STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

May 10, 2022

FUND TARGETS

- **TARGETED DISTRIBUTION YIELD: 4.0%**
- **PRE-TAX TARGETED ANNUAL RETURN: 11%**

Montane
400 Suites
Denver, Colorado

Hudson at East
275 Suites
Orlando, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial results of Starlight U.S. Multi-Family (No. 2) Core Plus Fund (the "Fund") dated May 10, 2022 for the three months ended March 31, 2022 ("Q1-2022") 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 and accompanying notes for the year ended December 31, 2021, 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 United States ("U.S.") dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of U.S. dollars, except for per limited partnership unit of the Fund ("Unit") and average monthly rents ("AMR") information. All references to "C$" are to Canadian dollars. Non-IFRS measures are reported throughout this MD&A. For further information on Non-IFRS measures, please refer to the "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") global pandemic 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 and the trading price of the Fund's TSX Venture Exchange ("TSX-V") listed and unlisted Units, 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 Fund's Properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Units and unlisted Units; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Properties or the Fund's legal entities; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; the use of the proceeds of the unsecured loan; and the availability of debt financing for any future financing requirements of the Fund. 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 availability of suitable properties for purchase by the Fund, the availability of mortgage financing, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws.

See the "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 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 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 and the trading price of the Units; 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 multi-family real estate properties; the use of the proceeds of the unsecured loan; the availability of properties for potential future acquisition, if any, and the price at which such properties may be acquired; the price at which Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of Properties; the availability of mortgage financing and current interest rates; the extent of competition for properties; the growth in net operating income ("NOI") and the ability of the Fund to benefit from its light value-add initiatives; the population of multi-family 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 US AM Group LP or its affiliates (the "Manager") to manage and operate the Properties; the global and North American economic environment; foreign currency exchange rates; 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 relates 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 such as adjusted funds from operations ("AFFO"), AMR, adjusted net income and comprehensive income ("Adjusted Net Income and Comprehensive Income"), cash provided by operating activities including interest costs, 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 ("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 standardized meanings prescribed by IFRS and should not be construed as alternatives to net income and comprehensive income, 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 costs, economic occupancy, FFO, Gross Book Value, Indebtedness, Indebtedness Coverage Ratio, 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.

Adjusted Net Income and Comprehensive Income is defined as net income and comprehensive income in accordance with IFRS before deferred taxes and provisions for carried interest plus amortization of financing costs and loan premiums, fair value adjustments on derivative instruments, distributions to unitholders of the Fund ("Unitholders"), less finance income and adjusted for other non-cash items. Other non-cash items include unrealized foreign exchange gains and losses. Adjusted Net Income and Comprehensive Income is used in calculating certain ratios described below.

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; (iii) deduction of a reserve for normalized maintenance capital expenditures and suite make ready costs, as determined by the Manager; and (iv) vacancy costs associated with the suite upgrade program. 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 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).

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.

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

Cash provided by operating activities including interest costs, is a measure of the amount of cash generated from operating activities including interest costs 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 and comprehensive income in accordance with IFRS, excluding fair value adjustments of the investment properties, fair value adjustments on derivative instruments, distributions to Unitholders of Units classified as financial liabilities, International Financial Reporting Interpretations Committee 21 – Levies ("IFRIC 21") adjustment for property taxes, deferred income tax expense and realized or unrealized foreign exchange gains and losses, and provisions for carried interest. 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 for 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.

Gross Book Value is defined as the fair market value of the investment properties as determined in accordance with IFRS. 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 principal amount of loans payable outstanding as at a specific reporting date. 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 Adjusted Net Income and Comprehensive Income plus interest expense divided by interest and mandatory principal payments on the Fund's loans payable for a specified reporting period. 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 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 Adjusted Net Income and Comprehensive Income plus interest expense 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.

NOI, or Adjusted Income from Operations, is defined as all property revenue, less direct property costs such as utilities, property taxes (adjusted to normalize for the IFRIC 21 impact in each reporting period), repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property specific administrative costs. NOI Margin is defined as NOI divided by revenue from property operations. NOI and NOI Margin 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 in prior years under the Fund's ownership.

Weighted Average Units Outstanding represent the class A equivalent Units outstanding, adjusted for conversion ratios applicable for each Unit class, as well as for the exchange rate achieved on the Fund's initial public offering (the "Offering").

Reconciliations of net income and comprehensive income 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 costs 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".

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 tenants where needed and implement other measures to minimize business interruption.

The Fund intends to actively monitor any continued impact 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 (see "Future Outlook").

Although positive U.S. employment and economic growth statistics, as well as strengthening rent growth, collections and occupancy statistics for multi-family properties operating in the primary markets of the Fund, which include Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington ("Primary Markets"), have been published in recent months, the extent to which COVID-19 impacts the Fund's operations, financial condition and financial results will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Such future developments include the severity and duration of COVID-19, any intensification of COVID-19, the actions by federal, state and local governments and others taken to contain COVID-19 or mitigate its impact, changes in the preferences of tenants and prospective tenants, and the direct and indirect economic effects of COVID-19 and containment measures, among others. The rapid development and fluidity of this situation impedes the Manager's ability to predict the ultimate adverse impact of COVID-19. COVID-19 and the current financial, economic and capital markets environment, and future developments in these and other areas, present material uncertainty and risk with respect to the Fund's performance, financial condition, results of operations and cash flows.

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, state 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

The Fund is working with all on-site property managers to ensure open communication with tenants regarding rent relief options available to assist tenants impacted by the outbreak of COVID-19 in a socially responsible manner wherever possible.

The Fund is also closely monitoring rent collections to assess any potential increase in bad debts at the Properties as a result of COVID-19. Tenants who may be able to return to employment based on local jurisdiction or state-wide loosening of COVID-19 related restrictions should assist with a tenant's ability to access financial resources, improving collection rates in the short term and ongoing demand for residential housing.

As at May 9, 2022, the Fund collected approximately 98.9% of rents for Q1-2022 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 the U.S., further amounts are expected to be collected in future periods. A nationwide eviction moratorium extension expired on October 3, 2021 and will no longer halt evictions in the markets in which the Fund operates (see "Governmental Intervention and Legislation").

Liquidity

As at March 31, 2022, the Fund had cash on hand of $4,813 (see "Liquidity and Capital Resources"). Subsequent to March 31, 2022, the Fund refinanced the Hudson at East ("Hudson") loan payable for net proceeds of approximately $26,623, which along with cash on hand was used to acquire Summermill at Falls Rivers ("Summermill") (see "Subsequent Events").

Although economic growth and employment in the U.S. have strengthened significantly in recent months, the Fund will implement and closely monitor various measures to ensure the liquidity and capital resources of the Fund are sufficient during this ongoing period of uncertainty.

Governmental Intervention and Legislation

From the onset of COVID-19, the U.S government has introduced a series of relief programs including the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") on March 27, 2020 as well as a $900B stimulus package which provided further economic stimulus to assist in the recovery from the impact of COVID-19. A nationwide eviction moratorium was also implemented in 2020 that prevented evictions of tenants hurt by job loss during COVID-19. As of November 22, 2021, the nationwide eviction moratorium that was previously extended to October 3, 2021 expired. The Fund intends to closely monitor the applicability of future moratoriums to its Properties and Primary Markets.

On March 12, 2021, the U.S. government passed and signed into law the American Rescue Plan ("ARP") which will provide approximately an additional $1.9 trillion for qualified individuals, families, large and small businesses and state and local governments, including but not limited to, stimulus payments, unemployment aid, rental assistance, education and child care assistance and subsidies for health insurance premiums. In connection with the aforementioned eviction moratorium extension expiry, the extension announcement has been paired with a number of eviction mitigating measures to help keep renters stably housed, including an expedited distribution of $46 billion in emergency rental assistance appropriated by the government to residents and housing providers. Government stimulus plans will assist in mitigating risk, however there is a risk that any sustained economic hardship COVID-19 has on the Fund's tenant base may impact future collections and delinquency rates.

COVID-19 vaccination programs continue across the U.S., but in the event the vaccination program across the U.S., 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, there is the potential to cause a further economic slowdown and increased volatility in financial markets. Although the U.S. Federal Government has introduced monetary and fiscal interventions aimed at stabilizing the economy and devoted significant resources to the mass vaccination program, uncertainty remains as to the overall impact and timing of these interventions on the U.S. debt and equity markets as well as the economies of both the U.S. 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.

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 intended by the Fund in future periods (see "Light Value-Add Initiatives: Update for Q1-2022").

Distributions

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

FUTURE OUTLOOK

COVID-19 vaccination programs continue across the U.S. to varying degrees in different states 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 dose by the U.S. Food and Drug Administration to help further advance immunization efforts in preventing the spread of COVID-19. 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, or reluctance to receive vaccinations could prolong the impacts of COVID-19 and have the potential to cause further adverse economic conditions. According to the U.S. Department of Labor, unemployment rates for March 2022 declined to 3.6% (from a peak of approximately 15% in April 2020) with such employment gains broadly diversified across many industries and driven by the continued economic reopening linked to the successful vaccination program across the U.S. The sustained rollout of the vaccination program is expected to continue to improve economic growth and employment throughout the U.S., although there can be no certainty with respect to the timing of these improvements.

Throughout 2021 and into early 2022, key multi-family fundamentals improved significantly including strengthening occupancy, rent growth and collection rates 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 historically as a result of lifestyle choices as well as positive net migration, should continue to support further demand for multi-family apartments in future periods. In addition, previous economic downturns have typically been followed by periods of above market rent growth for multi-family properties in the U.S. Consistent with this trend, the Properties achieved rent growth on new leases in excess of 10% during Q1-2022.

COVID-19 has also significantly disrupted active and new construction of comparable product in the Primary Markets which may create a temporary imbalance in supply of comparable, multi-suite residential properties. This imbalance, alongside the continued economic recovery and improving fundamental statistics, could be supportive of favourable supply and demand conditions for the Properties and could result in future increases in occupancy and rent growth. The Fund believes it is well positioned to take advantage of these conditions should they transpire given the quality of its Properties and the benefit of having a tenant pool employed across a diverse job base. Since the COVID-19 outbreak commenced, based on available investment sales information, capitalization rates in the Primary Markets have compressed on average by approximately 100-150 basis points.

INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a limited partnership formed under and governed by the laws of the 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 targeted to be three years (the “Term”), with two one-year extensions available subject to approval by Starlight U.S. Multi-Family (No. 2) Core Plus GP, Inc., the general partner of the Fund (“Starlight GP”). The Fund may be extended beyond five years by special resolution of the Unitholders.

The ownership of the Fund is separated into seven classes of Units. On March 31, 2021, the Fund issued the following limited partnership Units: 2,862,819 class A Units, 2,436,500 class C Units, 2,095,700 class D Units and 1,959,606 class F Units at a price of C$10.00 and 236,840 class E Units, 535,300 class G Units and 299,120 class U Units at a price of $10.00. Class A,C,D and F are Canadian dollar denominated Units and class E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on conversion ratios calculated consistent with the Fund’s amended and restated limited partnership agreement (the “Conversion Ratios”). The weighted average class A equivalent Units outstanding as at March 31, 2022 was 10,901,924 (assumes all outstanding Units are converted to class A equivalent Units based on the Conversion Ratios).

The Offering raised gross subscription proceeds of $85,408. After the closing of the Offering on March 31, 2021, the Fund acquired Montane and Hudson consisting of a combined 675 suites. The Properties are located in Denver, Colorado and Orlando, Florida (see “Portfolio Overview”). Subsequent to March 31, 2022, the Fund acquired Summermill, a class “A” institutional quality property comprising of 320 suites in Raleigh, North Carolina (see “Subsequent Events”).

The class A Units and class U Units of the Fund are listed on the TSX-V under the symbols SCPT.A and SCPT.U, respectively.

The Fund’s Investment Strategy:

The Fund was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily comprised of income-producing multi-family real estate properties that demonstrate value based on pricing and local supply and demand trends to achieve the Fund’s target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management, and are located in the Primary Markets, with a particular focus on the suburban areas of the Primary Submarkets. The Manager believes the U.S. multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes.

The Fund’s investment objectives are to:

1. Directly or indirectly acquire, own and operate a portfolio primarily composed of income-producing multi-family properties that demonstrate value based on pricing and local supply and demand trends to achieve the Fund’s target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management, and are located in the Primary Markets, with a particular focus on the suburban areas of Primary Submarkets;
2. Make stable monthly cash distributions; and
3. Increase NOI through active asset management, which may include light value-add capital expenditures, utilizing revenue management software to increase rental rates, revenue enhancement through ancillary income

opportunities and operating expense reductions through active asset management, best-in-class property management and economies of scale, with the goal of ultimately directly or indirectly disposing of its interest in the assets by the end of the Term.

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

a) compelling employment, population, and economic growth rates;
b) 'landlord friendly' legal environments; and
c) comfortable climates and quality of life.

ACQUISITION OF CORE PLUS U.S. MULTI-FAMILY REAL ESTATE

1. Identify acquisition opportunities in addition to the Properties in the U.S. multi-family residential market through the Manager's strong pipeline of exclusive acquisition opportunities by leveraging the Manager's relationships with principals, operators, and brokers located in the Fund's target markets and by its ability to source "off market" opportunities.
2. Target multi-family assets that are:
   a) garden- and wrap-style, suburban, Class "A" institutional quality properties that demonstrate value based on pricing and local supply and demand trends to achieve the Fund's target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management;
   b) suburban and have a vintage of 1990 or later, with no less than 200 suites to ensure economies of scale;
   c) strategically located properties in the Primary Markets, with a particular focus on the suburban areas of the Primary Submarkets, with strong long-term job, population and economic growth rates;
   d) strategically located properties within their respective suburban submarkets with barriers to new development; and
   e) stabilized, with the potential to benefit from an active asset management strategy.
3. Complete a comprehensive due diligence program, including cash flow and value-add return modeling, 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.

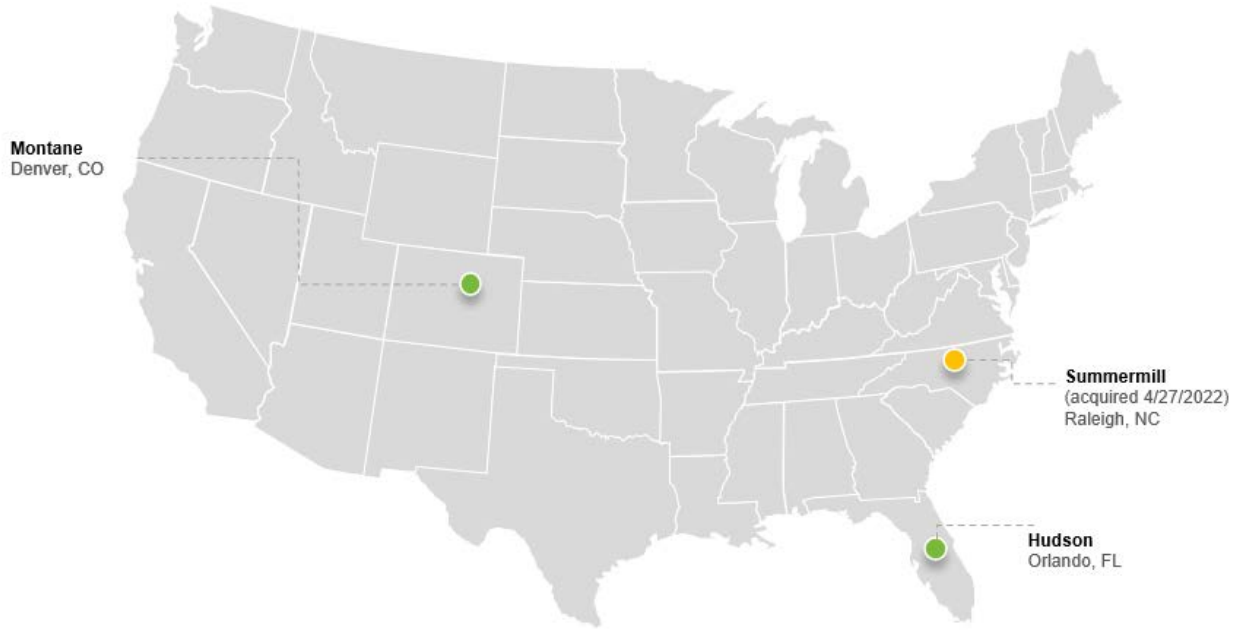
ASSET VALUE ENHANCEMENT THROUGH ACTIVE MANAGEMENT STRATEGY

1. Utilize the Manager's network to source attractive future acquisitions from private equity funds, operators and other real estate asset managers.
2. Increase rental rates through value-add capital improvement programs, including targeted light value-add capital expenditures of $2,500 to $7,500 per rental suite (e.g. kitchens, bathrooms, flooring, etc.) and $500,000 to $750,000 for common area upgrades (e.g. clubhouses and resident amenity spaces), as well as modernization improvements, and the use of yield management software.
3. Implement revenue management software and seek ancillary income opportunities (e.g. ancillary fees on new leases, bulk cable, door-to-door waste pick-up service, smart home technology, pet rent, garage rent, storage rental fees, washers and dryers, implementation of identification and verification programs and package handling solutions for package delivery to tenants).
4. Reduce operating expenses such as staffing, maintenance contracts, advertising, general and administrative expenses and insurance through economies of scale.
5. Utilize reputable best-in-class U.S.-based property managers.

VALUE REALIZATION THROUGH STRATEGIC DISPOSITIONS

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 and capital expenditures resulting in increased rental rates and a pricing premium on the 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.
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 maximizing disposition proceeds.

PORTFOLIO SUMMARY



The Properties are located in suburban areas of the Primary Markets within close proximity to major employment centres and attractive tenant amenities including shopping centres and entertainment centres. Each Property has a mix of studio, one-bedroom, two-bedroom and three-bedroom suites as well as townhomes with the mix of suite types typically varying to align with the local tenant demographics at each Property. Further details on the Properties can be found on the website at www.starlightus.com under the Fund's profile. An overview of the Properties owned as at March 31, 2022 is presented in the table below:

Property	Address	Distance to Downtown (1)	Primary Market	Suites	Vintage	Rentable Area (2)	Avg. Suite Size(2)	Land Area (Acres)	Date Acquired
Hudson	12530 Innovation E Dr, Orlando	26	Orlando	275	2019	287,547	1,046	16.9	3/31/2021
Montane	18301 Cottonwood Dr, Parker	39	Denver	400	2018	368,174	920	22.2	3/31/2021
Total Ownership as at March 31, 2022				**675**	**2019**	**655,721**	**971**	**38.9**	
Summermill	10311 Falls Mill Dr, Raleigh	18	Raleigh	320	2002	350,520	1,095	16.0	4/27/2022
Proforma Portfolio (3)				**995**	**2013**	**1,006,241**	**1,011**	**54.9**	

(1) Represents the approximate distance in kilometers from each Property to the city centre of the applicable Primary Market.

(2) Area is measured in square feet.

(3) Subsequent to March 31, 2022, the Fund acquired Summermill (see "Subsequent Events"). The proforma portfolio includes properties acquired subsequent to March 31, 2022.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operating performance of the Fund as at March 31, 2022 and for Q1-2022, including a comparison to the Fund's financial and operational performance as at December 31, 2021 and for the period from January 8, 2021 (date of formation) to March 31, 2021 ("Q1-2021"). Given the Offering was completed on March 31, 2021, Q1-2021 includes one day of operating activity for the Properties (the "Initial Reporting Period").

HIGHLIGHTS FOR Q1-2022

- During Q1-2022, the Fund recorded a fair value gain on its Properties of $12,648, contributing to the cumulative $62,092 or 32.3% increase over the aggregate purchase price since the Properties were acquired by the Fund on March 31, 2021 (see "Other Income and Expenses"). The fair value gain during Q1-2022 was driven by NOI growth and capitalization rate compression from strong demand in the investment market for multi-family properties across the Primary Markets.
- Subsequent to March 31, 2022 the Fund completed the refinancing of the loan payable secured by Hudson which generated net proceeds of $26,623 reflecting the significant increase in the fair value of Hudson which along with cash on hand in the Fund was used to acquire Summermill, a 320-suite multi-family property located in Raleigh, North Carolina (see "Subsequent Events").
- Revenue from property operations and NOI for Q1-2022 were $3,453 and $2,295 (Q1-2021 - $35 and $22), respectively, representing a $3,418 and $2,273 increase relative to Q1-2021. The significant increases are primarily due to the difference in the Fund's days of operation between Q1-2022 and Q1-2021, with Q1-2021 only having one day of operations given the Offering was completed on March 31, 2021 (Q1-2022 - 90 days) (see "Results of Operations").
- Significant increases in rent growth continued during Q1-2022 with the Fund achieving annualized rent growth of 8.8% and year over year rent growth of 8.1%. These increases were driven by continued growth in demand for multi-family suites due to the economic strength shown in the U.S. and the Primary Markets following the downturn created by COVID-19 (see "Average Monthly Rent and Occupancy").
- The Fund achieved occupancy of 94.5% for Q1-2022, ahead of Q1-2021 and Q4-2021 by 120 and 90 basis points, respectively, positioning the Fund well to take advantage of favorable market conditions as the economic recovery in the U.S. continues.
- As at May 9, 2022, the Fund had collected 98.9% of rents for Q1-2022, with further amounts expected to be collected in future periods, demonstrating the Fund's strong tenant profile.
- Net income for Q1-2022 was $8,820 (Q1-2021 - $9) representing a $8,811 increase relative to Q1-2021, primarily due to the difference in days of operating activity between Q1-2022 and Q1-2021 as well as the fair value gain on investment properties described above.
- AFFO for Q1-2022 was $1,158 or $1,148 ahead of Q1-2021 primarily due to the difference in days of operating activity between Q1-2022 and Q1-2021.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	March 31, 2022	December 31, 2021
Operational Information[1]		
Number of Properties	2	2
Total suites	675	675
Economic occupancy[2]	94.5 %	93.6 %
AMR (in actual dollars)	$ 1,652	$ 1,617
AMR per square foot (in actual dollars)	$ 1.70	$ 1.67
Selected Financial Information		
Gross Book Value	$ 268,084	$ 255,200
Indebtedness	$ 131,063	$ 131,063
Indebtedness to Gross Book Value	48.9 %	51.4 %
Weighted average interest rate - as at period end [3]	2.74 %	2.49 %
Weighted average loan term to maturity	4.65 years	4.86 years
	Q1-2022	**Q1-2021**[6]
Summarized Income Statement		
Revenue from property operations	$ 3,453	$ 35
Property operating costs	(791)	(9)
Property taxes [4]	(367)	(4)
Adjusted Income from Operations / NOI	$ 2,295	$ 22
Fund and trust expenses	(265)	(3)
Finance costs (including non-cash items)[7]	556	(11)
Other income and expenses [8]	6,234	1
Net income and comprehensive income	$ 8,820	$ 9
Other Selected Financial Information		
FFO	$ 1,133	$ 8
FFO per Unit - basic and diluted	$ 0.10	$ —
AFFO	$ 1,158	$ 10
AFFO per Unit - basic and diluted	$ 0.11	$ —
Weighted average interest rate - average during period[5]	2.54 %	2.44 %
Interest coverage ratio	2.47 x	2.08 x
Indebtedness coverage ratio	2.47 x	2.08 x
Distributions to Unitholders	$ 844	$ —
Weighted Average Units Outstanding (000s) - basic/diluted	10,902	10,902

(1) The Fund commenced operations following the acquisition of the Properties on March 31, 2021.

(2) Economic occupancy for Q1-2022 and the three months ended December 31, 2021.

(3) The weighted average interest rate on loans payable is presented as at March 31, 2022 reflecting the prevailing index rate, U.S. 30-day London Interbank Offered Rate ("LIBOR") or U.S. 30-day New York Federal Reserve Secured Overnight Financing Rate ("NY SOFR"), as applicable to each loan, as at that date (see "Loans Payable"). The figures presented do not include the impact of the refinancing of the loan payable at Hudson (see "Subsequent Events").

(4) Property taxes were adjusted to exclude the IFRIC 21 fair value adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI. These amounts have been reported under fair value adjustment IFRIC 21 under the Fund's condensed consolidated interim financial statements for Q1-2022 and Q1-2021.

(5) The weighted average interest rate on loans payable presented reflects the average prevailing index rate, LIBOR or NY SOFR, as applicable to each of the loans payable, throughout each period presented. The figures presented do not include the impact of the refinancing of the loan payable at Hudson (see "Subsequent Events").

(6) Figures represent the actual results of the Initial Reporting Period.

(7) Finance costs include interest expense on loans payable, non-cash amortization of deferred financing costs, as well as fair value changes in derivative financial instruments (see "Other Income and Expenses").

(8) Includes distributions to Unitholders, dividends to preferred shareholders, unrealized foreign exchange gain, realized foreign exchange loss, fair value gain of investment properties, provision for carried interest and deferred income taxes. Refer to "Financial Performance" for detailed income statement information as well as "Other Income and Expenses" section for commentary on variances related to each significant variance included within other income and expense items.

FINANCIAL PERFORMANCE

The table below presents the financial performance of the Fund for Q1-2022 and all other quarterly reporting periods since inception:

	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021[2]
Revenue from property operations	3,453	3,391	3,430	3,248	35
Property operating costs	(791)	(855)	(808)	(792)	(9)
Property taxes [1]	(1,467)	—	—	—	—
Income from property operations	**$ 1,195**	**$ 2,536**	**$ 2,622**	**$ 2,456**	**$ 26**
Finance costs [3]	556	(1,567)	(930)	(1,025)	(11)
Distributions to Unitholders	(844)	(850)	(851)	(869)	—
Distributions to preferred shareholders	(4)	(4)	(4)	—	
Fund and trust expenses	(265)	(305)	(271)	(280)	(3)
Fair value adjustment IFRIC 21 [1]	1,100	(342)	(378)	(378)	(4)
Unrealized foreign exchange gain (loss)	1	(5)	(12)	24	5
Realized foreign exchange (loss) gain	(2)	4	7	(8)	—
Fair value adjustment on investment properties	12,648	11,554	37,890	—	—
Provision for carried interest	(3,102)	(3,301)	(7,910)	—	—
Income taxes:					
Deferred income taxes	(2,463)	(3,692)	(9,813)	(537)	(4)
Net income (loss) and comprehensive income (loss)	**$ 8,820**	**$ 4,028**	**$ 20,350**	**$ (617)**	**$ 9**
NOI / Adjusted Income from Operations [4]	$ 2,295	$ 2,194	$ 2,244	$ 2,078	$ 22
FFO	$ 1,133	$ 348	$ 1,053	$ 881	$ 8
AFFO	$ 1,158	$ 1,017	$ 1,126	$ 953	$ 10
FFO per Unit - basic and diluted [5]	$ 0.10	$ 0.03	$ 0.10	$ 0.08	$ —
AFFO per Unit - basic and diluted [5]	$ 0.11	$ 0.09	$ 0.10	$ 0.09	$ —
Distributions per Unit [5][6]	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ —

(1) For Q1-2021, as a result of the IFRIC 21 treatment of property taxes, the property tax expense line item of the Fund would normally include property taxes for the full fiscal year as an expense during the reporting periods due to the obligating event of ownership requiring annual property taxes to be expensed January 1, 2021. However, since the Properties were acquired subsequent to January 1, 2021, IFRIC 21 requires $nil expense in the property tax expense line item of the Fund for the full fiscal year and the actual property tax expenses are reflected in the fair value adjustment IFRIC 21 line item. For Q1-2022, per IFRIC 21 the property tax expense line item of the Fund includes the full year as an expense during Q1-2022, with the remainder of the 2022 expenses as an offset in fair value adjustment IFRIC 21.

(2) Figures represent the actual results of the Initial Reporting Period.

(3) Finance costs include interest expense on loans payable as well as non-cash amortization of deferred financing costs and fair value changes in derivative financial instruments (see "Other Income and Expenses").

(4) Adjusted Income from Operations is shown to exclude the impact of IFRIC 21 for property taxes by taking the sum of income from property operations and the Fair value adjustment IFRIC 21 amounts.

(5) Distributions per Unit for each period are based on the total distributions per weighted average Unit outstanding during the period.

(6) Since the Fund's inception was on March 31, 2021 with only one operating day in Q1-2021, there were no distributions paid to Unitholders in Q1-2021. As set out in the Fund's final long form prospectus dated March 19, 2021 (the "Prospectus"), the first distribution for the Fund's first full month of operations in April 2021 was paid on May 17, 2021.

RESULTS OF OPERATIONS

The results for Q1-2022 reflect the operations for the three months from January 1, 2022 to March 31, 2022 for the Fund's Properties. In comparison, the results of operations for the Q1-2021 comparative period reflect the one day of operating activity for the Properties on March 31, 2021. As such, the variances reflected in the results of operations between Q1-2022 and Q1-2021 periods are primarily a result of the number of operating days for the Properties during each applicable period (the "Primary Variance Driver").

	Q1-2022	Q1-2021[2]	$ Chg	% Chg
Revenue from property operations	$ 3,453	$ 35	$ 3,418	9,766%
Property operating costs	(791)	(9)	(782)	(8,689)%
Property taxes [1]	(367)	(4)	(363)	(9,075)%
Adjusted Income from Operations / NOI	**$ 2,295**	**$ 22**	**$ 2,273**	**10,332%**
NOI margin	66.5 %	62.9 %		

(1) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

(2) Figures represent the actual results of the Initial Reporting Period.

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations includes the monthly rent charges for the lease of suites, other ancillary income and the reimbursement by the tenants for certain utility expenses incurred. Other ancillary income includes, 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%, with other ancillary income and utility expense reimbursements comprising the remaining approximate 10%.

Revenue from property operations for Q1-2022 was $3,453 (Q1-2021 - $35), representing an increase of $3,418 relative to Q1-2021, primarily due to the Primary Variance Driver as well as an increase of in-place rents with the Fund achieving year over year rent growth of 8.1% and a 130 basis point increase in occupancy relative to Q1-2021 (see "Average Monthly Rent and Occupancy").

The Fund continues to focus on maximizing revenue including maintaining occupancy at targeted levels while increasing AMR for new leases and renewals at each of the Properties.

PROPERTY OPERATING COSTS

The main components of property operating costs are salaries and benefits (approximately 32%), administrative costs including property management fees (approximately 20%), repairs, maintenance and suite turnover expenses (approximately 6%) and all other operating costs (ranging from approximately 0.1% to 5.4%). The Properties typically only incur utility costs in respect of the common areas of each Property, resulting in utility costs only representing approximately 2.7% of property operating costs. Given each component of property operating costs is not individually material, such amounts have not been separately disclosed.

Property operating costs for Q1-2022 were $791 (Q1-2021 - $9), representing an increase of $782 relative to Q1-2021, driven primarily by the Primary Variance Driver. The Fund continues to prioritize managing operating costs through active asset management.

PROPERTY TAXES

Property taxes for Q1-2022 were $367 (Q1-2021 - $4), representing an increase of $363 relative to Q1-2021, due to the Primary Variance Driver.

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. Property taxes in the condensed consolidated interim financial statements for Q1-2022 have been presented under IFRS and IFRIC 21.

NOI AND NOI MARGIN

NOI for Q1-2022 was $2,295 (Q1-2021 - $22), representing an increase of $2,273 relative to Q1-2021, primarily driven by the Primary Variance Driver.

During Q1-2022, the NOI margin was 66.5% (Q1-2021 - 62.9%), representing an increase of 360 basis points relative to Q1-2021, primarily due to increases in revenue at the Properties driven by strong occupancy and rent growth relative to Q1-2021.

AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as well as economic occupancy for the Properties:

		AMR[1]			Economic Occupancy[1]		
Properties	**Suites**	**Q1-2022**	**Q1-2021[2]**	**% Chg**	**Q1-2022**	**Q1-2021[2]**	**% Chg**
Hudson	275	$ 1,608	$ 1,476	8.9 %	95.8 %	91.5 %	4.7 %
Montane	400	$ 1,682	$ 1,564	7.5 %	93.6 %	94.5 %	(1.0)%
Total Portfolio	**675**	**$ 1,652**	**$ 1,528**	**8.1 %**	**94.5 %**	**93.3 %**	**1.2 %**

(1) Figures represent results as at the reporting period end for AMR and during the reporting period for economic occupancy.

(2) Figures represent the actual results of the Initial Reporting Period.

Total portfolio AMR for Q1-2022 was $1,652, or 8.1% higher than Q1-2021 due to the Fund achieving significant rent increases on both new and renewing tenant leases since Q1-2021. These increases were driven by overall demand for multi-family suites as well as the continued economic recovery after the initial downturn created by COVID-19 in the U.S. and the Primary Markets in which the Fund operates.

The Fund's economic occupancy for Q1-2022 was 94.5% (Q1-2021 - 93.3%), representing an increase of 120 basis points relative to Q1-2021, driven by a 470 basis point increase at Hudson. Occupancy at Montane increased relative to Q4-2021 as the Property builds occupancy going into the spring months despite having slightly lower occupancy relative to Q1-2021. Economic occupancy typically follows a seasonal pattern with higher occupancy starting in the spring months and continuing into the summer when leasing demand for multi-family suites typically reaches its peak. The Fund's key focus is to maintain occupancy at targeted levels and maximize rent growth at the Properties prior to the slower leasing season in the fall and winter months.

QUARTERLY AMR AND OCCUPANCY

The table below outlines the Fund's quarterly AMR and economic occupancy results for Q1-2022 and the previous four quarters:

		Q1-2022		Q4-2021		Q3-2021		Q2-2021		Q1-2021	
Properties	**Suites**	**AMR**	**Econ. Occ %**	**AMR**	**Econ. Occ %**	**AMR**	**Econ. Occ %**	**AMR**	**Econ. Occ %**	**AMR**	**Econ. Occ %**
Hudson	275	$ 1,608	95.8 %	$ 1,581	94.1 %	$ 1,547	96.9 %	$ 1,488	92.9 %	$1,476	91.5 %
Montane	400	$ 1,682	93.6 %	$ 1,642	93.3 %	$ 1,617	94.9 %	$ 1,578	96.2 %	$1,564	94.5 %
Total Portfolio	**675**	**$ 1,652**	**94.5 %**	**$ 1,617**	**93.6 %**	**$ 1,588**	**95.7 %**	**$ 1,541**	**94.9 %**	**$1,528**	**93.3 %**

(1) Figures represent results as at the reporting period end for AMR and during the reporting period for economic occupancy.

Total portfolio AMR increased to $1,652 during Q1-2022 representing 8.8% annualized rent growth with the Properties reporting strong growth during Q1-2022. The Fund's economic occupancy for Q1-2022 was 94.5%, which increased relative to Q4-2021 driven by increases at both Properties. The Fund continues to focus on maximizing revenue at the Properties through continued rent growth and optimal occupancy levels.

LIGHT VALUE-ADD INITIATIVES: UPDATE FOR Q1-2022

Common Area and Suite Capital Expenditures

The Fund plans to complete certain minor common area and suite capital projects at the Properties, which typically include preventative and deferred maintenance projects to maintain or enhance the productive capacity of the Properties as well as common area upgrades to enhance the tenant experience and offered amenities at each Property. The Fund's light value-add initiatives are expected to result in improvements to common areas, amenities and building exteriors. Despite the Properties being recently constructed and newer vintage, the Fund's capital projects may include targeted rental suite upgrades or enhancements to generate rent premiums. The capital expenditure projects completed during Q1-2022 are presented in the table below:

Property	Completed during Q1-2022
Hudson	• Upgraded sprinkler systems
Montane	• Upgraded dog wash stations • Installed safety signage • Replaced pool pumps • HVAC upgrades • Upgraded landscaping infrastructure and plumbing systems

The Fund has capital expenditures required to be incurred in future periods in order to maintain the productive capacity of the Properties to sustain its rental income generating potential over its useful life with such amounts estimated to be $300 per 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 their knowledge and experience with real estate. The Fund has financing sources to fulfill its commitments including cash flow from its operating activities and loan payables secured by investment properties.

OTHER INCOME AND EXPENSES

FINANCE COSTS

The Fund's finance costs for Q1-2022 and Q1-2021 are summarized below:

	Q1-2022	Q1-2021[1]	$ Chg	% Chg
Interest expense on loans payable	$ 820	$ 9	$ 811	9,011%
Amortization of financing costs	75	2	73	3,650%
Fair value gain on derivative instruments	(1,451)	—	(1,451)	(100)%
Total finance costs	**$ (556)**	**$ 11**	**$ (567)**	**(5,155)%**
Weighted average interest rate - average during period	2.54 %	2.44 %	—	4.1%
Indebtedness - average outstanding during period	$ 131,063	$ 127,434	$ 3,629	2.8%

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

Interest expense on loans payable

Interest expense on loans payable for Q1-2022 was $820 (Q1-2021 - $9), representing an increase of $811 relative to Q1-2021, primarily due to the Primary Variance Driver, as well as a higher weighted average interest rate and higher average indebtedness during Q1-2022 compared to Q1-2021 related to the refinancing of the loan payable at Montane and increases in LIBOR and NY SOFR from Q1-2021 to Q1-2022.

The Fund's weighted average interest rate during Q1-2022 was 2.54% (Q1-2021 - 2.44%), representing an increase of 10 basis points primarily due to an increase in the LIBOR and NY SOFR index rate since Q1-2021. The Fund also utilizes interest rate caps to limit the potential impact on the Fund's financial performance from any increases in these rates (see "Fair value gain on derivative instruments"). The Fund also continues to actively monitor the interest rate environment and any associated impact this may have on the Fund's financial performance.

Amortization of financing costs

Amortization of financing costs for Q1-2022 was $75 (Q1-2021 - $2), representing an increase of $73 relative to Q1-2021 due to the Primary Variance Driver.

Fair value gain on derivative instruments

The Fund purchased interest rate caps in respect of the loan payable secured on Montane in 2021, and purchased an additional interest rate cap as part of the loan payable entered into for the acquisition of Summermill (see "Subsequent Events"). The Fund utilizes interest rate cap agreements to protect its interest costs on its variable rate loans as required by applicable lenders. The interest rate caps typically carry a notional amount equal to the amount of the loan outstanding at inception and a maturity date which generally coincides with the term of the loan. For a detailed summary of the interest rate caps in place, please refer to the Fund's condensed consolidated interim financial statements for the three months ended March 31, 2022 and for the period from January 8, 2021 to March 31, 2021 that is available at www.sedar.com

On December 16, 2021, the Fund entered into a variable rate collar contract to establish a guaranteed monthly exchange rate between C$1.2575 and C$1.3200 for the conversion of U.S. dollar funds to Canadian dollar funds amounting to C$312 per month from February 10, 2022 to July 12, 2022 and C$156 per month from August 10, 2022 to November 14, 2022. Under the terms of the contract, the first monthly settlement occurred on February 10, 2022, with each successive month settling on or about the tenth day of each month until November 14, 2022. The monthly exchange rate is determined based on the Canadian to U.S. dollar spot exchange rate on the date of settlement but provides for a minimum exchange rate of C$1.2575 and a maximum exchange rate of C$1.3200.

The contracts were entered into to protect against the potential impact of any weakening of the U.S. dollar on the amounts required to pay the Fund's monthly Canadian dollar distributions and ensure a more favorable exchange rate for conversion of these funds when compared to the rate used to convert the proceeds from the Offering into U.S. dollars of C$1.2517.

Part of the fair value adjustment on derivative instruments relates to the non-cash fair value change in the Fund's variable rate collar as a result of the change in the underlying foreign currency exchange rate since the date the Fund entered into the contract. The fair value of the variable rate collar contract reflects the impact of the prevailing Canadian dollar to U.S. dollar exchange rate on the underlying contract through a non-cash mark to market adjustment at each reporting date. The actual gain or loss recognized, if any, is determined at the time each monthly settlement under the contract occurs. The fair value adjustment on derivative instruments also relates to the Fund utilizing interest rate cap agreements to provide some level of protection against rising interest rates on its variable rate loans as required by the

applicable lenders. For certain loans payable, the Fund is required to purchase an interest rate cap if LIBOR index rates increase above certain levels, to the extent that existing interest rate caps are not in place, in accordance with terms in the loan agreements.

For Q1-2022, the Fund recorded an unrealized gain on derivative instruments of $1,451, related to an unrealized gain of $1,438 for the change in fair value of the interest rate cap during Q1-2022, and an unrealized gain of $13 for the change in fair value of the variable rate contract. The significant increase in the unrealized gain on the interest rate cap during Q1-2022 is a result of interest rate index increases and expected further increases over the term of the cap.

DISTRIBUTIONS TO UNITHOLDERS

The Fund declared its first distribution on April 30, 2021 following the Fund's first full month of operations in April 2021. The distribution amount is targeted to be 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. During Q1-2022, the Fund declared distributions as follows:

Class A (C$)	Class C(C$)	Class D (C$)	Class E	Class F (C$)	Class G	Class U
$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10

For Q1-2022, the Fund declared distributions totaling $844 (Q1-2021 - $nil). Given the Fund's inception on March 31, 2021 and only one operating day in Q1-2021, no distributions were paid to Unitholders in Q1-2021. As set out in the Prospectus, the first distribution for the Fund's first full month of operations in April 2021 was paid on May 17, 2021.

DISTRIBUTIONS TO PREFERRED SHAREHOLDERS - U.S REIT SERIES A

Starlight U.S Multi-Family (No. 2) Core Plus REIT Inc. ("U.S. REIT") has a total of 125 series A, preferred shares issued and outstanding that are held by U.S. residents. The preferred shares were issued on July 2, 2021 and are redeemable at the option of the U.S. REIT, at a redemption value of $1 per share. The shares pay a cumulative dividend at 12% per annum, semi-annually on June 30 and December 31, have no voting rights and the U.S. REIT incurs a penalty if redeemed before December 31, 2023. For Q1-2022, the Fund paid dividends of $4 (Q1-2021 - $nil).

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 Q1-2022 were $265 (Q1-2021 - $3), representing an increase of $262 compared to Q1-2021 due to the Primary Variance Driver.

INVESTMENT PROPERTIES

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.

Change in investment properties for the period ended January 8, 2021 to December 31, 2021 and Q1-2022:		
Balance, January 8, 2021	$	—
Acquisition of investment properties		204,952
Capital additions		804
Fair value adjustment		49,444
Balance, December 31, 2021	$	255,200
Capital additions		236
Fair value adjustment		12,648
Balance, March 31, 2022	**$**	**268,084**

Reconciliation of cost base of investment properties to their fair value:		March 31, 2022		December 31, 2021
Cost	$	205,992	$	205,756
Cumulative fair value adjustment		62,092		49,444
Balance	**$**	**268,084**	**$**	**255,200**

Key assumptions for investment properties held by the Fund:		March 31, 2022		December 31, 2021
Capitalization rate - weighted average		3.41%		3.58%
Weighted average capitalization rate - 10 basis point increase[1]	$	(7,639)	$	(6,928)
Weighted average capitalization rate - 10 basis point decrease[1]	$	8,101	$	7,326

(1) The impact of change in weighted average capitalization rate to the fair value of the Fund's investment properties.

During Q1-2022, the Fund recorded a fair value gain on its Properties of $12,648 (Q1-2021 - $nil). The fair value gain was primarily a result of NOI growth and continued capitalization rate compression from strong demand in the investment market for multi-family properties across the Primary Markets.

The impact of a 1% change in NOI used to value the investment properties as at March 31, 2022 would affect the fair value by approximately $3,199.

PROVISION FOR CARRIED INTEREST

As at March 31, 2022, the Fund recognized a provision for carried interest after taking into account the minimum return to Unitholders of $14,313, resulting in an expense of $3,102 during Q1-2022 (Q1-2021 - $nil) (see "Related Party Transactions and Arrangements").

INCOME TAXES - DEFERRED

For Q1-2022, the Fund recorded deferred income tax expense of $2,463 (Q1-2021 - $4), representing an increase of $2,459 relative to Q1-2021 primarily as as result of the Primary Variance Driver. The deferred income tax expense relates to differences between the fair value of the investment properties and their tax basis as of March 31, 2022 for both U.S federal and state tax purposes, as applicable.

DISTRIBUTIONS TO UNITHOLDERS RELATIVE TO NET INCOME AND COMPREHENSIVE INCOME

		Q1-2022		Q1-2021[2]
Net income and comprehensive income	$	8,820	$	9
(Deduct) / Add: non-cash or one-time items including distributions[1]		(7,616)		1
Adjusted Net Income and Comprehensive Income	$	1,204	$	10
Distributions[3]	$	844	$	—
Excess of net income and comprehensive income over distributions	**$**	**360**	**$**	**10**

(1) Comprised of unrealized foreign exchange gain, deferred income taxes, amortization of financing costs, fair value adjustment on derivative instruments, fair value adjustment on investment properties, and provision for carried interest.

(2) Figures represent the actual results of the Initial Reporting Period.

(3) Since the Fund's inception was on March 31, 2021 with only one operating day in Q1-2021, there were no distributions paid to Unitholders in Q1-2021. As set out in the Prospectus, the first distribution for the Fund's first full month of operations in April 2021 was paid on May 17, 2021.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been presented below for Q1-2022 with a comparison to Q1-2021.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of net income and comprehensive income, determined in accordance with IFRS to FFO and AFFO is presented below for Q1-2022 and Q1-2021:

	Q1-2022	Q1-2021[1]
Net income and comprehensive income to Unitholders	$ 8,820	$ 9
Add / (Deduct):		
Distributions to Unitholders	844	—
Dividends to preferred shareholders	4	—
Deferred taxes	2,463	4
Unrealized foreign exchange (gain)	(1)	(5)
Fair value gain on derivative financial instruments	(1,451)	—
Fair value gain on investment properties	(12,648)	—
Provision for carried interest	3,102	—
FFO	**$ 1,133**	**$ 8**
Add / (Deduct):		
Amortization of financing costs	75	2
Sustaining capital expenditures and suite renovation reserves	(50)	—
AFFO	**$ 1,158**	**$ 10**
FFO per Unit - basic and diluted	$ 0.10	$ —
FFO payout ratio	74.5 %	— %
AFFO per Unit - basic and diluted	$ 0.11	$ —
AFFO payout ratio	72.9 %	— %
Distributions declared[2][3]	$ 844	$ —
Weighted Average Units Outstanding: basic and diluted - (000s)	10,902	10,902

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

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

(3) Since the Fund's inception was on March 31, 2021 with only one operating day in Q1-2021, there were no distributions paid to Unitholders in Q1-2021. As set out in the Prospectus, the first distribution for the Fund's first full month of operations in April 2021 was paid on May 17, 2021.

Funds from operations

Basic and diluted FFO and FFO per Unit for Q1-2022 were $1,133 and $0.10, respectively (Q1-2021 - $8 and $nil), representing an increase in FFO of $1,125, primarily due to the Primary Variance Driver.

The Fund's FFO payout ratio for Q1-2022 was 74.5% (Q1-2021 - nil) with the increase due to the reasons noted above in basic and diluted FFO and FFO per Unit for Q1-2022.

Adjusted funds from operations

Basic and diluted AFFO and AFFO per Unit for Q1-2022 were $1,158 and $0.11, respectively (Q1-2021 - $10 and $nil), representing an increase in AFFO of $1,148, primarily due to the reasons noted above in FFO.

The Fund's AFFO payout ratio for Q1-2022 was 72.9% (Q1-2021 - nil) with the increase due to the reasons noted above in basic and diluted AFFO and AFFO per Unit for Q1-2022.

Sustaining capital expenditures

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite renovations of $50 for Q1-2022. This reserve is used in the calculation of AFFO as it removes fluctuations in AFFO resulting from seasonality in actual sustaining 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 Q1-2022 were $58.

Cash used in operating activities reconciliation to FFO and AFFO

Reconciliation of cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q1-2022 and Q1-2021 are provided below:

	Q1-2022	Q1-2021
Cash provided by (used in) operating activities	$ 267	$ (325)
Less: interest costs	(820)	(9)
Cash used in operating activities - including interest costs	**$ (553)**	**$ (334)**
Add / (Deduct):		
Change in non-cash operating working capital	1,616	11
Change in restricted cash	145	333
Amortization of financing costs	(75)	(2)
FFO	**$ 1,133**	**$ 8**
Add / (Deduct):		
Amortization of financing costs	75	2
Sustaining capital expenditures and suite renovation reserves	(50)	—
AFFO	**$ 1,158**	**$ 10**

Distributions to Unitholders relative to cash provided by operating activities

The Fund's cash used in operating activities, including interest costs, for Q1-2022 was $553 (Q1-2021 - $334 used in operating activities), which was less than distributions paid to Unitholders by $1,397 (Q1-2021 - less than distributions paid by $334). The Fund covers any shortfall in cash from operating activities including interest costs relative to distributions paid through cash on hand.

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 loans secured by the Properties including availability of future funding for value-enhancing initiatives. As at March 31, 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 U.S. multi-family property class (see "COVID-19" and "Future Outlook").

As at March 31, 2022, the Fund had cash on hand of $4,813 (see "Liquidity and Capital Resources"). Subsequent to March 31, 2022, the Fund refinanced the Hudson loan payable for net proceeds of approximately $26,623, which along with cash on hand was used to acquire an additional multi-family property (see "Subsequent Events").

Subsequent to March 31, 2022, the Fund entered into an agreement for an unsecured loan for working capital purposes (see "Subsequent Events").

The Fund was formed as a "closed-end" limited partnership with an initial term of three years, a targeted yield of 4.0% and a targeted minimum 11% pre-tax investor internal rate of return across all classes of Units of the Fund.

CASH FLOW

Cash flow provided by operating activities represents 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 its investment properties, the rental rates on its leases, the collectability of rent from its tenants, 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 Q1-2022 and Q1-2021:

	Q1-2022	Q1-2021
Cash provided by (used in) operating activities	$ 267	$ (325)
Cash (used in) provided by financing activities	(1,664)	207,599
Cash used in investing activities	(236)	(204,635)
(Decrease) Increase in cash	**(1,633)**	**2,639**
Cash, beginning of period	6,445	—
Exchange rate differences	1	5
Cash, end of period	**$ 4,813**	**$ 2,644**

Cash provided by operating activities during Q1-2022 was $267, which consisted primarily of the operating income generated by the Properties, partially offset by cash used to fund restricted cash deposits, which are held in escrow to be used to fund property taxes and insurance costs at the Properties in future periods, and by cash used for changes in non-cash working capital.

Cash used in operating activities during Q1-2021 was $325, which consisted primarily of the increase in restricted cash deposits which were held in escrow to be used to fund property taxes and insurance costs at the Properties in 2021.

Cash used in financing activities for Q1-2022 was $1,664, which consisted primarily of distributions paid to Unitholders of $844 and finance costs paid of $816.

Cash provided by financing activities for Q1-2021 was $207,599, which consisted of net proceeds from the Offering of $81,299 as well as proceeds from new and assumed financing of $127,434, partially offset by finance costs paid of $1,134.

Cash used in investing activities for Q1-2022 was $236, which related to capital additions to the Properties.

Cash used in investing activities for Q1-2021 was $204,635, which related to the acquisition of the Properties.

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 March 31, 2022 is summarized below:

	As at March 31, 2022
Loans payable	$ 131,063
Net liabilities attributable to Unitholders	113,889
Total capital	**$ 244,952**

	As at March 31, 2022
Indebtedness to Gross Book Value	48.9 %
Weighted average term to maturity – loans	4.65 years

	Q1-2022	Q1-2021
Weighted average interest rate - average during the reporting period	2.54 %	2.44 %
Interest Coverage Ratio	2.47x	2.08x
Indebtedness Coverage Ratio	2.47x	2.08x

As at March 31, 2022, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value, was 48.9% and the weighted average term to maturity was 4.65 years. The maximum allowable ratio under the Fund's amended and restated limited partnership agreement is 75%.

For Q1-2022, the Interest Coverage Ratio and the Indebtedness Coverage Ratio were both 2.47x (Q1-2021 - both 2.08x), as there were no principal payments paid or required to be paid until November 2024. The Interest Coverage and Indebtedness Coverage Ratio remain strong, reflecting the solid property performance for the Properties. The Fund continues to actively monitor the interest rate environment and any associated impact this may have on the Fund's financial performance and interest and indebtedness coverage ratios.

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 March 31, 2022:

	Scheduled principal payments	Debt maturing during the year	Total loans payable	Percentage of total loans payable	Weighted average interest rate of maturing loans	Scheduled interest payments[1]
2022	$ —	$ 39,063	$ 39,063	29.8 %	2.8 %	$ 1,948
2023	—	—	—	— %	— %	2,502
2024	332	—	332	0.3 %	— %	2,498
2025	2,021	—	2,021	1.5 %	— %	2,466
2026	2,077	—	2,077	1.6 %	— %	2,410
Thereafter	3,957	83,613	87,570	66.8 %	2.72 %	4,274
	$ 8,387	**$ 122,676**	**$ 131,063**	**100.0 %**	**2.74 %**	**$ 16,098**
Unamortized financing costs			(571)			
Total carrying value			**$ 130,492**			

(1) Scheduled interest payments and interest rates are based on the applicable one-month U.S. dollar LIBOR or NY SOFR rate as at March 31, 2022.

(2) The interest rate on the Hudson loan payable is subject to a LIBOR floor of 0.15%.

FINANCING ACTIVITIES

Certain financing activities were completed subsequent to March 31, 2022 (see "Subsequent Events"). The Fund also continues to actively monitor the interest rate environment and any associated impact this may have on the Fund's financial performance.

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 investment 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 directors 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 income and comprehensive income of the Fund is divided into seven classes of Units: class A Units; class C Units; class D Units; class E Units; class F Units; class G Units; and class U Units. Below is a summary by class of the net liabilities attributable to Unitholders for the period from January 8, 2021 (date of formation) to March 31, 2022:

	Class A	Class C	Class D	Class E	Class F	Class G	Class U	Total
Net liabilities attributable to Unitholders, January 8, 2021	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Units issued in connection with Offering, net of issuance costs, March 31, 2021	21,360	19,145	15,636	2,282	15,084	4,999	2,793	81,299
Re-allocation due to Unit conversions	1,475	—	(308)	(461)	(1,167)	(47)	508	—
Net income and comprehensive income	6,673	5,607	4,479	532	4,067	1,447	965	23,770
Net liabilities attributable to Unitholders, December 31, 2021	**$ 29,508**	**$ 24,752**	**$ 19,807**	**$ 2,353**	**$ 17,984**	**$ 6,399**	**$ 4,266**	**$105,069**
Re-allocation due to Unit conversions	452	—	(378)	—	(74)	—	—	—
Net income and comprehensive income	2,525	2,081	1,621	197	1,501	537	358	8,820
Net liabilities attributable to Unitholders, March 31, 2022	**$ 32,485**	**$ 26,833**	**$ 21,050**	**$ 2,550**	**$ 19,411**	**$ 6,936**	**$ 4,624**	**$113,889**

The following table summarizes the changes in Units outstanding for Q1-2022:

(in thousands of Units)	Class A	Class C	Class D	Class E	Class F	Class G	Class U	Total
Outstanding, as at January 1, 2022	3,061	2,436	2,055	189	1,808	530	353	10,432
Unit conversions	61	—	(51)	—	(10)	—	—	—
Outstanding, as at March 31, 2022	**3,122**	**2,436**	**2,004**	**189**	**1,798**	**530**	**353**	**10,432**

Classes A, C, D and F are Canadian dollar Units and classes E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on the Conversion Ratios. The weighted average class A equivalent Units outstanding during Q1-2022 was 10,901,924 (assumes all outstanding Units are converted to class A equivalent Units based on the Conversion Ratios).

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH THE MANAGER

The Fund engaged an affiliate of 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, a director and Chief Executive Officer of Starlight GP, as well as a Unitholder. 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 dated March 31, 2021 (the "Management Agreement"), the Manager is to perform asset management services for annual fees equal to 0.35% of the sum of: (i) the historical purchase price of the Properties acquired; and (ii) the cost of any capital expenditures in respect of the Properties since the date of acquisition by the Fund.

For Q1-2022, the Fund incurred asset management fees of $178 (Q1-2021 - $2), which were charged to fund and trust expenses. The increase of asset management fees in Q1-2022 relative to Q1-2021 was due to the Primary Variance Driver. The amount payable to the Manager as at March 31, 2022 was $59.

(b) **Acquisition fees**: Pursuant to the Management Agreement, the Manager is entitled to receive an acquisition fee equal to 1% of the purchase 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.

For Q1-2022, the Fund did not incur acquisition fees (Q1-2021 - $2,027) under the Management Agreement. There are no ongoing contractual commitments with the related party as a result of the acquisitions of the Properties. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition. 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 as assigned, in the event that the Manager is required by the lenders of the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its wholly owned subsidiaries to indirectly acquire an interest in the Properties, the Fund and the U.S. REIT will, in consideration for providing such guarantee, in aggregate, pay the Manager 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. As of March 31, 2022, no guarantee fees have been paid or are payable.

Other related party transactions

Aggregate compensation to key management personnel was $nil for Q1-2022 (Q1-2021 - $nil), as compensation of these individuals is paid by the Manager pursuant to the Management Agreement.

CARRIED INTEREST

The partners of Starlight Investments (No. 2) Core Plus Partnership ("SICPP") currently being an affiliate of the Manager and the President of Starlight GP, through SICPP's indirect interest in the Starlight U.S. Multi-Family (No. 2) Core Plus Holding L.P. ("Holding LP"), a 99.99% owned subsidiary of the Fund, are entitled to 25% of the total of all amounts each of which is the amount, if any, by which (i) the aggregate amount of distributions which would have been paid on all Units of the Fund of a particular class if all Distributable Cash (as defined in the Prospectus) of Holding LP were received by the Fund (through Starlight U.S. Multi-Family (No. 2) Core Plus Investment LP ("Investment LP")), a 100% owned subsidiary of the Fund and Starlight U.S. Multi-Family (No. 2) Core Plus Investment GP, Inc., a 100% owned subsidiary of the Fund, together with all other amounts distributable by the Fund, and distributed by the Fund (net of any amounts required to provide for expenses and determined without reference to any applicable U.S. taxes

payable by or on behalf of the Investment LP) to Unitholders in accordance with the Fund's amended and restated limited partnership agreement, exceeds (ii) the aggregate Minimum Return (as defined in the Prospectus) in respect of such class of Units (the calculation of which includes the amount of the Investors Capital Return Base (as defined in the Prospectus)), each such excess, if any, to be calculated in U.S. dollars and, in the case of class A Units, class C Units, class D Units and class F Units based on the applicable exchange rate on the date of distribution for actual distributions paid by the Fund and otherwise on the date of the applicable distribution from Holding LP to Investment LP and by Investment LP to, directly or indirectly, the Fund, 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 exceed the Minimum Return for such class, the partners of SICPP, through SICPP's indirect interest in Holding LP, are entitled to 50% of each such excess amount (i.e., a catch-up) until the excess, if any, which would have been distributed in respect of such class in excess of the Investors Capital Return Base (as defined in the Prospectus) is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the Manager in respect of such class.

As at March 31, 2022, the Fund recognized a provision for carried interest after taking into account the minimum return to Unitholders of $14,313, resulting in an expense of $3,102 during Q1-2022 (Q1-2021 - $nil).

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is provided in Note 3 to the audited consolidated financial statements of the Fund for period from January 8, 2021 to December 31, 2021. 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 affects 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 processes 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 is 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 tenant leases are accounted for under IFRS as either operating or finance leases. The Fund has determined that all of its leases are operating leases.

Income Taxes: The Fund applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes relate to temporary differences arising from its subsidiaries and are measured based on tax rates that are expected to be applied in the year when the asset is realized, or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values. The Fund's estimate of deferred taxes is based on the assumption that the Fund's liquidating event occurs either through a direct sale of the Properties or through a disposition of its ownership interests in its U.S. subsidiaries.

Should the Fund's liquidating event occur through a sale of the Units, the estimated deferred taxes would not be incurred by the Fund.

Consolidation: The Fund has determined that it controls all of its subsidiaries, including the significant subsidiaries (as defined in the consolidated financial statements for the three months ended March 31, 2022 and 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 SICPP 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 Unitholders 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 March 31, 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 period from January 8, 2021 (date of formation) to December 31, 2021 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 March 8, 2022, the date of the Fund's MD&A for the period from January 8, 2021 (date of formation) to December 31, 2021. 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 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 March 31, 2022.

SUBSEQUENT EVENTS

(a) Hudson refinancing:

On April 20, 2022, the Fund entered into a new loan payable secured by Hudson for $67,000, bearing interest at the one-month term Secured Overnight Financing Rate ("Term SOFR") + 2.70%, subject to a Term SOFR floor of 0.10%, which requires interest-only payments until maturity in April 2025 ("Hudson Refinancing"). The refinancing of the Hudson loan payable generated net proceeds of approximately $26,623 after costs incurred and the repayment of the previously outstanding loan payable, which was used to fund a portion of the acquisition of Summermill.

(b) Unsecured loan:

On April 25, 2022, the Fund entered into an unsecured loan amounting to $5,000, bearing interest-only payments at 9% per annum and has a one-year term plus a six-month extension option. The proceeds from the unsecured loan are expected to be used for working capital purposes.

(c) Acquisition of Summermill property:

On April 27, 2022, the Fund acquired Summermill, a 320-suite multi-family property located in Raleigh, North Carolina for $106,000. The acquisition was financed using cash on hand in the Fund (including cash from the Hudson Refinancing), deposits made to date (including those deposits included in prepaid expenses and other assets as at March 31, 2022) as well as a first mortgage loan payable of $76,500, with an additional $6,395 available to draw on to fund future capital expenditures at the property. The first mortgage loan payable carries a three-year term and requires interest-only payments until maturity at Term SOFR + 2.95%, subject to a Term SOFR floor of 0.10%. In connection with the Summermill loan payable, the Fund also entered into an interest rate cap agreement which effectively provides a maximum interest rate of 5.95% for the first 18 months of the loan's term.

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

Dated: May 10, 2022

Toronto, Ontario, Canada

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