

Condensed Consolidated Interim Financial Statements
(In thousands of U.S. dollars)

STARLIGHT U.S. MULTI-FAMILY (NO. 2)
CORE PLUS FUND

For the three and six months ended June 30, 2025 and June 30, 2024
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of an entity's condensed consolidated interim financial statements, they must be accompanied by a notice indicating that such condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Starlight U.S. Multi-Family (No. 2) Core Plus Fund have been prepared by and are the responsibility of Starlight U.S. Multi-Family (No. 2) Core Plus Fund's management.

Starlight U.S. Multi-Family (No. 2) Core Plus Fund's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND

Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2025 and December 31, 2024

(In thousands of U.S. dollars)

(Unaudited)

	Notes	June 30, 2025	December 31, 2024
ASSETS			
Non-current assets:			
Investment properties	6	\$ 141,200	\$ 290,800
Derivative financial instruments	7	—	493
Utility deposits		28	28
Total non-current assets		141,228	291,321
Current assets:			
Derivative financial instruments	7	83	—
Resident and other receivables	8	224	365
Prepaid expenses and other assets	9	319	106
Restricted cash	10	2,326	2,942
Cash		24,018	2,502
Total current assets		26,970	5,915
TOTAL ASSETS		\$ 168,198	\$ 297,236
LIABILITIES			
Non-current liabilities:			
Preferred shares - U.S. REIT series A	12	125	125
Total non-current liabilities excluding net liabilities attributable to Unitholders		125	125
Current liabilities:			
Loans payable	11	152,622	258,193
Distributions payable	14(a)	21,974	—
Resident rental deposits		303	528
Finance costs payable		1,029	980
Accounts payable and accrued liabilities	13	1,911	3,403
Total current liabilities excluding net liabilities attributable to Unitholders		177,839	263,104
TOTAL LIABILITIES		177,964	263,229
Net liabilities attributable to Unitholders	14(a)	(9,766)	34,007
TOTAL LIABILITIES AND NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS		\$ 168,198	\$ 297,236

Commitments and contingencies (note 19).

Subsequent events (note 25).

See accompanying notes to the condensed consolidated interim financial statements

Approved by the board of directors (the "Board of Directors") of Starlight U.S. Multi-Family (No. 2) Core Plus GP, Inc., as general partner of Starlight U.S. Multi-Family (No. 2) Core Plus Fund, on August 28, 2025, and signed on its behalf:

Kelly Smith Director

Harry Rosenbaum Director

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars)

(Unaudited)

		Three months ended June 30		Six months ended June 30	
	Notes	2025	2024	2025	2024
Revenue from property operations		\$ 5,316	\$ 5,491	\$ 10,751	\$ 10,837
Expenses:					
Property operating costs		(1,388)	(1,432)	(2,832)	(2,835)
Property taxes		(543)	(663)	(1,120)	(1,327)
Income from rental operations		3,385	3,396	6,799	6,675
Fund and trust expenses	15	(1,043)	(393)	(1,437)	(781)
Finance costs	16	(4,743)	(5,471)	(9,722)	(10,862)
Distributions to Unitholders	14(a)	(21,974)	—	(21,974)	—
Dividends to preferred shareholders - U.S. REIT series A	12	(4)	(4)	(8)	(8)
Fair value adjustment of investment properties	6	(8,408)	—	(17,362)	(685)
Unrealized foreign exchange loss		(57)	—	(54)	(2)
Loss before income taxes		(32,844)	(2,472)	(43,758)	(5,663)
Income tax expense:					
Current		(7)	(6)	(15)	(12)
Deferred		—	(325)	—	(498)
Net loss and comprehensive loss		\$ (32,851)	\$ (2,803)	\$ (43,773)	\$ (6,173)

See accompanying notes to the condensed consolidated interim financial statements including subsequent events (note 25).

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND

Condensed Consolidated Interim Statement of Changes in Net Liabilities Attributable to Unitholders

For the six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars)

(Unaudited)

	Class A	Class C	Class D	Class E	Class F	Class G	Class U	Total
Balance, January 1, 2025	\$ 6,516	\$ 8,021	\$ 10,252	\$ 739	\$ 5,006	\$ 2,300	\$ 1,173	\$ 34,007
Changes during the period:								
Distributions	—	—	—	—	—	—	—	—
Re-allocation due to Unit conversions	52	—	1	(1)	(53)	(1)	2	—
Net loss and comprehensive loss	(8,453)	(10,325)	(13,197)	(950)	(6,376)	(2,962)	(1,510)	(43,773)
Balance, June 30, 2025	\$ (1,885)	\$ (2,304)	\$ (2,944)	\$ (212)	\$ (1,423)	\$ (663)	\$ (335)	\$ (9,766)

	Class A	Class C	Class D	Class E	Class F	Class G	Class U	Total
Balance, January 1, 2024	\$ 11,451	\$ 13,363	\$ 15,703	\$ 1,246	\$ 9,231	\$ 3,845	\$ 1,948	\$ 56,787
Changes during the period:								
Re-allocation due to Unit conversions	(68)	—	136	(8)	(68)	—	8	—
Net loss and comprehensive loss	(1,200)	(1,424)	(1,769)	(137)	(1,010)	(421)	(212)	(6,173)
Balance, June 30, 2024	\$ 10,183	\$ 11,939	\$ 14,070	\$ 1,101	\$ 8,153	\$ 3,424	\$ 1,744	\$ 50,614

See accompanying notes to the condensed consolidated interim financial statements including subsequent events (note 25)

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND

Condensed Consolidated Interim Statement of Cash Flows

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars)

(Unaudited)

		Three months ended June 30		Six months ended June 30	
	Notes	2025	2024	2025	2024
Operating activities:					
Net loss and comprehensive loss		\$ (32,851)	\$ (2,803)	\$ (43,773)	\$ (6,173)
Adjustments for financing activities included in net loss and comprehensive loss:					
Finance costs	16	4,743	5,471	9,722	10,862
Distributions to Unitholders	14(a)	21,974	—	21,974	—
Dividends to preferred shareholders - U.S. REIT series A	12	4	4	8	8
Adjustments for items not involving cash:					
Fair value adjustment of investment properties	6	8,408	—	17,362	685
Unrealized foreign exchange loss		57	—	54	2
Deferred income tax expense		—	325	—	498
Change in non-cash operating working capital	17(a)	(2,087)	525	(2,118)	1,010
Change in restricted cash	10	678	(266)	616	(323)
Cash provided by operating activities		926	3,256	3,845	6,569
Investing activities:					
Capital additions to investment properties	6	(408)	(847)	(762)	(1,532)
Dispositions of investment properties	5	133,000	—	133,000	—
Cash provided by (used in) investing activities		132,592	(847)	132,238	(1,532)
Financing activities:					
Loans payable:					
Proceeds from new financing	11	—	800	—	800
Repayments of existing loans payable	11	(108,869)	—	(108,869)	—
Draw downs on existing loans	11,16	761	1,091	2,525	1,981
Finance costs paid	17(b)	(3,905)	(4,237)	(8,161)	(8,369)
Dividends to preferred shareholders - U.S. REIT series A	12	(4)	(4)	(8)	(8)
Cash used in financing activities		(112,017)	(2,350)	(114,513)	(5,596)
Increase (decrease) in cash		21,501	59	21,570	(559)
Cash, beginning of period		2,574	2,447	2,502	3,067
Change in cash due to foreign exchange		(57)	—	(54)	(2)
Cash, end of period		\$ 24,018	\$ 2,506	\$ 24,018	\$ 2,506

See accompanying notes to the condensed consolidated interim financial statements including subsequent events (note 25).

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars, unless otherwise noted)

(Unaudited)

1. Nature of business

Starlight U.S. Multi-Family (No. 2) Core Plus Fund (the "Fund") is a "closed-end" limited partnership formed under and governed by the laws of the Province of Ontario. The term of the Fund is targeted to be three years with two one-year extensions available subject to approval by Starlight U.S. Multi-Family (No. 2) Core Plus GP, Inc. (the "General Partner"). Section 2.7 of the first amended and restated limited partnership agreement dated as of March 19, 2021 (the "LPA"), set forth that the Fund will continue until the third anniversary of the closing date (as defined in the LPA), being March 31, 2021, unless extended by the General Partner, in its sole discretion for additional one-year periods, provided that the General Partner may only extend the Term (as defined in the LPA) of the Fund for two such additional one-year periods. On August 9, 2023, the General Partner approved the first one-year extension of the Term to January 8, 2025, rather than March 31, 2025. On April 29, 2024, the General Partner amended the one-year extension of the Term to March 31, 2025 to coincide with the closing date of the Fund. On November 18, 2024, the General Partner approved the second one-year extension of the Term to March 31, 2026. The Fund was established for the purpose of indirectly investing in income-producing multi-family properties in the United States ("U.S.") multi-family real estate market that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management, that are located primarily in the States of Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington.

The Fund completed its initial public offering (the "Offering") on March 31, 2021 and raised gross proceeds of \$85,408 and issued the following limited partnership units ("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 \$10.00 Canadian dollars ("C\$") per Unit and 236,840 class E Units, 535,300 class G Units and 299,120 class U Units, at a price of \$10.00 per Unit. The class A and class U Units distributed under the Offering are listed on the TSX Venture Exchange ("TSXV") under the symbol SCPT.A and SCPT.U, respectively. 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 LPA (the "Conversion Ratios"). The weighted average class A equivalent Units outstanding as at June 30, 2025 was 10,901,903 (assumes all outstanding Units were converted to class A equivalent Units based on the Conversion Ratios).

Following completion of the Offering, the Fund acquired two class "A" institutional quality multi-family properties comprising a total of 675 suites, Montane Apartments ("Montane") and Hudson at East ("Hudson"), located in the States of Colorado and Florida, in the Denver and Orlando metropolitan areas, respectively. During the year ended December 31, 2022, the Fund acquired Summermill at Falls River ("Summermill"), a class "A" institutional quality multi-family property comprising 320 suites in Raleigh, North Carolina.

The Fund is managed by Starlight Investments US AM Group LP (the "Manager") which is a wholly-owned subsidiary of Starlight Group Property Holdings Inc. and a related party. As at June 30, 2025, the Fund's property portfolio consisted of interests in two multi-family properties ("Properties" or individually, a "Property") totaling 595 suites (December 31, 2024 - 995 suites). On June 27, 2025, the Fund completed the disposition of Montane (note 5). Subsequent to June 30, 2025, the Fund completed the disposition of Hudson, and the Fund's first mortgage lender for Summermill took control of the property (note 25).

As of the date of issuance of these financial statements, the Fund has completed the disposition of all of its investment properties and will be commencing the final wind-up and liquidation process (the "Dissolution") of the Fund, which includes using cash on hand, including the net proceeds from the disposition of Hudson, to pay all final liabilities of the Fund, delisting the Fund's class A and class U Units from trading on the TSXV and issuing the final liquidating distribution from the Fund (the "Liquidating Distribution"). The Dissolution is expected to be completed in the fourth quarter of 2025 and the Fund expects to announce a specific date and amount for the Liquidating Distribution at a later date once it has determined the amount of any final liabilities to be paid (note 25).

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

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars, unless otherwise noted)

(Unaudited)

2. Basis of presentation

(a) Statement of compliance:

These condensed consolidated interim 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 and going concern:

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

On June 27, 2025, the Fund completed the disposition of Montane (note 5) and subsequent to June 30, 2025, the Fund completed the disposition of Hudson and the Fund's first mortgage lender for Summermill took control of the property. As at June 30, 2025, the Fund continued to own its Hudson and Summermill properties and as a result, the application of the going concern basis of presentation assumes that the Fund will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business (note 25).

(c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in U.S. 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.

Transactions in currencies other than U.S. dollars are translated at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into U.S. dollars at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. dollars at the exchange rate at the date that the fair value was initially determined.

Foreign currency gains or losses arising from settlement of transactions or translations are included in the condensed consolidated interim statement of loss and comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency (C\$) are translated using the exchange rate at the date of the transaction.

3. Material accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies included in the Fund's audited consolidated financial statements for the year ended December 31, 2024. These accounting policies are based on the IFRS Accounting Standards applicable at that time. The condensed consolidated interim financial statements do not include all of the disclosures included in the audited consolidated financial statements for the year ended December 31, 2024 and accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 and notes thereto.

4. Adoption of accounting standards

(a) Future accounting policy changes:

(i) IFRS 18 Presentation and Disclosure in Financial Statements:

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

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(Unaudited)

impact of this amendment on future periods and does not anticipate a material impact to the Fund as a result of IFRS 18.

(ii) IFRS 19 Subsidiaries without Public Accountability: Disclosures:

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.

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

The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. 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.

5. Dispositions

The following asset disposition was completed during the six months ended June 30, 2025. The fair value of consideration has been allocated to the identifiable assets and liabilities sold based on their fair values at the date of disposition as follows:

	Montane
Disposition date	June 27, 2025
City, state/region	Denver, CO
Investment properties	\$ 133,000
Add:	
Resident and other receivables	107
Restricted cash	404
Prepaid expenses and other assets	86
Deduct:	
Finance costs payable	(315)
Transaction costs ⁽¹⁾	(668)
Accounts payable and accrued liabilities	(536)
Resident rental deposits	(216)
Net proceeds from disposition before repayment of loans	131,862
Repayment of first mortgage for Montane ⁽²⁾	(96,000)
Repayment of other loans payable ⁽³⁾	(11,748)
Net proceeds from disposition⁽⁴⁾	\$ 24,114

⁽¹⁾ The Fund incurred transaction costs of \$668 during the six months ended June 30, 2025, which were recorded to fund and trust expenses within the condensed consolidated interim statement of loss and comprehensive loss (note 15).

⁽²⁾ The Fund used the proceeds to fully repay the first mortgage for Montane of \$96,000 (note 11).

⁽³⁾ The Fund utilized a portion of the proceeds from the disposition of Montane to fully repay the unsecured loan and promissory note of \$9,000 and \$2,748, respectively (note 11).

⁽⁴⁾ On June 27, 2025, following the disposition of Montane, the Board of Directors approved a special distribution using a portion of the proceeds from the disposition of Montane ("Special Distribution") (note 14(a)). The Fund also fully repaid any accrued asset management fees which were previously deferred (note 18(a)).

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

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars, unless otherwise noted)

(Unaudited)

6. Investment properties

The following table summarizes the change in the investment properties for the six months ended June 30, 2025 and the year ended December 31, 2024:

Balance, January 1, 2024	\$	301,600
Additions		3,126
Fair value adjustment		(13,926)
Balance, December 31, 2024	\$	290,800
Dispositions (note 5)		(133,000)
Additions		762
Fair value adjustment		(17,362)
Balance, June 30, 2025	\$	141,200

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

		June 30, 2025	December 31, 2024
Cost	\$	179,426	\$ 322,278
Cumulative fair value adjustment		(38,226)	(31,478)
Fair value	\$	141,200	\$ 290,800

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

	June 30, 2025	December 31, 2024
Capitalization rate - range	5.10% - 5.25%	5.00% - 5.25%
Capitalization rate - weighted average	5.18 %	5.08 %

The Fund determined the fair value of each Property using a combination of direct capitalization and direct cash flow methods. 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.

The fair values of the Fund's 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	June 30, 2025	December 31, 2024
Capitalization rate	10 bps increase	\$ (2,674)	\$ (5,614)
Capitalization rate	10 bps decrease	\$ 2,780	\$ 5,839

The impact of a one percent change in the net operating income ("NOI") used to value the Properties as at June 30, 2025 would affect the fair value by approximately \$4,293 (December 31, 2024 - \$2,909).

The 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)).

As at June 30, 2025, the fair value of the Summermill property has been reported as part of investment properties at a fair value less than the outstanding principal for any loans payable secured by such property. Subsequent to June 30, 2025, the Fund's first mortgage lender for Summermill took control of the property in exchange for discharging any obligations the Fund has related to such loan and as a result, the Fund expects to recognize a gain on extinguishment of such debt in the third quarter of 2025 of approximately \$13,000 (note 25).

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars, unless otherwise noted)

(Unaudited)

Subsequent to June 30, 2025, in addition to the transfer of Summermill outlined above, the Fund completed the disposition of Hudson (note 25). As a result, the Fund as of date of issuance of these financial statements has completed the disposition of all of its investment properties and will be commencing the Dissolution of the Fund, which includes using cash on hand, including the net proceeds from the disposition of Hudson, to pay all final liabilities of the Fund, delisting the Fund's class A and class U Units from trading on the TSXV and issuing the Liquidating Distribution. The Dissolution is expected to be completed in the fourth quarter of 2025 and the Fund expects to announce a specific date and amount for the Liquidating Distribution at a later date once it has determined the amount of any final liabilities to be paid (notes 2 and 25).

7. Derivative financial instruments

As at June 30, 2025, the Fund had interest rate caps with a value of \$83 (December 31, 2024 - \$493).

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. As the Fund has elected not to use hedge accounting, an unrealized fair value loss of \$158 and \$405 was recorded in finance costs in the condensed consolidated interim statement of loss and comprehensive loss for the three and six months ended June 30, 2025 (June 30, 2024 - loss of \$706 and \$1,412), respectively. A summary of the Fund's interest rate caps is presented below:

Property name	Expiry date	Index ⁽¹⁾	Strike rate	Notional amount
Montane ⁽²⁾	November 1, 2025	Term SOFR	3.24%	\$ 24,000

⁽¹⁾ The interest rate caps provide protection against increases from the one-month term Secured Overnight Financing Rate ("Term SOFR") above stipulated levels as noted above. Based on each of the existing loan agreements for the properties included above, the Fund would be obligated to purchase replacement interest rate caps upon expiration of the existing interest rate caps typically for a term covering up to the maturity date of the loan.

⁽²⁾ On November 7, 2024, the Fund purchased an interest rate cap with notional amount of \$72,000, six-month term (November 1, 2024 to May 1, 2025) and 3.24% Term SOFR strike rate. On May 1, 2025, the interest rate cap matured and the Fund was no longer obligated to purchase a replacement cap as the Fund was in the process of selling Montane. On November 7, 2024, the Fund purchased an additional interest rate cap with notional amount of \$24,000, one-year term (November 1, 2024 to November 1, 2025) and 3.24% Term SOFR strike rate, which was sold for proceeds of \$83 on July 2, 2025, subsequent to the disposition of Montane on June 27, 2025 (note 5).

8. Resident and other receivables

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

	June 30, 2025	December 31, 2024
Resident receivables ⁽¹⁾	\$ 65	\$ 310
Other receivables ⁽¹⁾	159	55
	\$ 224	\$ 365

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

9. Prepaid expenses and other assets

The following table presents details of the prepaid expenses balance:

	June 30, 2025	December 31, 2024
Prepaid insurance	\$ 204	\$ —
Prepaid expenses	115	106
	\$ 319	\$ 106

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(In thousands of U.S. dollars, unless otherwise noted)

(Unaudited)

10. Restricted cash

The following table presents details of the restricted cash balance:

	June 30, 2025	December 31, 2024
Escrowed funds:		
Property taxes ⁽¹⁾⁽²⁾	\$ 1,395	\$ 1,212
Property insurance ⁽¹⁾⁽²⁾	—	343
Replacement and repairs ⁽¹⁾⁽²⁾	62	48
Interest reserve ⁽²⁾⁽³⁾	740	1,012
Restricted cash:		
Security deposits ⁽⁴⁾	129	327
	\$ 2,326	\$ 2,942

⁽¹⁾ Escrowed funds include cumulative amounts that are funded on a monthly basis into escrow with the Fund's lenders. These amounts are used to pay property taxes and insurance coming due within a 12-month period or repairs or upgrades at certain of the Properties. On June 27, 2025, the Fund completed the disposition of Montane and as a result, escrow funds held by the lender amounting to \$404 were released by the lender (note 5).

⁽²⁾ Subsequent to June 30, 2025, the Fund completed the disposition of Hudson and the Fund's first mortgage lender for Summermill took control of the property through non-cash transfer (note 25). As a result, escrow funds and interest reserve held by the Hudson's lender as at July 31, 2025 amounting to \$1,522 were released by the lender (note 25).

⁽³⁾ Interest reserve includes amounts funded into escrow with certain of the Fund's lenders which may be used to fund interest costs in future periods or released to the Fund subject to certain conditions of each individual loan payable. These amounts would be released to the Fund upon repayment in full of the related loans payable, subject to achieving certain conditions of each loan payable. These amounts also typically form part of the collateral held by the applicable lenders for certain of the loans payable (note 2(b)).

⁽⁴⁾ 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.

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(Unaudited)

11. Loans payable

Loans payable are secured against the applicable investment properties to which the loan relates and typically require interest only ("IO") payments until a specified date. The loans bear interest at variable index rates based on Term SOFR plus an interest rate spread. Under certain loans, the Fund has purchased an interest rate cap which provides for a maximum interest rate payable in the event the variable index rate is above the strike rate of the cap (note 7). A summary of the Fund's loans payable is presented below:

Property	Payment terms	Maturity date	Extension options ⁽¹⁾	Interest rate ⁽²⁾	June 30, 2025		December 31, 2024	
					Capital line available	Principal outstanding	Capital line available	Principal outstanding
Montane (a)	IO	September 9, 2025	N/A	Term SOFR + 3.20%	\$ —	\$ —	\$ —	\$ 96,000
Hudson (b)	IO	September 7, 2025	N/A	5.75%	—	67,000	—	67,000
Summerville (c)	IO	May 7, 2025	N/A	Term SOFR + 2.95%	—	85,639	1,886	84,458
Unsecured loan (d)	IO	July 1, 2025	N/A	12.00%	—	—	—	9,000
Promissory note (e)	IO	June 30, 2025	N/A	10.50%	—	—	—	2,161
Principal outstanding					\$ —	\$ 152,639	\$ 1,886	\$ 258,619
Unamortized financing costs						(17)		(426)
Carrying value						\$ 152,622		\$ 258,193
Breakdown of current versus non-current portion of carrying value:								
Current						\$ 152,622		\$ 258,193
Non-current						\$ —		\$ —

⁽¹⁾ Certain of the Fund's loans payable had initial maturity dates within one year of June 30, 2025, whereby the Fund had extension options available to extend such applicable loans beyond such date, subject to meeting certain conditions as outlined in each applicable loan agreement. As of the date of issuance of these condensed consolidated interim financial statements, the Fund has discharged its obligation and repaid outstanding loans payable in full for all properties following the disposition of Montane and Hudson as well as transfer of ownership of Summerville to its lender (notes 5 and 25).

⁽²⁾ The Fund utilizes interest rate cap agreements to protect its interest costs on variable rate loans as required by certain lenders. In the event the strike rate of the interest rate cap is below the variable index rate (Term SOFR) at a monthly settlement date, the Fund's maximum interest rate payable would be equal to the credit spread plus the strike rate on the interest rate cap for each applicable loan. The terms of the applicable interest rate caps for the Fund are outlined in note 7. In addition, the Fund had the ability to defer a portion of debt service costs accrued at the interest rates outlined above until maturity of the applicable loans (note 11(b) and note 11(d)).

(a) On June 27, 2025, the Fund completed the disposition of Montane and used the proceeds to fully repay the outstanding Montane first mortgage of \$96,000 and fully repaid the unsecured loan and promissory note of \$9,000 and \$2,748, respectively (note 5).

(b) The Hudson loan payable previously matured May 7, 2025 with the Fund obtaining a short-term extension from the lender to September 7, 2025. Subsequent to June 30, 2025, the Fund completed the disposition of Hudson and fully repaid any outstanding loans payable secured by such property at that time (note 25).

(c) On January 22, 2024, the Fund modified the Summerville loan payable to discharge its obligation to purchase a replacement interest rate cap and obtain access to a facility used to fund a portion of the debt service at the property, whereby the Fund can draw up to \$290 per month subject to certain terms and performance conditions. The outstanding balance on any drawn amounts bears an interest at Term SOFR + 8.00%, which is accrued and payable at the time of repayment of such loan. Any accrued debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan are included in interest expense within the condensed consolidated interim statement of loss and comprehensive loss (note 16) with an offsetting amount added to the loans payable principal outstanding which during the three and six months ended June 30, 2025, amounted to \$431 and \$1,181. As at June 30, 2025 the Fund had accrued and deferred a total of \$4,631 of debt service costs including deferred interest of \$476, which were included in the principal balance outstanding reported at such date (December 31, 2024 - \$3,449) whereby such amounts bear interest at Term SOFR + 8.00% and the remaining principal outstanding on the Summerville loan payable at that time of \$81,009 bears interest at Term SOFR + 2.95%. Subsequent to June 30, 2025, the Fund's first mortgage lender for Summerville took control of the property and the Fund discharged its obligation to pay the outstanding mortgage loan principal balance on

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Summermill of \$85,639 and discharged all other liabilities of the Fund associated with Summermill, with no cash proceeds being received by the Fund as a result of the transfer of ownership (note 25).

(d) On January 21, 2025, the unsecured loan was extended to April 1, 2025 and further extended to July 1, 2025 on March 31, 2025, bearing IO payments at 12.00%. On June 27, 2025, the unsecured loan was repaid in full from the proceeds from the disposition of Montane (note 5).

(e) On June 28, 2024, the Fund entered into an unsecured promissory note with the Manager, due and payable on March 31, 2025 and further extended to June 30, 2025 on March 31, 2025 with all other terms remaining unchanged. The note accrues interest at a rate of 10.5% per annum, calculated and payable monthly, with the option to prepay a portion or the entire principal amount thereof. The Manager also elected to defer the Fund's obligation for payment of any accrued interest until further notice. The accrued interest of \$169 had been added to the outstanding principal balance of loans payable and is also reflected in the interest expense in the condensed consolidated interim statement of loss and comprehensive loss. On June 27, 2025, the unsecured promissory note of \$2,579 and accrued interest of \$169 was repaid in full from the proceeds from the disposition of Montane (note 5).

As at June 30, 2025, the Fund's loans payable had a weighted average term to maturity ("WATM") of 0.12 years (December 31, 2024 - 1.06 years) and a weighted average interest rate of 6.83% (December 31, 2024 - 6.81%).

Future principal payments on loans payable are as follows:

	Principal payments	Balloon payments	Total
2025 - reminder of year ⁽¹⁾	\$ —	\$ 152,639	\$ 152,639

⁽¹⁾ The Fund has shown the principal payments herein based on the initial maturity date of such loan. The balloon payments are based on the subsequent repayment of all the Fund's loans payable as a result of subsequent disposition of Hudson and non-cash transfer of ownership of Summermill to its lender (note 25).

12. Preferred shares - U.S. Real Estate Investment Trust ("REIT") series A

The 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, subject to prepayment penalties under certain conditions. The preferred shares pay a cumulative dividend at 12.0% per annum, semi-annually on June 30 and December 31.

13. Accounts payable and accrued liabilities

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

	June 30, 2025	December 31, 2024
Resident prepayments	\$ 22	\$ 28
Operating payables	1,123	1,676
Accrued realty taxes ⁽¹⁾	705	543
Accrued asset management fees (note 18)	—	1,110
Excise tax and franchise tax payable	61	46
	\$ 1,911	\$ 3,403

⁽¹⁾ Accrued property taxes represent property taxes incurred but not yet paid for Properties up to the date of the condensed consolidated interim statement of financial position. As a result of the requirements of International Financial Reporting Interpretations Committee Interpretation 21, Levies ("IFRIC 21"), property taxes are to be disclosed separately between either property tax expenses or fair value adjustment to IFRIC 21. The Fund recorded a property tax expense of \$nil and \$2,167 for the three and six months ended June 30, 2025 (June 30, 2024 - \$nil and \$2,654), respectively and an IFRIC 21 fair value expense amounting to \$543 and a recovery of \$1,047 for the three and six months ended June 30, 2025 (June 30, 2024 - expense of \$663 and recovery of \$1,327), respectively. Such amounts have been combined in the condensed consolidated interim statement of loss and comprehensive loss and reported as property tax expense. Any given reporting period represents the actual property taxes incurred by the Fund in such reporting period.

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14. Net liabilities attributable to Unitholders

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

The beneficial limited partnership interest in the net liabilities and net loss and comprehensive loss of the Fund is held in seven classes of Units: A, C, D, E, F, G and U. The Fund is authorized to issue an unlimited number of Units in classes as described above. Each Unitholder is entitled to one vote for each Unit held. Subject to certain exceptions, each class of Units entitles the holder to the same rights as a Unitholder in another class of Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units' rights. As each class of Units has different proportionate entitlements to receive distributions during the Term, there are varying economic values per class of Units, the net liabilities attributable to Unitholders are distributed disproportionately on a per unit basis upon liquidation. Accordingly, these Units have been classified as a liability in the condensed consolidated interim statement of financial position and any distributions paid on each class of Units is presented in the condensed consolidated interim statement of loss and comprehensive loss (note 25).

On June 27, 2025, the the Board of Directors approved the Special Distribution on its outstanding Units, payable on July 15, 2025, to holders of Units of record at July 8, 2025 subject to certain exceptions for securities bought or sold after this date but prior to the payment date (note 5). The Special Distribution amounts by class of Unit were C\$2.7500 per class A Unit, C\$2.9374 per class C Unit, C\$2.7500 per class D Unit, US\$2.6201 per class E Unit, C\$2.8571 per class F Unit, US\$2.5202 per class G Unit and US\$2.5202 per class U Unit.

For the three and six months ended June 30, 2025, distributions of \$21,974 were declared and recorded to distribution expense (June 30, 2024 - \$nil) (note 25).

Subsequent to June 30, 2025, the Fund announced the anticipated Dissolution of the Fund targeted to be completed by the fourth quarter of 2025, at which time the Fund anticipates issuing final Liquidation Distribution to its Unitholders (note 25).

The following table represents a summary of the changes in Units by class:

	Number of Units outstanding (000's)							Total Units	Net liabilities attributable to Unitholders
	Class A	Class C	Class D	Class E	Class F	Class G	Class U		
Outstanding as at January 1, 2025	2,089	2,437	3,286	183	1,556	589	300	10,440	\$ 34,007
Units reallocated due to conversions	17	—	—	—	(17)	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	(43,773)
Outstanding as at June 30, 2025	2,106	2,437	3,286	183	1,539	589	300	10,440	\$ (9,766)

(b) Carried interest:

The partners of Starlight Investments (No. 2) Core Plus Partnership ("SICPP"), currently being an affiliate of the Manager and the President of the General Partner, through SICPP's indirect interest in Starlight U.S. Multi-Family (No. 2) Core Plus Holding L.P. ("Holding L.P."), 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 a particular class if all Distributable Cash (as defined in the Fund's final long form prospectus dated March 19, 2021 (the "Prospectus")) of the Holding L.P. was received by the Fund through Starlight U.S. Multi-Family (No. 2) Core Plus Investment L.P. ("Investment L.P."), 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 L.P.) to Unitholders in accordance with the LPA, exceeds (ii) the aggregate minimum return. ("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

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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 L.P. to Investment L.P. and by Investment L.P. 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 L.P., 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 partners of SICPP in respect of such class (note 25).

As at June 30, 2025, the Fund had not recognized any provision for carried interest (December 31, 2024 - \$nil), resulting in no expense for the three and six months ended June 30, 2025 (June 30, 2024 - \$nil).

15. Fund and trust expenses

Fund and trust expenses consist of the following:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Asset management fees (note 18)	\$ 274	\$ 278	\$ 553	\$ 554
General and administrative expenses	101	115	216	227
Transaction costs (note 5)	668	—	668	—
	\$ 1,043	\$ 393	\$ 1,437	\$ 781

16. Finance costs

Finance costs consist of the following:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Interest expense on loans payable ⁽¹⁾	\$ 4,430	\$ 4,190	\$ 8,872	\$ 8,318
Amortization of financing costs	155	575	445	1,132
Fair value change on derivative financial instruments (note 7)	158	706	405	1,412
	\$ 4,743	\$ 5,471	\$ 9,722	\$ 10,862

(1) During the three and six months ended June 30, 2025, interest expense on loans payable included debt service costs or debt service shortfall funding which had been deferred and were payable upon maturity of the loan, amounted to \$496 and \$1,289, respectively (note 11(c) and (e)).

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 condensed consolidated interim statement of cash flows:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Resident and other receivables	\$ (241)	\$ (125)	\$ (252)	\$ (96)
Prepaid expense and other assets	327	256	(213)	(406)
Resident rental deposits	(235)	47	(226)	72
Accounts payable and accrued liabilities	(1,938)	347	(1,427)	1,440
Total change in non-cash operating working capital	\$ (2,087)	\$ 525	\$ (2,118)	\$ 1,010

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(b) Finance costs paid:

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest expense paid ⁽¹⁾	\$ (3,890)	\$ (4,202)	\$ (8,125)	\$ (8,185)
Financing costs incurred on loans payable ⁽²⁾	(15)	(35)	(36)	(184)
Total finance costs paid	\$ (3,905)	\$ (4,237)	\$ (8,161)	\$ (8,369)

⁽¹⁾ Interest expense paid included interest costs of \$496 and \$1,289 for the three and six months ended June 30, 2025 (June 30, 2024 - \$870 and \$1,580), respectively, which had been deferred and were payable upon maturity of the loans (notes 11(e) and 11(e)). In addition, the Fund has the ability to defer amounts otherwise due under certain loans payable (note 11).

⁽²⁾ Includes cost of any interest rate caps acquired by the Fund.

18. Transactions with related parties

The condensed consolidated interim 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, a director and Chief Executive Officer of the General Partner 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 November 15, 2021 (the "Management Agreement"), the Manager is to perform asset management services for fees equal to 0.35% of the sum of: the historical purchase price of the properties acquired in U.S. dollars and the cost of any capital expenditures in respect of the Fund's Properties since the date of acquisition by the Fund. Included in fund and trust expenses were \$274 and \$553 in asset management fees charged by the Manager (note 15) for the three and six months ended June 30, 2025 (June 30, 2024 - \$278 and \$554), respectively. On January 1, 2024, the Manager agreed to defer the Fund's obligation to pay all asset management fees until further notice. As of June 30, 2025, following the disposition of Montane, the Fund paid the previously deferred asset management fees in full. In addition, the remaining fees accrued from the reporting date to August 12, 2025 was paid using the proceeds from the disposition of Hudson (notes 5 and 25). The amount payable to the Manager as at June 30, 2025 was \$nil (December 31, 2024 - \$1,110), included in accounts payable and accrued liabilities (note 13).

(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 in each calendar year. For the three and six months ended June 30, 2025, the Fund did not incur any acquisition fees (June 30, 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 wholly owned subsidiaries to indirectly acquire an interest in the investment properties, the Fund and each 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. For the three and six months ended June 30, 2025, the Fund did not incur any guarantee fees (June 30, 2024 - \$nil). Guarantee fees payable to the Manager as at June 30, 2025 was \$nil (December 31, 2024 - \$nil).

(d) Aggregate compensation to key management personnel was \$nil for the three and six months ended June 30, 2025 as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (June 30, 2024 - \$nil).

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19. Commitment and contingencies

At June 30, 2025, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of June 30, 2025 expire within 12 months. The Fund holds commitments to provide for carried interest when applicable and to distribute excess cash to Unitholders. Subsequent to June 30, 2025, the Fund announced the Dissolution of the Fund expected to be completed by fourth quarter of 2025 (note 2)

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, as at the date of issuance of these condensed consolidated interim financial statements 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 Board of Directors 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 U.S. real estate industry segment. The Fund's investment properties are, therefore, considered by management to have similar economic characteristics. No single resident accounts for 10% or more of the Fund's rental revenue.

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 first mortgages are subject to a minimum net worth covenants of approximately \$75,000 as defined in each applicable loan agreement. For Hudson and Summermill, the Fund did not achieve the minimum net worth covenant in their first mortgage loan agreements as at June 30, 2025. The Fund's loans payable typically carry consolidated Fund minimum net worth and minimum liquidity covenants and typically have no specific financial covenants tied to the ongoing operations of the Property. As at June 30, 2025, the Fund was in compliance with all of its financial covenants other than the minimum net worth covenant for two of its properties as mentioned above. Certain of the Fund's loans also carry certain performance conditions which if not satisfied, may reduce the Fund's ability to defer a portion of any debt service amounts that the Fund otherwise may defer. Subsequent to June 30, 2025, the Fund has discharged its obligation and repaid outstanding loans payable in full following the disposition of Montane and Hudson as well as transfer of ownership of Summermill to its lender (notes 5 and 25).

22. Risk management

The Fund's activities expose it to credit risk, market risk, liquidity risk, currency 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, utilizing third party collection agencies for longstanding balances due from residents and geographically diversifying the location of the Properties.

The Fund monitors its collection experience on at least a weekly 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 condensed consolidated interim statement of loss and comprehensive loss.

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At June 30, 2025, the Fund had accrued no allowance for uncollectible amounts as such amounts are written off directly against revenues at that time. During the three and six months ended June 30, 2025, the Fund recorded \$30 and \$49 of bad debts against revenues in the condensed consolidated interim statement of loss and comprehensive loss (June 30, 2024 - \$3 and \$42), respectively.

(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 refinancings occur in future periods. As at June 30, 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.

During the three and six months ended June 30, 2025, the Fund has adjusted the capitalization rates used in the valuation of its investment properties to ensure appropriate fair values are reflected as at June 30, 2025 (note 6). The adjustment in capitalization rates is reflective of third party appraisals as of December 31, 2024 as well as consideration of comparable sales transactions and changes which have occurred in the overall investment market for residential properties up to June 30, 2025. The period leading up to June 30, 2025 experienced limited comparable sales for the appraisers to rely on as a result of broader market conditions, including certain owners of multi-family properties delaying sales as a result of market uncertainty and concerns relating to elevated interest rates. In addition, the fair value reported for Hudson as at June 30, 2025 approximated the proceeds realized from its disposition on August 12, 2025 (note 25). As at June 30, 2025, the fair value of the Summermill property has been reported as part of investment properties at a fair value less than the outstanding principal for any loans payable secured by such property. Subsequent to June 30, 2025, the Fund's first mortgage lender took control of the property in exchange for discharging any obligations the Fund has related to such loan and as a result, the Fund expects to recognize a gain on extinguishment of such debt in the third quarter of 2025 of approximately \$13,000 (note 25).

The Fund's objective in managing interest rate risk was to minimize the volatility of the Fund's income. The Fund has the ability to enter into interest rate cap agreements for the variable rate loans which protect the Fund from increases in Term SOFR index rates beyond stipulated levels. As of the date of issuance of these condensed consolidated interim financial statements, the Fund has discharged its obligation and repaid outstanding loans payable in full for all properties (note 25). For the three and six months ended June 30, 2025, all else being equal, a change of ten bps in Term SOFR index rates would impact net loss and comprehensive loss by \$20 and \$41 (June 30, 2024 - \$21 and \$41), respectively.

(c) Liquidity risk:

Liquidity risk is the risk that the Fund may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. To mitigate the risk associated with the refinancing of maturing debt, the Fund staggered the maturity dates of its loan portfolio and has options to extend certain loans subject to certain conditions as outlines in each applicable loan agreement (note 11).

The Fund strived to maintain strong and collaborative relationships with its lenders but the elevated level of interest rates and associated impact on capitalization rates mentioned above had a negative impact on the Fund's overall leverage position and debt service coverage ratios, both of which are typical financial benchmarks required to extend certain loans and as a result, these changes impacted the Fund's ability to exercise certain extension options available under the loans payable the Fund had in place prior to their repayment in full during and subsequent to June 30, 2025. As at June 30, 2025, \$152,639 of the Fund's loans payable (relating to the two properties owned at that point in time) had contractual maturity dates within twelve months of June 30, 2025 whereby the Fund had the option to extend such loans with the existing lenders subject to such loans achieving certain conditions (including maximum leverage and minimum debt service coverage ratios noted). For Hudson, the Fund obtained a short-term extension of such loan to September 7, 2025 and subsequently completed the disposition of such property and fully repaid such loans secured by Hudson subsequent to June 30, 2025 (Note

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25). For Summermill, certain of these extension conditions were not achieved as of the initial maturity date of May 7, 2025 with the original loan terms remaining in effect, until otherwise modified or a formal notice of an event of default is issued by the lender. Subsequent to June 30, 2025, the Fund's first mortgage lender for Summermill took control of the property and the Fund discharged its obligation to pay the outstanding mortgage loan principal balance on Summermill of \$85,639 and discharged all other liabilities of the Fund associated with Summermill, with no cash proceeds being received by the Fund as a result of the transfer of ownership (note 25).

(d) Currency risk:

Currency risk is the risk that the Fund encounters fluctuations in the Canadian/U.S. dollar exchange rate. The revenues and expenses of the investment properties are denominated in U.S. dollars and any distributions made to Fund Unitholders are in both Canadian and U.S. dollars. The Fund converts such distribution amounts into Canadian dollars, as applicable, before any distributions are paid by the Fund to Unitholders. As a consequence, any distributions paid by the Fund are impacted by the prevailing exchange rates. Given the Fund paused distributions to Unitholders commencing November 2022, the Fund does not have significant exposure to fluctuations in the Canadian/U.S. dollar exchange rate as it relates to the operating cash flow of the Fund.

The Special Distribution and Liquidation Distribution do have certain exposure to fluctuations in the Canadian/U.S. dollar exchange rate for Canadian dollar distribution amounts, which the Fund continues to monitor closely for any such future distribution amounts.

23. Fair value measurement of financial instruments

The Fund uses various methods in estimating the fair values recognized in the condensed consolidated interim 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 the 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, accounts payable and accrued liabilities, distributions payable and finance cost payable approximate their carrying amounts due to their short-term nature (Level 1);
- Derivative financial instruments are considered as Level 2 financial instruments;
- 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 June 30, 2025 approximated their carrying value, other than the Summermill loan payable, which has been reported at higher than fair value of the property as subsequent to June 30, 2025, the Fund's first mortgage lender for Summermill took control of the property in exchange for discharging any obligations the Fund has related to such loan; 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 period.

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars, unless otherwise noted)

(Unaudited)

25. Subsequent events

On August 12, 2025, the Fund completed the disposition of Hudson for cash proceeds of \$68,400 with the Fund utilizing the proceeds to fully repay the outstanding loans payable secured by such property amounting to \$67,000 and paid other customary transaction costs with the Fund retaining any remaining proceeds as cash on hand.

On August 12, 2025, the Fund's first mortgage lender for Summermill took control of the property and as a result of the transfer of ownership, the Fund discharged its obligation to pay the outstanding mortgage loan principal balance on Summermill of \$85,639 and discharged all other liabilities of the Fund associated with Summermill, with no cash proceeds being received by the Fund as a result of the transfer of ownership. As at June 30, 2025, the fair value of the Summermill property has been reported as part of investment properties at a fair value less than the outstanding principal for any loans payable secured by such property. Subsequent to June 30, 2025, the Fund's first mortgage lender took control of the property in exchange for discharging any obligations the Fund has related to such loan and as a result, the Fund expects to recognize a gain on extinguishment of such debt in the third quarter of 2025 of approximately \$13,000.

As a result of the above noted transactions, the Fund has completed the liquidation of all of its investment properties and will be commencing the Dissolution, which includes using cash on hand, including the net proceeds from the disposition of Hudson, to pay all final liabilities of the Fund, delisting the Fund's class A and class U Units from trading on the TSXV and issuing the Liquidating Distribution. The Dissolution is expected to be completed in the fourth quarter of 2025 and the Fund expects to announce a specific date and amount for the Liquidating Distribution at a later date once it has determined the amount of any final liabilities to be paid.

Based on the transactions subsequent to June 30, 2025, as of the date of issuance of these condensed consolidated interim financial statements, the Fund's weighted average NAV per Class A Equivalent Unit rounded to the nearest dollar and calculated in accordance with the Fund's constating documents is approximately C\$0.25.