensive loss	(214)	(275)	(172)	(661)
Net liabilities attributable to Unitholders, June 30, 2022	\$ 40,196	\$ 51,636	\$ 32,366	\$ 124,198

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The following table summarizes the changes in Units outstanding for YTD-2022:

(in thousands of Units)	Class A	Class B	Class C	Total
Outstanding, as at January 1, 2022	—	—	—	—
Units issued in connection with Offering, February 22, 2022	4,207	5,405	3,388	13,000
Outstanding, as at June 30, 2022	4,207	5,405	3,388	13,000

The Fund was formed on November 12, 2021 but commenced operations on February 23, 2022. One Class C Unit was issued to Starlight Group Property Holdings Inc. for \$10.00 in cash upon Fund's formation, recorded in net liabilities attributable to Unitholders as at December 31, 2021.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH THE MANAGER

The Fund engaged the Manager to perform certain management services, as outlined below. The Manager is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer, President, Chief Executive Officer and a Unitholder of the Fund. The management agreement dated February 22, 2022 (the "Management Agreement") expires on the winding-up or dissolution of the Fund, unless and until the Management Agreement is terminated in accordance with the termination provisions.

- (a) **Asset management fees:** Pursuant to the Management Agreement, the Manager is to perform asset management services for fees equal to 0.35% of the fair market value as prescribed by the most recent annual appraisals of the properties ("Gross Asset Value"), with the initial Gross Asset Value being the purchase price of the Properties paid or deemed paid by the Fund.

For Q2-2022 and YTD-2022, the Fund incurred asset management fees of \$262 and \$362 (Forecast - \$192 and \$270), which were charged to fund and trust expenses. The amount payable to the Manager as at June 30, 2022 was \$91.

- (b) **Acquisition fees:** Pursuant to the Management Agreement, as assigned, the Manager is entitled to receive an acquisition fee in respect of properties acquired, directly or indirectly, by the Fund as a result of such Properties having been presented to the Fund by the Manager, calculated as 1.0% of the purchase price of the property.

For Q2-2022 and YTD-2022, the Fund incurred acquisition fees of \$264 and \$3,202 under the Management Agreement, relating to the acquisition of the Properties. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition. The acquisition of the Nanaimo and Langford properties were from affiliate entities of the Manager with the total purchase price of these properties being based on third party appraisals and the amounts being representative of the fair value of the net assets acquired. There are no ongoing contractual commitments of the Fund with the related party as a result of the acquisition of the investment properties. In addition, the Fund reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement or such other services which the Fund and the Manager agree in writing are to be provided from time to time by the Manager.

- (c) **Guarantee Fees:** Pursuant to the Management Agreement, in the event that the Manager or an affiliate is required by the lenders of the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its subsidiaries relating to a property, the Fund will, in consideration for providing such guarantee, in aggregate, pay the Manager, in the aggregate, a guarantee fee represented by an annual amount equal to 0.15% of the then-outstanding amount of such guaranteed funds. This fee is calculated and payable in arrears on the first day of each month. Guarantee fees of \$84 and \$116 were charged by the Manager for Q2-2022 and YTD-2022, respectively. The amount payable to the Manager as at June 30, 2022 was \$29.

Other related party transactions

Aggregate compensation to key management personnel was \$nil for Q2-2022 and YTD-2022, as compensation of these individuals is paid by the Manager pursuant to the Management Agreement.

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CARRIED INTEREST

Through D.D. Acquisitions Partnership ("DDAP") (as holder of the Starlight Western Canada Multi-Family (No. 2) Holding LP (the "Holding LP") class B limited partnership units), Daniel Drimmer is indirectly entitled to a carried interest, being (i) an aggregate amount equal to 25% of the total of all amounts each of which is the amount, if any, by which (A) the aggregate amount of distributions which would have been paid on all Units of a particular class if all distributable cash of the Holding LP was received by the Fund (including through the Starlight Western Canada Multi-Family Holding GP Inc.), together with all other amounts distributable by the Fund (including distributable cash generated by investees of the Fund not held through the Holding LP, if any), and distributed by the Fund (net of any amounts required to provide for expenses) to Unitholders in accordance with the Declaration of Trust, exceeds (B) the aggregate minimum return (being 7.0%) in respect of such class of Units (the calculation of which includes the amount of the investors capital return base), provided that, to the extent that the aggregate amount of distributions which would have been paid on all Units of a particular class pursuant to the foregoing exceeds the minimum return for such class, DDAP will first be entitled to an aggregate amount equal to 50% of each such excess amount (i.e. a catch-up) until the amounts, if any, distributable to Unitholders of each class in excess of the investors capital return base is equal to three times (i.e. 75%/25%) the catch-up payment receivable by DDAP in respect of such class, and if more than one series of a class of Units is issued subsequent to the closing date, the foregoing calculations and distributions will be separately determined on the basis of each such series.

As at June 30, 2022, the Fund did not recognize a provision for carried interest after taking into account the minimum return to Unitholders.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is provided in Note 3 to the consolidated interim financial statements of the Fund for the three months ended March 31, 2022. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that it believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these condensed consolidated interim financial statements. The estimates used in determining the recorded amount for assets and liabilities in the condensed consolidated interim financial statements include the following:

Accounting for Acquisitions: Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Fund's acquisitions are generally determined to be asset purchases as the Fund does not acquire an integrated set of activities that together significantly contribute to the ability to create outputs as part of the acquisition transaction.

Investment Properties: The estimates used when determining the fair value of investment properties are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property. The stabilized future cash flows of each investment property based upon rental income from current leases and assumptions about occupancy rates and market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts and third-party appraisals.

Financial Instruments: Critical judgments and estimates are also made in the determination of fair value of financial instruments and include assumptions and estimates regarding future interest rates, the relative creditworthiness of the Fund to its counterparties, the credit risk of the Fund's counterparties relative to the Fund, the estimated future cash flows and discount rates.

Leases: The Fund makes judgments in determining whether certain leases, in particular resident leases are accounted for under IFRS as either operating or finance leases. The Fund has determined that all of its leases are operating leases.

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Income Taxes: The Fund qualifies as a mutual fund trust for Canadian income tax purposes pursuant to the Tax Act. In accordance with the terms of the Declaration of Trust, the Fund intends to distribute its income each year to such an extent that it will not be liable for income taxes under Part I of the Tax Act. The Fund is eligible to claim a tax deduction for distributions paid and, intends to continue to meet the requirements under the Tax Act. Accordingly, no provision for income taxes payable is required or has been made. Income tax obligations relating to distributions of the Fund are the obligations of the Unitholders.

Consolidation: The Fund has determined that it controls all of its subsidiaries, including the significant subsidiaries (as defined in the unaudited consolidated interim financial statements for the three months ended March 31, 2022). In making this determination it considered the relationships between the Fund, the Manager, and the significant subsidiaries including ownership interests, voting rights and management agreements. Through this analysis it was determined that the Manager is an agent of the Fund.

Carried interest: The determination by the Fund as at each Statement of Financial Position date as to whether a provision for carried interest should be recognized to the partners of the Holding LP is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders, distributions paid to Unitholders since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed from the limited partners of the Fund and the Minimum Return (as defined in the Prospectus).

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's condensed consolidated interim financial statements for the three months ended June 30, 2022 and the notes contained therein.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units of the Fund and activities of the Fund. Risks and uncertainties are disclosed in the Fund's MD&A for the three months ended March 31, 2022 and is available at www.sedar.com. Current and prospective investors of the Fund should carefully consider such risk factors. Other than set out or contemplated herein, management is not aware of any significant changes in the risk and uncertainties since May 5, 2022, the date of the Fund's MD&A for the three months ended March 31, 2022. For details on the Fund's collections as it relates to the impact of COVID-19, please refer to "Future Outlook and COVID-19".

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility that management's assumptions and judgements may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates that the Fund will be continually evolving and enhancing its systems of controls and procedures.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Based on their evaluations, the Chief Executive Officer and the Chief Financial Officer have concluded that the Fund's internal controls over financial reporting were effective and do not contain any material weaknesses, as at June 30, 2022.

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FUTURE OUTLOOK AND COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. Although COVID-19 has resulted in a volatile economy, the Fund believes it is well positioned to navigate through this challenging time and continues to undertake proactive measures at the Properties to combat the spread of COVID-19, assist residents where needed and implement other measures to minimize business interruption.

The Fund intends to actively monitor any continued impact that COVID-19 may have on the Fund's operating results in future periods specifically as they relate to rent collections, occupancy, rent growth, ancillary fees and expenses incurred for preventative measures in response to COVID-19.

Preventative measures and risks related to COVID-19

The Fund has undertaken actions to mitigate the effect on the operations of the Fund including various preventative measures and ongoing coordination with on-site property management teams to mitigate the spread of COVID-19. This includes moving leasing to electronic platforms where possible, reduced access and increased sanitization of the common areas. The Fund is also following the directions provided by federal, provincial and local governments as well as public health authorities.

Notwithstanding COVID-19, such measures are not expected to have a material impact on the Fund, and management believes that the operating metrics within the Fund's portfolio will continue to be stable or strengthen in the foreseeable future and over the longer term. Nonetheless, given the unpredictable nature of COVID-19, any continuation or intensification of COVID-19 or related government measures, and any changes in levels of government financial support to individuals affected by COVID-19 or economic downturn, could in the future have an adverse material effect on the Fund's financial condition, results of operations and cash flows (see "Risks and Uncertainties").

Collections and rent relief

As at August 15, 2022, the Fund collected approximately 99.0% of rents for Q2-2022 with further amounts expected to be collected in future periods. With the continued rollout of the COVID-19 vaccination program and re-opening and strengthening of the economy across Canada and British Columbia, further amounts are expected to be collected in future periods.

Liquidity

As at June 30, 2022, the Fund has cash on hand of \$41,883 which includes cash remaining from the Offering and will be used primarily to acquire additional multi-family properties. The Fund is continuing to evaluate additional acquisition opportunities which meet the investment criteria and objectives of the Fund while considering the potential impacts of COVID-19 on the performance of the Canadian and British Columbian multi-family property class.

Government Intervention

The duration of COVID-19 is unknown at this time and continues to develop and as such, governmental intervention in Canada continues to evolve. Currently, there are no Federal government rent relief programs for landlords in Canada or specific rent relief programs within the province of British Columbia in which the Fund owns properties that would directly assist tenants of the Fund to make rent payments. As such, there is a risk that any sustained economic hardship the virus has on the Fund's tenant base may impact future collections and delinquency rates.

The spread of COVID-19 has the potential to cause a further economic slowdown and increased volatility in financial markets. The Canadian Federal Government has introduced monetary and fiscal interventions aimed at stabilizing the economy. However, uncertainty remains as to the overall impact and timing of these interventions on the Canadian debt and equity markets as well as the economies of both Canada and the markets in which the Fund operates. The Fund has implemented various measures to ensure the liquidity and capital resources of the Fund are sufficient during this ongoing period of uncertainty.

COVID-19 vaccination programs continue across Canada, but in the event the vaccination program across Canada and globally does not contain the spread of COVID-19 or if there are delays in the timely administration of further vaccines or shortages in the vaccine supply chain, changing strains of the virus, including the occurrence of new variants of COVID-19 (such as the Omicron variant), or reluctance to receive vaccinations could prolong the impacts of COVID-19 and have the potential to cause a further economic slowdown and increased volatility in financial markets. Although the Canadian Federal Government introduced monetary and fiscal interventions aimed at stabilizing the economy and devoted significant resources to mass vaccination program, uncertainty remains as to the overall impact and timing of these interventions on the Canadian debt and equity markets as well as the economies of both Canada and the markets in which the Fund operates. In addition, these uncertain economic conditions resulting from COVID-19 may adversely impact the demand for residential housing.

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Capital work

There is a risk that should COVID-19 be sustained, it may lead to an inability for the Fund to acquire materials required or labour disruptions may occur that impact the Fund's ability to complete capital work as required or intended by the Fund in future periods.

Distributions

Distribution payments are expected to continue based on the targeted 3.0% to 4.0% distribution yield for the Fund in the foreseeable future, however the Manager continues to monitor the potential impact COVID-19 may have on future distribution payments.

Future Outlook

COVID-19 vaccination programs continue across Canada to varying degrees in different provinces and jurisdictions with the immunization efforts widely considered to have been successful to date relative to other countries globally and the approval of a third and fourth COVID-19 vaccine dose by Health Canada to help further advance immunization efforts in preventing the spread of COVID-19. Although new subvariants of COVID-19 continue to emerge, almost all COVID-19 restrictions were lifted across the country and British Columbia by the end of the second quarter of 2022, with over 80% of Canada's population having received two doses of a COVID-19 vaccine and over 49% of the population having received their third dose as of June 30, 2022. However, there is a risk that delays in the timely administration of vaccination programs, changing strains of the virus, including the occurrence of new variants of COVID-19 (such as the Omicron variant), or reluctance to receive vaccinations could prolong the impacts of COVID-19 and have the potential to cause further adverse economic conditions.

During 2022, inflation concerns have contributed to a significant increase in interest rates with the Bank of Canada raising its target interest rate from 0.25% to 2.50% as at June 30, 2022. Additional target interest rate increases are anticipated in the second half of 2022. The increases in target interest rates typically lead to increases in borrowing costs related to variable rate debt. As at June 30, 2022, 28.8% of the Fund's debt was variable rate. Historically, investments in multi-family properties have provided an effective hedge against inflation given the short-term nature of lease terms, reflected in the higher AMR achieved at the Properties during Q2-2022. 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 yield of 3.0% to 4.0% across all classes of Units despite potential periods of 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.

Canada's unemployment rate decreased to 4.7% in June 2022, falling below pre-pandemic levels. Despite the Canadian economy's strong recovery from the pandemic, the war in Ukraine has added uncertainty to the global economic outlook. According to Statistics Canada, British Columbia gained approximately 86,800 jobs between June 2021 and June 2022. The unemployment rate in June 2022 was 4.5% in British Columbia including the Vancouver Island and Coast Region which are lower than the national average of 4.7%.

The primary markets in which the Fund operates, including Langford, Nanaimo, Vernon and Langley, possess attractive qualities such as some of the fastest growing populations in British Columbia with strong demographics of highly educated young professionals and families, diverse local job sectors, desirable 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 these favourable conditions.

In Q2-2022, key multi-family fundamentals including submarket occupancies, rent growth and collection rates, continued to strengthen which translated into favourable operating results of various owners of multi-family properties, including those in the Primary Markets. These trends, in conjunction with the Primary Markets exhibiting sustained job and population growth as well as the quality of the Properties, should continue to support further demand for the Fund's multi-family suites in future periods. The Manager continues to closely monitor national and local economic conditions as part of its response to the COVID-19 pandemic and is well-positioned to take advantage of any continued improvement in the sector's performance.

Additional information relating to the Fund can be found on SEDAR at www.sedar.com.

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