

Consolidated Financial Statements  
(In thousands of Canadian dollars)

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

For the years ended December 31, 2025 and 2024  
(Audited)

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## Independent Auditor's Report

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To Unitholders of Starlight Western Canada Multi-Family (No.2) Fund

### Opinion

We have audited the consolidated financial statements of Starlight Western Canada Multi-Family (No.2) Fund and its subsidiaries (the "Fund"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net (loss) income and comprehensive (loss) income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Fund as at December 31, 2025, and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Fair Value of Investment Properties

#### *Description of the key audit matter*

As at December 31, 2025, the carrying value of the Fund investment properties of \$639 million accounted for 97% of the Fund's total assets.

The valuation of investment properties was a key audit matter due to the significant judgement in the key inputs used in valuation techniques and the sensitivity of assumptions. These key inputs include capitalisation rates are dependent on the class of each investment property and the prevailing market conditions.

Refer to Note 6 - Investment Properties

#### *How the key audit matter was addressed in the audit*

Our audit procedures included, but not limited to, the following:

- Assessed the competence, capabilities and objectivity of the Fund's external appraiser involved in the valuation process;

- Evaluated the reasonableness of significant underlying assumptions used to determine the fair value of the investment properties related to net operating incomes by considering managements budget and strategy and the current and past performance of the Fund;
- Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of the valuation methodologies as well as the reasonableness of the significant underlying assumptions for capitalization rates by comparing to market information; and
- Evaluated the adequacy of the disclosures included in the consolidated financial statements relating to the fair value of investment properties.

#### Acquisition of Starlight Western Canada Multi Family Limited Partnership

##### *Description of the key audit matter*

As outlined in Notes 1, 3(b)(ii) and 5, on December 17, 2025, the Fund closed the transaction to acquire a 61% interest in Starlight Western Canada Multi Family Limited Partnership. ("SW1").

Management determined that, under IFRS, the 61% interest in the SW1 is recognized as a subsidiary. Accordingly, the Company recognizes its share of the assets, liabilities, revenues and expenses of the subsidiary in the consolidated financial statements. Management applied significant judgement in estimating the fair value of the assets acquired for investment properties.

The transaction was determined to be a key audit matter requiring special audit consideration due to the significant judgement and estimation applied by management in the assessment of control of the entity under IFRS and in estimating the fair values of assets acquired for investment properties. This, in turn, led to a high degree of auditor judgement, subjectivity, and effort in performing audit procedures and evaluating audit evidence related to the significant judgements and assumptions used by management. The audit effort related to the valuation of the investment properties involved the use of professionals with specialized skill and knowledge in the field of valuation.

##### *How the key audit matter was addressed in the audit*

Our audit procedures included, but not limited to, the following:

- Read the limited partnership agreement;
- Evaluate the terms related to control, rights and obligations under the limited partnership agreement including assessing the governance structure and decision-making processes of the parties to determine the appropriate classification of the arrangement under IFRS 10; and
- Utilize our valuation specialists to assist in evaluating the appropriateness of management's valuation methodologies and assessing the reasonableness of the assumptions to fair value the investment properties.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis for the year ended December 31, 2025.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the Management's Discussion and Analysis for the year ended December 31, 2025 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer Agro.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 6, 2026

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

Consolidated Statement of Financial Position

As at December 31, 2025 and 2024

(In thousands of Canadian dollars)

	Notes	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
Non-current asset:			
Investment properties	6	\$ 639,400	\$ 414,480
Total non-current asset		639,400	414,480
Current assets:			
Resident and other receivables	7	142	78
Prepaid expenses and deposits	8	1,069	632
Restricted cash	9	2,167	1,282
Cash		16,549	3,916
Total current assets		19,927	5,908
<b>TOTAL ASSETS</b>		<b>\$ 659,327</b>	<b>\$ 420,388</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
Non-current liabilities:			
Loans payable	10	\$ 372,182	\$ 260,553
Provision for carried interest	11(b)	—	959
Total non-current liabilities excluding net liabilities attributable to Unitholders and non-controlling interests		372,182	261,512
Current liabilities:			
Loans payable	10	33,688	2,762
Resident rental deposits and prepayments		2,426	1,608
Distributions payable	11(a) & 13	541	378
Finance costs payable		984	733
Accounts payable and accrued liabilities	12	3,216	1,575
Total current liabilities excluding net liabilities attributable to Unitholders and non-controlling interests		40,855	7,056
<b>TOTAL LIABILITIES</b>		<b>413,037</b>	<b>268,568</b>
Net liabilities attributable to Unitholders	11(a)	<b>150,592</b>	<b>151,820</b>
Non-controlling interests	13	<b>95,698</b>	—
<b>TOTAL LIABILITIES AND NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTERESTS</b>		<b>\$ 659,327</b>	<b>\$ 420,388</b>

Commitments and contingencies (note 19)

Subsequent events (note 25)

See accompanying notes to the consolidated financial statements.

Approved by the Board of Trustees of Starlight Western Canada Multi-Family (No. 2) Fund on March 6, 2026, and signed on its behalf:

Denim Smith Trustee

Lawrence D. Wilder Trustee

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

Consolidated Statement of (Loss) Income and Comprehensive (Loss) Income

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars)

	Notes	December 31, 2025	December 31, 2024
Revenue from property operations		\$ 22,483	\$ 21,611
Expenses:			
Property operating		(5,012)	(4,921)
Property taxes		(1,857)	(1,682)
<b>Income from rental operations</b>		<b>15,614</b>	<b>15,008</b>
Other income (expenses):			
Fund and trust expenses	14	(2,108)	(2,266)
Interest income	15	—	1,851
Finance costs	16	(10,627)	(11,035)
Distributions	11(a) & 13	(4,688)	(4,353)
Fair value adjustment of investment properties	6	1,635	(5,903)
Provision for carried interest	11(b)	(686)	7,071
<b>Net (loss) income and comprehensive (loss) income</b>		<b>\$ (860)</b>	<b>\$ 373</b>
<b>Net (loss) income and comprehensive (loss) income attributable to:</b>			
Unitholders		(893)	373
Non-controlling interests	13	33	—
<b>Net (loss) income and comprehensive (loss) income</b>		<b>\$ (860)</b>	<b>\$ 373</b>

See accompanying notes to the consolidated financial statements.

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

Consolidated Statement of Changes in Equity  
For the years ended December 31, 2025 and 2024  
(In thousands of Canadian dollars)

	Class A	Class B	Class C	Total
Balance, January 1, 2025	\$ 49,302	\$ 61,607	\$ 40,911	\$ 151,820
Changes during the year:				
Redemption of Units (note 11(a))	(227)	(106)	(2)	(335)
Net loss and comprehensive loss	(289)	(363)	(241)	(893)
<b>Balance, December 31, 2025</b>	<b>\$ 48,786</b>	<b>\$ 61,138</b>	<b>\$ 40,668</b>	<b>\$ 150,592</b>

  

	Class A	Class B	Class C	Total
Balance, January 1, 2024	\$ 49,316	\$ 61,642	\$ 40,793	\$ 151,751
Changes during the year:				
Redemption of Units (note 11(a))	(127)	(177)	—	(304)
Net income and comprehensive income	113	142	118	373
<b>Balance, December 31, 2024</b>	<b>\$ 49,302</b>	<b>\$ 61,607</b>	<b>\$ 40,911</b>	<b>\$ 151,820</b>

See accompanying notes to the consolidated financial statements. Excludes any amounts related to the direct ownership of former unitholders of Starlight Western Canada Multi-Family Limited Partnership (“SW1”) have in the Fund, which are separately presented as non-controlling interests on the statement of financial position.

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

Consolidated Statement of Cash Flows

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars)

	Notes	December 31, 2025	December 31, 2024
<b>Operating activities:</b>			
Net (loss) income and comprehensive (loss) income		\$ (860)	\$ 373
Adjustments for financing activities included in (loss) income:			
Finance costs	16	10,627	11,035
Interest income	15	—	(1,851)
Distributions	11(a) & 13	4,688	4,353
Adjustments for items not involving cash:			
Fair value adjustment of investment properties	6	(1,635)	5,903
Provision for carried interest	11(b)	686	(7,071)
Change in non-cash operating working capital	17(a)	1,342	220
Change in restricted cash	9	(127)	(41)
<b>Cash provided by operating activities</b>		<b>14,721</b>	<b>12,921</b>
<b>Investing activities:</b>			
Additions to investment properties	6	(3,265)	(883)
Cash acquired through acquisition	5	6,011	—
<b>Cash provided by (used in) investing activities</b>		<b>2,746</b>	<b>(883)</b>
<b>Financing activities:</b>			
Redemption of Units	11(a)	(335)	(304)
Loans payable:			
Proceeds from new financing	10	36,331	71,620
Repayment of existing loans payable	10	(27,004)	(69,243)
Finance costs paid	17(b)	(9,302)	(12,552)
Interest income received	15	—	1,851
Distributions paid	11(a) & 13	(4,524)	(4,308)
<b>Cash used in financing activities</b>		<b>(4,834)</b>	<b>(12,936)</b>
<b>Increase (decrease) in cash</b>		<b>12,633</b>	<b>(898)</b>
Cash, beginning of year		3,916	4,814
<b>Cash, end of year</b>		<b>\$ 16,549</b>	<b>\$ 3,916</b>
<b>Supplementary non-cash information</b>			
Acquisition of investment properties - net	5	\$ 88,009	\$ —
Partnership interests issued to non-controlling interests	13	\$ 94,020	\$ —

See accompanying notes to the consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, unless otherwise noted)

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### 1. Nature of business

Starlight Western Canada Multi-Family (No. 2) Fund (the "Fund") is a "closed-end" fund established under and governed by the laws of the Province of Ontario, pursuant to an initial declaration of trust dated November 12, 2021, as amended and restated on January 27, 2022 and December 16, 2025 (the "Declaration of Trust"). The term of the Fund was three years, with two one-year extensions available at the option of the Fund's board of trustees ("Board") and may be further extended by special resolution of the unitholders ("Unitholders") of the Fund. On November 14, 2024, the Board approved a one-year extension of the Fund's term to February 22, 2026. Subsequently, on December 12, 2025, pursuant to the Declaration of Trust, the Unitholders approved a special resolution to extend the Fund's term to December 16, 2027, with two one-year extensions available at the option of the Board as part of the acquisition of SW1 (note 5). The Fund was established for the primary purpose of directly or indirectly acquiring, owning, operating and stabilizing a portfolio comprised of income-producing multi-family real estate properties in western Canada that demonstrate value based on pricing and local supply and demand trends to achieve the Fund's target metrics by increasing in-place rents to market rents, revenue enhancement through ancillary income opportunities and operating expense reductions as a result of active asset management, and are located primarily on Vancouver Island and the mainland of the Province of British Columbia ("BC") (collectively the "Primary Markets").

On February 22, 2022, the Fund completed its initial public offering (the "Offering") and raised aggregate gross subscription proceeds of \$130,000. The Fund achieved the maximum offering allowable and issued the following trust units ("Units"): 4,207,395 class A Units; 5,404,905 class B Units; and 3,387,700 class C Units at a price of \$10.00 per Unit. Class A, B and C Units are Canadian dollar denominated (note 11(a)).

Following completion of the Offering, the Fund acquired five institutional quality multi-family properties comprising a total of 495 suites located in BC, which included 6035 Linley Valley Drive and 4800 Uplands Drive, Nanaimo, BC ("Nanaimo"), 733 Goldstream Avenue, Langford, BC ("Langford"), 3400 Centennial Drive, Vernon, BC ("Vernon"), 1803 31A Street, Vernon, BC ("Vernon 2") and 2699 Peatt Road, Langford, BC ("Langford 2"). Subsequent to the Offering, the Fund acquired four additional multi-family properties comprising a total of 449 suites during the years ended December 31, 2022 and December 31, 2023, which included 1085 Goldstream Avenue, Langford, BC ("Langford 3"), 5477 200 Street, Langley, BC ("Langley"), 4745 Ledgerwood Road, Nanaimo, BC ("Nanaimo 2") and 728 Meaford Avenue, Langford, BC ("Langford 4").

On December 17, 2025, the Fund completed the acquisition of SW1, comprising of six multi-family properties to create a single investment platform comprising of fifteen multi-family properties totaling 1,413 suites, including the Fund's existing portfolio of nine multi-family properties across Primary Markets (the "Transaction"). SW1 properties included 2036 South Island Highway, Campbell River, BC ("Campbell"), 3641 & 3651 Elliot Road, Kelowna, BC ("Kelowna"), 5085 Uplands Drive, Nanaimo, BC ("Nanaimo 3"), 155 Moilliet Street, Parksville, BC ("Parksville"), 2338 South Island Highway, Campbell River, BC, ("Campbell 2") and 2670 Library Lane, North Vancouver, BC ("North Vancouver").

As a result of the Transaction, SW1 became a subsidiary of the Fund with the Fund receiving new Class C Limited Partnership Units ("Class C LP Units") of SW1 and retained approximately 61.4% of the combined structure, while the existing unitholders of SW1 ("Existing Unitholders") retained their units and collectively hold the remaining approximate 38.6% through limited partnership interests in SW1 (notes 5 and 11(b)). SW1 indirectly owns all the properties controlled by the Fund.

The Fund is managed by Starlight Investments CDN AM Group LP (the "Manager") which is a wholly-owned subsidiary of Starlight Group Property Holdings Inc. and a related party. As at December 31, 2025, the Fund's property portfolio consisted of interests in fifteen multi-family properties totaling 1,413 suites.

The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto Ontario M8X 2X3.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, unless otherwise noted)

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### 2. Basis of presentation

(a) Statement of compliance:

These consolidated financial statements of the Fund and its subsidiaries have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and using the accounting policies described herein.

(b) Basis of measurement:

These consolidated financial statements have been prepared on a historical cost basis except for investment properties, which are measured at fair value. All intercompany transactions and balances between the Fund and the subsidiary entities have been eliminated upon consolidation.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Fund and its subsidiaries and all amounts have been rounded to the nearest thousand except when otherwise indicated.

### 3. Material accounting policies

(a) Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries. All intercompany transactions and account balances have been eliminated upon consolidation.

When the Fund is exposed to or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over such investee, the investee is considered a subsidiary. The existence and effect of potential substantive voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are de-consolidated from the date control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Fund using consistent accounting policies.

The following significant entities operate as subsidiaries controlled by the Fund:

- Starlight Western Canada Multi-Family GP, Inc. ("SW1 GP"); and
- Approximately 61.4% interest in SW1.

(b) Critical judgments and estimates:

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

(i) Accounting for acquisitions:

Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the accounting treatment of transaction

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, unless otherwise noted)

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costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Fund's acquisitions are generally determined to be asset purchases as the Fund does not acquire an integrated set of activities that together significantly contribute to the ability to create outputs as part of the acquisition transaction. For asset acquisitions, the total cost is allocated to the identifiable assets and liabilities on the basis of their relative fair values on the acquisition date.

(ii) 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.

(iii) Investment properties:

The estimates used when determining the fair value of investment properties are capitalization rates and 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 are based on rental income from current leases, assumptions about occupancy rates, and market rents from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. The Fund typically determines fair value internally utilizing financial information, external market data and capitalization rates provided by independent industry experts through third-party appraisals. In addition, the Fund obtains valuations from third-party appraisers at least once annually for each property.

(iv) Carried interest:

The determination by the Fund as at the consolidated statement of financial position date as to whether a provision for carried interest should be recognized to the Special LP Units (as defined below) is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders and non-controlling interests, distributions paid to Unitholders and non-controlling interests since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed by the Unitholders and non-controlling interests. The terms of the carried interest are outlined in note 11(b).

(v) Non-controlling interests:

The determination of non-controlling interests requires management to evaluate whether the Fund controls an investee and to assess the nature of ownership interests held by third parties. This evaluation affects whether an entity is consolidated and how the results and net assets of the subsidiary are attributed between the Fund and third-party unitholders. In performing this assessment, management reviews the relevant arrangements to determine decision-making rights, exposure to variable returns and the ability to influence those returns. Where the Fund concludes that control exists and ownership is not wholly owned, non-controlling interests are recognized and measured in accordance with the Fund's accounting policies.

(c) Investment properties:

The Fund selected the fair value method to account for real estate classified as investment property. A property is determined to be an investment property when it is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties include land and building structures, as well as residential suites situated on the properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of (loss) income and comprehensive (loss) income in the period in which they arise.

Fair values are primarily determined by using the capitalized net operating income method which applies a capitalization rate to the future stabilized cash flows of the property. The capitalization rate applied is reflective of

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, unless otherwise noted)

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the characteristics, location and market of the property. The stabilized cash flows of the property are 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. The Fund determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by industry experts and third-party appraisals. Gains and losses arising from changes in the fair value or disposal of investment properties are included in the consolidated statement of (loss) income and comprehensive (loss) income in the period in which they arise. Subsequent capital expenditures are added to the carrying value of investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably.

(d) Cash and restricted cash:

Cash includes unrestricted cash and balances held with banks. Restricted cash includes cash on hand which can only be used for specified purposes including resident security deposits and other cash held by third parties on behalf of the Fund. The Fund may also internally restrict cash, if necessary.

(e) Non-controlling interests:

Non-controlling interests represent equity interests in subsidiaries that are not attributable, directly or indirectly to the Fund. Non-controlling interests are presented in the consolidated statement of financial position, separately from the net liabilities attributable to unitholders of the Fund. Where control is obtained through the acquisition of an entity that does not meet the definition of a business under IFRS 3 "Business Combinations", and is therefore accounted for as an asset acquisition, non-controlling interests are recognized at their proportionate share of the net identifiable assets of the subsidiary at the acquisition date, with no goodwill recognized or attributed to non-controlling interests. Profit or loss and each component of other comprehensive income are attributed to the Fund and to the non-controlling interests in proportion to their ownership interests. Changes in the Fund's ownership interest in a subsidiary that do not result in a loss of control are accounted for as transactions with non-controlling interests, with carrying amounts of the controlling and non-controlling interests adjusted to reflect the change in their relative ownership interests with no gain or loss is recognized in profit or loss.

(f) Revenue recognition:

The Fund has retained substantially all the risks and benefits of ownership of its investment properties and therefore accounts for its leases with residents as operating leases.

Revenue from investment properties includes all rental income earned from the property, including residential rental income, parking income, and all other incidental income paid by the residents and other vendors under the terms of their existing leases and contracts. Revenue recognition under a lease commences when a resident has a right to use the leased asset and collection is reasonably assured. Revenue is recognized pursuant to the terms of the lease agreements.

Amounts collected from residents are recognized as income when due, which, due to the short-term nature of the leases, approximates straight-line revenue recognition. Lease incentives granted are recognized as an integral part of the total rental revenue over the term of the leases. All other incidental income is recognized as revenue upon provision of goods and services when collectability is reasonably assured.

Operating expense recoveries are recognized in the period in which recoverable costs are chargeable to residents. Where a resident is legally responsible for operating expenses and pays them directly in accordance with the terms of the lease, the Fund does not recognize the expenses or any related recovery revenue.

The Fund uses an allowance of uncollectible amounts to recognize the inability of residents to meet the contractual obligations under their lease agreements. Under this method, all receivables from past residents and resident receivable balances exceeding 90 days are provided for as bad debt expense in the consolidated statement of (loss) income and comprehensive (loss) income.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, unless otherwise noted)

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(g) Finance costs:

Finance costs consist of interest on loans payable, amortization of financing costs related to loans payable, and guarantee fees. Distributions to Unitholders and non-controlling interests are separately presented on the consolidated statement of (loss) income and comprehensive (loss) income.

(h) Financial instruments:

Financial assets are classified and measured based on one of the following three categories:

- (i) Fair value through profit and loss ("FVTPL");
- (ii) Fair value through other comprehensive income ("FVTOCI"); and
- (iii) Amortized cost

Financial liabilities are classified and measured based on one of the following two categories:

- (i) FVTPL; and
- (ii) Amortized cost

Financial instruments are recognized initially at fair value. Financial instruments classified at FVTPL are subsequently measured at fair value with gains and losses recognized in profit and loss. Financial instruments classified as FVTOCI are subsequently measured at fair value and any unrealized gains or losses are recognized through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Fund's business model for managing them.

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For all financial assets, the Fund makes an assessment of the objective of the business model in which a financial asset is held in order to determine the appropriate classification.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Fund considers:

- (i) Contingent events that would change the amount or timing of cash flows;
- (ii) Terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- (iii) Terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

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The Fund has made the following classifications and measurement determinations for its financial assets and liabilities:

	<b>Classification / measurement</b>
<b>Financial assets:</b>	
Resident and other receivables	Amortized cost
Cash	Amortized cost
Restricted cash	Amortized cost
<b>Financial liabilities:</b>	
Loans payable	Amortized cost
Provision for carried interest	FVTPL
Distributions payable	Amortized cost
Resident rental deposits and prepayments	Amortized cost
Finance costs payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Net liabilities attributable to Unitholders	Amortized cost

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities, other than financial assets and liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate ("EIR") over the anticipated life of the related instrument. Transaction costs on financial assets and liabilities measured at FVTPL are expensed in the period incurred. Financial assets are derecognized when the contractual rights to the cash flows from financial assets expire or have been transferred.

The Fund recognizes an allowance for expected credit losses ("ECL") for financial assets measured at amortized cost at each reporting date. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability weighted basis. Impairment losses, if incurred, would be recorded as expenses in the consolidated statement of (loss) income and comprehensive (loss) income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

The Fund's net liabilities attributable to Unitholders have been classified as financial liabilities under International Accounting Standard ("IAS") 32, Financial instruments - presentation.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Financial liabilities are discharged when the contractual obligations are discharged, canceled or expired.

(i) Income taxes:

### *Canadian status*

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

The Tax Act also contains specified investment flow-through ("SIFT") rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships and their investors (the "SIFT Measures"). A "SIFT partnership" (as defined in the Tax Act) will be subject to SIFT tax under Part IX.1 on its "taxable nonportfolio

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earnings” (as defined in the Tax Act) at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations.

The “taxable non-portfolio earnings” less SIFT tax payable by a SIFT partnership will also be included in computing income of the Unitholders for purposes of the Tax Act as though it were a taxable dividend from a taxable Canadian corporation, subject to the detailed provisions of the Tax Act. The SIFT Measures do not apply to a partnership that does not hold any “non-portfolio property” (as defined in the Tax Act) throughout the taxation year of the partnership.

The Fund believes that it does not hold any “non-portfolio property” and is not a SIFT partnership and therefore not subject to the SIFT Measures. Additionally, the partnership agreement explicitly prohibits, at any time, the partnership from owning any “non-portfolio property”. Accordingly, no provision has been made for tax under the SIFT Measures. The Fund intends to continue to operate the Fund in such a manner so as to remain exempt from the SIFT Measures on a continuous basis in the future. However, the Fund’s continued exemption will depend upon meeting, through actual operating results, various conditions imposed by the SIFT Measures. If the Fund becomes a SIFT partnership, it will be generally subject to income taxes at regular Canadian corporate rates on its taxable non-portfolio earnings, if any.

(j) Provisions:

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value for the expenditures expected to settle the obligation using a discount rate that reflects current market assessment considering the time value of money and the risks specific to the obligation. Provisions are re-measured at each statement of financial position date using the current discount rate. The increase in the provision due to the passage of time is recognized as a finance cost.

#### 4. Adoption of accounting standards

Future accounting policy changes:

(a) Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

The amendments clarify the requirements related to the date of recognition and derecognition of financial assets and liabilities with an exception for derecognition of financial liabilities settled via electronic transfer. These amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Fund is currently evaluating the impact of these amendments on future periods.

(b) IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”):

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1. IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. It introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies. The standard is effective for annual periods beginning on or after January 1, 2027, with restatement of the comparative period being required and early application permitted. The Fund is currently evaluating the impact of this amendment on future periods.

(c) IFRS 19 Subsidiaries without Public Accountability: Disclosures (“IFRS 19”):

The new standard, IFRS 19, enables subsidiaries to keep only one set of accounting records to meet the needs of both their parent company and the users of their financial statements and reduces disclosure requirements. The standard is effective for annual periods beginning on or after January 1, 2027, with early application permitted. The Fund is currently evaluating the impact of this amendment on future periods and does not anticipate a material impact to the Fund as a result of IFRS 19.

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### 5. Acquisitions

The following acquisition was completed by the Fund during the year ended December 31, 2025. The acquisition was treated as an asset acquisition, and as a result, the fair value of consideration was allocated to the identifiable assets acquired and liabilities assumed based on their fair value at the date of acquisition as follows:

	SW1
Acquisition date	December 17, 2025
Number of properties <sup>(1)</sup>	6
Region	BC
Investment properties <sup>(1)</sup>	\$ 220,020
Add:	
Resident and other receivables	60
Prepaid expenses and deposits	431
Cash	6,011
Restricted cash	758
Deduct:	
Loans payable	(131,865)
Resident rental deposits and prepayments	(811)
Finance costs payable	(247)
Accounts payable and accrued liabilities	(337)
<b>Net assets acquired<sup>(2)</sup></b>	<b>\$ 94,020</b>
<b>Net assets acquired - net of cash</b>	<b>\$ 88,009</b>

<sup>(1)</sup> SW1 Investment properties include the acquisition of six multi-family properties, including Campbell, Kelowna, Nanaimo 3, Parksville, Campbell 2 and Library Lane in BC. In addition transaction costs totalling \$2,222 were capitalized to investment properties.

<sup>(2)</sup> In consideration for the acquisition of SW1, Class C LP Units were issued by SW1 to the Fund in an amount equal to the net asset value of the Fund's Units. Following the transaction, the Existing Unitholders of SW1 hold a non-controlling interest in SW1 (note 13).

There were no acquisitions during the year ended December 31, 2024.

### 6. Investment properties

The following table summarizes the change in the investment properties for the years ended December 31, 2025 and 2024:

<b>Balance, January 1, 2024</b>	<b>\$ 419,500</b>
Additions	883
Fair value adjustment	(5,903)
<b>Balance, December 31, 2024</b>	<b>\$ 414,480</b>
Acquisitions (note 5)	220,020
Additions	3,265
Fair value adjustment	1,635
<b>Balance, December 31, 2025</b>	<b>\$ 639,400</b>

The following table reconciles the cost base of the investment properties to their fair values:

	December 31, 2025	December 31, 2024
Cost	\$ 602,879	\$ 379,594
Cumulative fair value adjustments <sup>(1)</sup>	36,521	34,886
<b>Fair value</b>	<b>\$ 639,400</b>	<b>\$ 414,480</b>

<sup>(1)</sup> The cumulative fair value adjustments for any properties acquired from SW1 would represent the change in the value of those properties after the date of the acquisition by the Fund, as applicable.

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The key valuation assumptions for the investment properties are set out in the following table:

	December 31, 2025	December 31, 2024
Capitalization rate - range	3.75% - 5.00%	4.15% - 5.00%
Capitalization rate - weighted average	4.43 %	4.38 %

The Fund determined the fair value of each investment property using the direct income capitalization approach. The capitalized earnings reflect rental income from current leases and assumptions about rental income from future leases and occupancy reflecting market conditions at the reporting date, less future cash outflows in respect of such leases (note 22(b)).

The fair values of the Fund's investment properties are sensitive to changes in the key valuation assumptions. A 10 basis-point ("bps") change in the capitalization rates would result in a change to the estimated fair value of the properties as set out in the following table:

Weighted average	Change	December 31, 2025	December 31, 2024
Capitalization rate	10 bps increase	\$ (14,115)	\$ (9,252)
Capitalization rate	10 bps decrease	\$ 14,767	\$ 9,684

The impact of a one percent change in the net operating income used to value the properties as at December 31, 2025 would affect the fair value by approximately \$6,394 (December 31, 2024 - \$4,145).

The Fund's investment properties are considered as Level 3 assets under IFRS 13 - Fair value measurement due to the extent of assumptions required beyond observable market data to derive the fair values (note 22(b)).

### 7. Resident and other receivables

The following table presents details of the resident and other receivables balance:

	December 31, 2025	December 31, 2024
Resident receivables <sup>(1)</sup>	\$ 69	\$ 42
Other receivables <sup>(1)</sup>	73	36
	\$ 142	\$ 78

<sup>(1)</sup> The Fund holds no collateral in respect of resident and other receivables.

### 8. Prepaid expenses and other assets

The following table presents details of the prepaid expenses balance:

	December 31, 2025	December 31, 2024
Prepaid property taxes	\$ 972	\$ 543
Prepaid expenses	94	82
Other deposits	3	7
	\$ 1,069	\$ 632

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### 9. Restricted cash

The following table presents details of the restricted cash balance:

	December 31, 2025	December 31, 2024
Escrowed funds:		
Property taxes <sup>(1)</sup>	\$ 105	\$ —
Other deposits <sup>(1)</sup>	—	36
Restricted cash:		
Security deposits <sup>(2)</sup>	2,062	1,246
	<b>\$ 2,167</b>	<b>\$ 1,282</b>

<sup>(1)</sup> Property taxes and other deposits represent amounts held by lenders and third parties to be incurred for investment properties.

<sup>(2)</sup> Security deposits relate to funds paid by residents that are specifically restricted until a resident exits a lease and are either refunded or applied to amounts due under their lease, as applicable.

### 10. Loans payable

Mortgages payable are secured against the applicable investment properties and bear interest at fixed rates. Mortgages payable are classified as current liabilities if they are due and payable within 12 months from the date of consolidated statement of financial position.

The Fund has non-revolving term credit facilities with a Canadian chartered bank with \$33,831 drawn as at December 31, 2025 (December 31, 2024 - \$15,500). The undrawn portion of the credit facilities was \$20,000 as at December 31, 2025 (December 31, 2024 - \$4,000). The credit facilities are secured by a second charge against the Fund's investment properties. The credit facilities are subject to interest at the bank's prime rate plus 1.00% (December 31, 2024 - 1.25%) per annum or, at the borrower's option at the time of advance, at variable index rates based on the Canadian Overnight Repo Rate Average ("CORRA") plus an interest rate spread.

The following table provides a breakdown of the current and non-current portions of loans payable:

	December 31, 2025	December 31, 2024
<b>Current:</b>		
Mortgages payable	\$ 34,998	\$ 4,093
Unamortized finance costs	(1,310)	(1,331)
	33,688	2,762
<b>Non-current:</b>		
Mortgages payable	342,070	249,953
Credit facilities payable	33,831	15,500
Unamortized finance costs	(3,719)	(4,900)
	372,182	260,553
<b>Total</b>	<b>\$ 405,870</b>	<b>\$ 263,315</b>

As part of the acquisition of SW1, the Fund assumed loans payable of \$131,865, which are included in the loans payable as at December 31, 2025 (note 5). These loans payable included fixed rate mortgages of \$126,955 with interest rates ranging between 1.74% to 3.98% and a credit facility of \$4,910 bearing interest at CORRA plus 2.25%.

As at December 31, 2025, the Fund's loans payable had a weighted average term to maturity of 4.14 years (December 31, 2024 - 5.09 years) and a weighted average interest rate of 2.92% (December 31, 2024 - 3.28%).

During the year ended December 31, 2025, the Fund incurred interest expense on loans payable of \$8,781 (December 31, 2024 - \$9,305), which is included in finance costs (note 16).

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Future principal payments on loans payable are as follows:

	Principal payments	Balloon payments	Total
2026	\$ 6,493	\$ 28,505	\$ 34,998
2027	5,447	73,664	79,111
2028	5,271	44,186	49,457
2029	4,930	39,518	44,448
2030	3,446	61,383	64,829
Thereafter	4,063	133,993	138,056
	\$ 29,650	\$ 381,249	\$ 410,899
Unamortized finance costs			(5,029)
Carrying value		\$	405,870

### 11. Net liabilities attributable to Unitholders

(a) Composition of net liabilities attributable to Unitholders and beneficial ownership of the Fund:

The beneficial interests in the net liabilities and net (loss) income and comprehensive (loss) income of the Fund are held in three classes of Units: class A; class B; and class C. The Fund is authorized to issue an unlimited number of Units of each class. Each Unitholder is entitled to one vote per Unit held. Each class of Units entitles the holder to the same rights as a Unitholder in any other class of Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder's rights. As there are varying economic values per class of Units, the net liabilities attributable to Unitholders will be distributed disproportionately on a per Unit basis upon liquidation. Accordingly, these Units have been classified as a liability in the consolidated statement of financial position and any distributions paid on each class of Units are presented in the consolidated statement of (loss) income and comprehensive (loss) income.

For the year ended December 31, 2025, distributions of 4,471 were declared and recorded to distribution expense (December 31, 2024 - \$4,353).

The following table represents a summary of the changes in thousands of Units by class excluding the non-controlling interests in SW1:

	Number of Units outstanding (000's)				Net liabilities attributable to Unitholders
	Class A	Class B	Class C	Total Units	
Outstanding as at January 1, 2025	4,176	5,384	3,388	12,948	\$ 151,820
Redemption of Units	(22)	(11)	—	(33)	(335)
Net loss and comprehensive loss	—	—	—	—	(893)
Outstanding as at December 31, 2025	4,154	5,373	3,388	12,915	\$ 150,592

During the year ended December 31, 2025, pursuant to the related Offering condition, 22,279 Class A Units, 10,663 Class B Units and 150 Class C Units were redeemed in accordance with the Declaration of Trust at 95% of Net Asset Value ("NAV"), amounting to a total of \$335 (December 31, 2024 - \$304) (note 25).

(b) Carried interest:

Through D.D. Acquisitions Partnership ("DDAP") as holder of Special Limited Partnership Units of SW1 ("Special LP Units") (as defined below), Daniel Drimmer is indirectly entitled to a carried interest, being (i) an aggregate amount equal to 20% of the total of all amounts each of which is the amount, if any, by which (A) the aggregate amount of distributions which would have been paid on all Units of a particular class if all distributable cash of the SW1 was received by the Fund (including through SW1 GP), together with all other amounts distributable by the Fund (including distributable cash generated by investees of the Fund not held through the SW1, if any), and distributed by the Fund (net of any amounts required to provide for expenses) to Unitholders and non-controlling interests in accordance with the Declaration of Trust and SW1 limited partnership agreement, exceeds (B) the

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aggregate minimum return (being 8.0%) in respect of such class of Units (the calculation of which includes the amount of the investors capital return base), provided that, to the extent that the aggregate amount of distributions which would have been paid on all Units of a particular class pursuant to the foregoing exceeds the minimum return for such class, DDAP will first be entitled to an aggregate amount equal to 50% of each such excess amount (i.e., a catch-up) until the amounts, if any, distributable to Unitholders of each class in excess of the investors capital return base is equal to four times (i.e., 80%/20%) the catch-up payment receivable by DDAP in respect of such class, and if more than one series of a class of Units is issued subsequent to the closing date, the foregoing calculations and distributions will be separately determined on the basis of each such series.

On December 17, 2025, the accrued carried interests in both the Fund and any prior amounts due from SW1 were settled through the issuance of additional 142,247 and 831,376 class A LP Units of SW1 to DDAP (note 13). In addition, DDAP was issued Special LP Units, representing the go-forward carried interest in SW1, which was reset to zero at the date of the acquisition of SW1 and will begin to accrue carried interest based on future returns of the Fund including SW1.

As at December 31, 2025, the Fund had recognized a provision for carried interest of \$nil (December 31, 2024 - \$959), resulting in a expense of \$686 for the year ended December 31, 2025 (December 31, 2024 - recovery of \$7,071).

### 12. Accounts payable and accrued liabilities

The following table presents the details of accounts payable and accrued liabilities:

	December 31, 2025	December 31, 2024
Operating payables	\$ 3,007	\$ 1,437
Accrued asset management fees (note 18)	209	138
	\$ 3,216	\$ 1,575

### 13. Non-controlling interests

The following table summarizes the change in non-controlling interests for the year ended December 31, 2025:

SW1 partnership interests as at December 17, 2025 (note 5)	\$ 94,020
Partnership interests issued <sup>(2)</sup>	1,645
Net income attributable to non-controlling interests <sup>(3)</sup>	33
Balance, December 31, 2025	\$ 95,698

<sup>(1)</sup> Given the Fund's 61.4% ownership interest in SW1, the Fund has control over SW1 and has wholly consolidated its financial position and results of operations in these consolidated financial statements. The non-controlling interests representing approximately 38.6% are presented above and in these financial statements as non-controlling interest.

<sup>(2)</sup> The amount of \$1,645 represents the settlement of accrued carried interests of the Fund through issuance of additional 142,247 Class A LP Units of SW1 (note 11(b)) and is presented as expense in the consolidated statement of (loss) income and comprehensive (loss) income.

<sup>(3)</sup> During the year ended December 31, 2025, the proportionate share for the SW1 non-controlling interest revenues from property operations were \$347, property operating expenses were \$86, finance costs were \$51 and distributions declared. Net income and comprehensive income attributable to the non-controlling interests for the year ended December 31, 2025 was \$33, respectively. Distributions declared of \$217 is included in the net income attributable to non-controlling interests.

### 14. Fund and trust expenses

Fund and trust expenses consist of the following:

	December 31, 2025	December 31, 2024
Asset management fees (note 18)	\$ 1,675	\$ 1,653
General and administrative expenses	433	613
	\$ 2,108	\$ 2,266

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### 15. Interest income

Interest income consists of the following:

	December 31, 2025	December 31, 2024
Interest income from bank deposits <sup>(1)</sup>	\$ —	\$ 1,851

<sup>(1)</sup> Interest income relates to one-time incremental interest received on historical cash balances from the Fund's corporate banking provider, a Canadian chartered bank.

### 16. Finance costs

Finance costs consist of the following:

	December 31, 2025	December 31, 2024
Interest expense on loans payable (note 10)	\$ 8,781	\$ 9,305
Amortization of financing costs	1,497	1,333
Other financing costs	349	397
	\$ 10,627	\$ 11,035

### 17. Supplemental cash flow information

(a) Changes in non-cash operating working capital:

The following table presents the changes in non-cash operating working capital presented within the consolidated statement of cash flows:

	December 31, 2025	December 31, 2024
Resident and other receivables	\$ (5)	\$ —
Prepaid expenses and deposits	(9)	(18)
Resident rental deposits and prepayments	7	12
Accounts payable and accrued liabilities	1,349	226
	\$ 1,342	\$ 220

(b) Finance costs paid:

The following table presents the components of finance costs paid presented within the consolidated statement of cash flows:

	December 31, 2025	December 31, 2024
Interest expense paid	\$ (8,348)	\$ (8,961)
Financing costs incurred on loans payable	(954)	(3,591)
	\$ (9,302)	\$ (12,552)

### 18. Transactions with related parties

The consolidated financial statements include the following transactions with related parties:

The Manager is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer, Founder, Chief Executive Officer and a Unitholder of the Fund. The Fund engaged the Manager to perform certain management services as outlined below:

(a) Pursuant to the management agreement dated February 22, 2022, as amended and restated on December 16, 2025 (the "Management Agreement"), the Manager is to perform asset management services for fees equal to 0.35% of the fair market value as prescribed by the most recent annual appraisals of the properties

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("Gross Asset Value"), with the initial Gross Asset Value being the purchase price of the properties paid or deemed paid by the Fund.

Included in fund and trust expenses were \$1,675 in asset management fees charged by the Manager (note 14) for the year ended December 31, 2025 (December 31, 2024 - \$1,653). Asset management fees payable to the Manager as at December 31, 2025 was \$209 (December 31, 2024 - \$138), included in accounts payable and accrued liabilities (note 12).

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

No acquisition fees were incurred for the year ended December 31, 2025 (December 31, 2024 - \$nil).

(c) Pursuant to the Management Agreement, 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 subsidiaries relating to a property, the Fund 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.

For the year ended December 31, 2025, the Fund incurred guarantee fees of \$349 (December 31, 2024 - \$263). Guarantee fees payable to the Manager as at December 31, 2025 was \$46 (December 31, 2024 - \$29).

(d) Aggregate compensation to key management personnel was \$nil for the year ended December 31, 2025 as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (December 31, 2024 - \$nil).

### 19. Commitments and contingencies

As at December 31, 2025, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of December 31, 2025 expire within 12 months. The Fund holds commitments to provide for carried interest when applicable and to distribute excess cash to Unitholders.

The Fund may be involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, none of these, individually or in aggregate, would result in the recognition of a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the trustees and officers of the Fund and its subsidiaries.

### 20. Segmented disclosure

All of the Fund's assets and liabilities are in, and its revenues are derived from, the BC real estate industry segment. No single resident accounts for 10% or more of the Fund's rental revenue. The Fund's investment properties are, therefore, considered by management to have similar economic characteristics.

### 21. Capital management

The Fund's capital management objectives and policies are to maintain a strong capital base so as to support ongoing operations, maintain creditor and market confidence and to sustain future development of the business. Capital consists of loans payable including capital lines available and net liabilities attributable to Unitholders. The Fund monitors capital using tools designed to anticipate cash needs and to maintain adequate working capital, while also distributing appropriate amounts to the Unitholders on a regular basis.

The Fund's credit facilities typically carry consolidated Fund maximum leverage, minimum net worth and minimum debt service coverage covenants. The Fund was in compliance with all financial covenants as at December 31, 2025.

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### 22. Risk management

The Fund's activities expose it to credit risk, market risk, liquidity risk, interest rate risk and other risks. These risks and the actions taken to manage them are as follows:

(a) Credit risk:

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; and (ii) the possibility that the residents may experience financial difficulty and be unable to meet their rental obligations. The properties mitigate the risk of credit loss with respect to residents by evaluating creditworthiness of new residents, obtaining security deposits wherever permitted by legislation and utilizing third party collection agencies for longstanding balances due from residents.

The Fund monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. Subsequent recoveries of amounts previously written-off are credited in the consolidated statement of (loss) income and comprehensive (loss) income.

As at December 31, 2025, the Fund had an allowance for uncollectible amounts of \$609 (December 31, 2024 - \$366). Bad debts expensed within the property operating costs for the year ended December 31, 2025 were \$111 (December 31, 2024 - \$108).

The Fund continues to actively monitor the impact of interest rates and inflation may have on credit risks applicable to the Fund.

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices. The investment properties are subject to the risks associated with debt financing, including the risk that certain loans may not be refinanced on terms as favourable as those of the existing indebtedness, in the event that such refinancing occur in future periods. As at December 31, 2025, the Fund's investment properties have been reported at fair value which reflects the Fund's best estimate of future cash flows and capitalization rates applicable to the investment properties.

The fair values are based on capitalization rates that are provided by third-party appraisals. The valuations utilize the best available information to determine the capitalization rates used for purposes of the valuations of the Fund's investment properties as at December 31, 2025,

(c) Liquidity risk:

Liquidity risk is the risk that the Fund may encounter difficulties in meeting its financial obligations as they come due. To mitigate the risk associated with liquidity, management's strategy is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations and anticipated investing and financing activities. All of the Fund's current liabilities have contractual maturities of less than 12 months and are subject to normal trade terms. The contractual maturity of the loans payable is outlined in note 10.

(d) Interest rate risk:

Interest rate risk is the risk that the market value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Fund is exposed to interest rate risk on its loans payable. The risk of unfavorable interest rate changes is managed by low floating debt exposure. Floating debt of the Fund represented 8.2% of total debt as at December 31, 2025 (note 10).

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, unless otherwise noted)

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### 23. Fair value measurement of financial instruments

The Fund uses various methods in estimating the fair values recognized in the consolidated financial statements. The fair value hierarchy reflects the significance of inputs used in determining the fair values:

- Level 1 - quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 - valuation technique for which significant inputs are not based on observable market data.

The following summarizes the significant methods and assumptions used in estimating fair values of the Fund's financial instruments:

- The fair value of the Fund's financial assets which include resident and other receivables, restricted cash and cash, as well as financial liabilities, which include resident rental deposits and prepayments, accounts payable and accrued liabilities, finance cost payable and distributions payable approximate their carrying amounts due to their short-term nature (Level 1);
- The fair value of loans payable is estimated based on the current market rates for debt with similar terms and conditions (Level 2). The fair value of the Fund's loans payable as at December 31, 2025 approximated their carrying value; and
- Provision for carried interest and net liabilities attributable to Unitholders are considered as Level 3 financial instruments due to the extent of assumptions required beyond observable market data to derive the fair values.

### 24. Comparative figures

Certain of the comparative figures have been reclassified to confirm to the financial statement presentation adopted in the current period.

### 25. Subsequent events

Subsequent to December 31, 2025, 6,405 Class A Units and 699 Class B Units were redeemed in accordance with the Declaration of Trust at 95% of NAV, amounting to a total of \$76.