



Montane Apartments - Denver, Colorado

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

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

August 28, 2025

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND - Q2 2025 MD&A

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FUND TARGETS

- **TARGETED DISTRIBUTION YIELD: 4.0%**
- **PRE-TAX TARGETED ANNUAL TOTAL RETURN: 11.0%**

Summermill at Falls River
320 suites
Raleigh, North Carolina



Hudson at East
275 suites
Orlando, Florida



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the unaudited condensed consolidated interim financial statements of Starlight U.S. Multi-Family (No. 2) Core Plus Fund (the "Fund") dated August 28, 2025 for the three months ended June 30, 2025 ("Q2-2025") and for the six months ended June 30, 2025 ("YTD-2025") should be read in conjunction with the Fund's unaudited condensed consolidated interim financial statements for the three months ended June 30, 2024 ("Q2-2024") and the six months ended June 30, 2024 ("YTD-2024") and the Fund's audited consolidated financial statements for the year ended December 31, 2024, both of which have been prepared in accordance with IFRS Accounting Standards ("IFRS"). These documents are available on SEDAR+ at www.sedarplus.ca.

The Fund's presentation currency is United States ("U.S.") dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of U.S. dollars, except for per limited partnership unit of the Fund ("Unit") and average monthly rent ("AMR")¹. All references to "C\$" are to Canadian dollars. Non-IFRS measures are reported throughout this MD&A. For further information on non-IFRS measures, please refer to the "Non-IFRS Financial Measures" section.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws and which reflect the Fund's current expectations regarding future events, including the overall financial performance of the Fund and its properties (the "Properties"), the impact of elevated levels of inflation and interest rates, uncertainty surrounding U.S. tariffs, the potential implications of a default under loans payable and the Fund's capital management and liquidity measures. Forward-looking information is provided for the purposes of assisting the reader in understanding the Fund's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking information may relate to future results, the impact of inflation levels and interest rates, the ability of the Fund to make and the resumption of future distributions, the trading price of the Fund's TSX Venture Exchange ("TSXV") listed units being class A units and class U units of the Fund ("Listed Units") and the value of the Fund's unlisted units, which include all units other than the Listed Units (together with Listed Units, "Units"), acquisitions, financing, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes, and plans and objectives of or involving the Fund. Particularly, matters described in "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include; the ability of the Fund to make the future distributions; the trading price of the Listed Units, changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Properties or the Fund's legal entities, the timing of any final or liquidating distribution made by the Fund and the Fund's ability to continue as a going concern. A variety of factors, many of which are beyond the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

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

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

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uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following; the trading price of the Listed Units; the price at which the Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the disposition of the Properties; the ability of Starlight Investments US AM Group LP or its affiliates (the "Manager") to manage and operate the Properties or achieve similar returns to previous investment funds managed by the Manager; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Given this period of uncertainty, there can be no assurance regarding: (a) operations and performance or the volatility of the Units; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) the Manager or any of its affiliates, will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

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

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as adjusted funds from operations ("AFFO"), AMR, adjusted net income and comprehensive income ("Adjusted Net Income and Comprehensive Income"), cash provided by operating activities including interest costs, economic occupancy, physical occupancy, estimated gap to market versus in-place rents ("Estimated Gap to Market Versus In-Place Rents")¹, funds from operations ("FFO"), gross book value ("Gross Book Value"), indebtedness ("Indebtedness"), indebtedness coverage ratio ("Indebtedness Coverage Ratio"), indebtedness to gross book value ("Indebtedness to Gross Book Value"), interest coverage ratio ("Interest Coverage Ratio") and net operating income ("NOI")¹ are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net loss and comprehensive loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. AFFO, AMR, Adjusted Net Income and Comprehensive Income, cash provided by operating activities including interest costs, economic occupancy, physical occupancy, Estimated Gap to Market Versus In-Place Rents, FFO, Gross Book Value, Indebtedness, Indebtedness Coverage Ratio, Indebtedness to Gross Book Value, Interest Coverage Ratio and NOI, as computed by the Fund, may not be comparable to similar measures as reported by other issuers or companies in similar or different industries. The Fund uses these measures to better assess the Fund's underlying performance and provides these additional measures so that investors may do the same.

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

AFFO is defined as FFO subject to certain additional adjustments, including: (i) amortization of fair value mark-to-market adjustments on loans assumed; (ii) amortization of financing costs; (iii) deduction of a reserve for normalized maintenance capital expenditures and suite make-ready costs, as determined by the Manager; (iv) vacancy costs associated with any suite upgrade program; and (v) any accrued interest costs or debt service shortfall funding provided by lenders that are deferred and payable upon maturity of the applicable loan payable. Other adjustments may be made to AFFO as determined by the Manager. AFFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important performance measure to determine the possibility and sustainability of future distributions paid to Unitholders after a provision for maintenance capital expenditures. AFFO should not be interpreted as an indicator of cash generated from operating activities, as it does not consider changes in working capital. AFFO has not been calculated in accordance with the Real Property Association of Canada ("RPAC") definition, as the Fund adjusts for non-cash items to better measure the possibility and sustainability of future distributions. This MD&A does not include a presentation of adjusted cash flow from operations as

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defined by RPAC. The most comparable IFRS measures for AFFO are cash flow from operating activities and net loss and comprehensive loss.

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

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

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

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. The Fund considers this an important operating metric to evaluate the extent to which revenue potential is being realized. The Fund also uses physical occupancy, which is calculated by taking the number of occupied suites as at the reporting date divided by the total number of suites owned by the Fund as at the reporting date.

Estimated Gap to Market Versus In-Place Rents is defined as the estimated market rent for each applicable property divided by the applicable AMR for each property.

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

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

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

Indebtedness is defined as the principal amount of loans payable outstanding as at a specific reporting date. Indebtedness is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition. The most comparable IFRS measure for Indebtedness is loans payable.

Indebtedness Coverage Ratio is defined as Adjusted Net Income and Comprehensive Income plus interest expense divided by interest (excluding any accrued interest costs or debt service shortfall funding provided by lenders that are deferred and payable upon maturity of the applicable loan payable) and mandatory principal payments on the Fund's loans payable for a specific reporting period. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy the Fund's debt service obligations. Indebtedness Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual principal and interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

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

Interest Coverage Ratio is defined as Adjusted Net Income and Comprehensive Income plus interest expense divided by interest expense (excluding any accrued interest costs or debt service shortfall funding provided by lenders that are deferred and payable upon maturity of the applicable loan payable). Generally, a higher Interest Coverage Ratio indicates a lower credit risk. Interest Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

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NOI, or Adjusted Income from Operations is defined as all property revenue, less direct property costs such as utilities, property taxes (International Financial Reporting Interpretations Committee Interpretation 21, Levies (“IFRIC 21”) adjustment included in each reporting period), repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property-specific administrative costs. NOI Margin is defined as NOI divided by revenue from property operations. NOI and NOI Margin are presented in this MD&A as the Manager considers these non-IFRS measures to be important measures of the Fund’s operating performance and uses these measures to assess the Fund’s property operating performance on an unlevered basis. The most comparable measure to IFRS is net loss and comprehensive loss.

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

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

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FUTURE OUTLOOK

On June 27, 2025, the Fund completed the disposition of Montane and fully repaid such loans secured by Montane. 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 (see “Subsequent Events”). 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. 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.

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 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 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.

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INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a “closed-end” limited partnership formed under and governed by the laws of the Province of Ontario. The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3.

The term of the Fund is targeted to be three years, with two one-year extensions (the “Term”) available subject to approval by Starlight U.S. Multi-Family (No. 2) Core Plus GP, Inc., the general partner of the Fund (“General Partner”). The Fund may be extended beyond five years by special resolution of the Unitholders. 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 General Partner, in its sole discretion for additional one-year periods, provided that 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, General Partner approved the first one-year extension of the Term to January 8, 2025, rather than March 31, 2025. On April 29, 2024, General Partner amended the one-year extension of the Term to March 31, 2025 to coincide with the closing date of the Fund and on November 18, 2024, approved the second one-year extension of the Term to March 31, 2026 (the “Term Extension”).

The ownership of the Fund is separated into seven classes of Units. On March 31, 2021, the Fund issued the following limited partnership Units: 2,862,819 class A Units, 2,436,500 class C Units, 2,095,700 class D Units and 1,959,606 class F Units at a price of C\$10.00 and 236,840 class E Units, 535,300 class G Units and 299,120 class U Units at a price of \$10.00. Class A, C, D and F are Canadian dollar denominated Units and class E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on conversion ratios calculated consistent with the 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 are converted to class A equivalent Units based on the Conversion Ratios).

The Offering raised gross subscription proceeds of \$85,408. After the closing of the Offering on March 31, 2021, the Fund acquired Montane Apartments (“Montane”) and Hudson at East (“Hudson”) consisting of a combined 675 suites. The Properties are located in Denver, Colorado and Orlando, Florida. During the year ended December 31, 2023, the Fund acquired Summermill at Falls River (“Summermill”) a class “A” institutional quality property comprising of 320 suites in Raleigh, North Carolina (see “Portfolio Summary”).

On June 27, 2025, the Fund completed the disposition of Montane for \$133,000. The proceeds were used to repay the outstanding loan principal balance of \$96,000 and to fully repay the unsecured loan and unsecured promissory note balances of \$9,000 and \$2,579, respectively. The disposition proceeds were further utilized to pay a special distribution to Unitholders (“Special Distribution”) amounting to approximately \$21,974 (see “Distributions to Unitholders”).

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 loan payable secured by such property amounting to \$67,000 and paid other customary transaction costs with the Fund retaining any remaining proceeds (see “Subsequent Events”).

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 the Summermill, with no cash proceeds being received by the Fund as a result of the transfer of ownership (see “Subsequent Events”).

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 sale 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 (see “Subsequent Events” and “Future Outlook”).

The Listed Units of the Fund are listed on the TSX Venture Exchange under the symbols SCPT.A and SCPT.U, respectively.

The Fund’s Investment Strategy:

The Fund was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily comprised of income-producing multi-family real estate properties that demonstrate value based on pricing and local supply and demand trends to achieve the Fund’s target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management, and are located in the Primary Markets, with a particular focus on the suburban areas of the primary submarkets, being Atlanta, Georgia; Austin, Texas; Boise, Idaho; Charleston, South Carolina; Charlotte, North Carolina; Dallas, Texas; Denver, Colorado; Houston, Texas; Las Vegas, Nevada; Miami, Florida; Nashville, Tennessee; Orlando, Florida; Phoenix, Arizona; Portland, Oregon; Raleigh, North

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Carolina; Salt Lake City, Utah; San Diego, California; Seattle, Washington; and Tampa, Florida (“Primary Submarkets”). The Manager believes the U.S. multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes.

The Fund’s investment objectives are to:

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

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

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

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

1. Identify acquisition opportunities in addition to the Properties in the U.S. multi-family market through the Manager’s strong pipeline of exclusive acquisition opportunities by leveraging the Manager’s relationships with principals, operators, and brokers located in the Fund’s target markets and by its ability to source “off market” opportunities.
2. Target multi-family assets that are:
 - (a) garden and wrap-style, suburban, Class “A” institutional quality properties that demonstrate value based on pricing and local supply and demand trends to achieve the Fund’s target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management;
 - (b) suburban and have a vintage of 1990 or later, with no less than 200 suites to ensure economies of scale;
 - (c) strategically located properties in the Primary Markets, with a particular focus on the suburban areas of the Primary Submarkets, with strong long-term job, population and economic growth rates;
 - (d) strategically located properties within their respective suburban submarkets with barriers to new development; and
 - (e) stabilized, with the potential to benefit from an active asset management strategy.
3. Complete a comprehensive due diligence program, including cash flow and value-add return modeling, operating expense reviews, and third-party reports including market studies, structural and environmental assessments and appraisals.
4. Conduct a broad canvass of the lending community, including lenders with whom the Manager enjoys long-term relationships, to secure debt financing on competitive terms.
5. Explore, from time to time, co-investment opportunities involving the Fund and one or more co-investors.

ASSET VALUE ENHANCEMENT THROUGH ACTIVE ASSET MANAGEMENT STRATEGY

1. Utilize the Manager’s network to source attractive future acquisitions from private equity funds, operators, and other real estate asset managers.
2. Increase rental rates through value-add capital improvement programs, including:
 - (a) targeted light value-add capital expenditures of \$2,500 to \$7,500 per rental suite (e.g. kitchens, bathrooms, flooring, etc.);
 - (b) \$500,000 to \$750,000 for common area upgrades (e.g. clubhouses and resident amenity spaces), as well as modernization improvements; and

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(c) the use of yield management software.

3. Implement revenue management software and seek ancillary income opportunities (e.g. ancillary fees on new leases, bulk cable, door-to-door waste pick-up service, smart home technology, pet rent, garage rent, storage rental fees, washers and dryers, implementation of identification and verification programs and package handling solutions for package delivery to residents).
4. Reduce operating expenses such as staffing, maintenance contracts, advertising, general and administrative expenses and insurance through economies of scale.
5. Utilize reputable best-in-class U.S. based property managers.

VALUE REALIZATION THROUGH STRATEGIC DISPOSITIONS

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

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Starlight Group Property Holdings Inc. and the Manager, collectively referred to as “Starlight”, are committed to adopting a comprehensive approach to environmental, social and governance (“ESG”) practices for all entities within the Starlight group, embedding these principles into every aspect of Starlight’s business, with the intention of driving long-term value. Starlight’s ESG strategy and commitments are supported by its Sustainability Action Plan which outlines short-targets, programs, and performance indicators. Since its first submission in 2021, Starlight has received top ranking from the Global Real Estate Sustainability Benchmark (“GRESB”) for its sustainability efforts, including exceeding the benchmark averages in carbon emissions and resource reduction, tenant engagement, and risk management.

ESG disclosure standards

Starlight’s ESG strategy and programs are aligned with external standards and best practices, including the Global Reporting Initiative Sustainability Reporting Standards, and GRESB. Starlight has also taken guidance from the International Sustainability Standards Board’s IFRS Sustainability Standards S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures. These standards help shape the Fund’s commitments and ensure accountability in its data, initiatives and goals.

Starlight’s commitments are aligned with the United Nations’ Sustainable Development Goals (“SDGs”) – a set of integrated goals that call on countries and industries to help end poverty, protect the planet and ensure peace and prosperity. Our ESG strategy at Starlight contributes to the following UN SDGs:



Importance of ESG

Starlight has engaged its stakeholders to determine the ESG topics that are most important to its investors, partners, affiliates and communities, and where Starlight has a significant impact. Conducting this exercise helps to determine which topics are most relevant for Starlight to address and which contribute to advancing its purpose of investing with impact. The resulting matrix is a cumulative product of extensive research, workshops, one-on-one discussions and data cross-referencing from across the real estate industry.

Environmental impact

- Carbon emissions and
- Energy efficiency
- Circularity and resources
- Low-carbon infrastructure
- Resilience
- Materials
- Biodiversity

Social Impact

- Employee well-being and
- Community well-being and engagement
- Inclusion, Diversity, Equity and Allyship (“IDEA”)
- Affordability
- Community engagement
- Partnerships
- Indigenous relations

Governance

- Cybersecurity
- Corporate governance
- Certifications and reporting standards
- Risk management
- Regulations

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This matrix has assisted the Fund to develop a strategy that embeds ESG in every aspect of its business, including operations, investment activities and corporate functions, which:

- (a) promote resource efficiency, reducing costs and minimize environmental degradation;
- (b) increase property values, contributing to stakeholder satisfaction, and drive long-term net asset value (“NAV”) growth for Unitholders;
- (c) enhance the appeal of the Properties, helping to attract and retain residents and build lasting collaborative relationships; and
- (d) manage risk and comply with evolving regulations, insurance requirements, enhancing operations, management, and governance practices.

ESG commitment

Starlight’s core ESG commitments are as follows:

<u>People and Culture</u>	<u>Social Impact</u>	<u>Operations and Development</u>	<u>Transparency and Accountability</u>
To attract and retain top talent and foster a diverse and inclusive culture where individuals can thrive.	To bring value to local communities, enhance resident well-being and provide healthy and equitable living and working spaces.	To create and maintain low-carbon, resource efficient, resilient spaces and complete communities.	To demonstrate transparency in its governance practices and proactively respond to existing and future risks.

ESG AS IT RELATES TO THE FUND

Pursuant to the board of directors (the “Board”) mandate, in addition to specific governance matters, the Board oversees and monitors the Fund’s general strategy, policies and initiatives related to the environmental and social matters and the alignment of the strategy with the Fund’s overall business objectives and at least annually reviews the same. As the Fund is a “closed-end” limited partnership with the Term expiring on March 31, 2026 (unless further extended in accordance with the LPA), the 2050 net carbon emissions target is not applicable and as a result the Fund has not disclosed long-term initiatives and targets surrounding ESG.

Although the Fund has not published long-term initiatives and targets surrounding ESG, the Manager continues to evaluate ways to integrate ESG into the Fund’s performance. As a direct result of this effort, Summermill was selected as a winner of the Carbon Reduction and Energy Conservation Award under the U.S. multi-family asset class in 2023. This award recognizes properties with exceptional water conservation in their sustainability initiatives and is awarded by the Jackson Control Sustainability Awards as part of the Institute of Real Estate Management (the “IREM”) submissions.

The Fund is committed to strong governance practices. It continues to review and enhance its governance policies to align with the Fund’s strategic direction, regulatory and ESG requirements and sound governance practices. The following are some of the highlights of its governance policies and practices:

- 1/3 of the Board are women
- Board is responsible for the oversight of the ESG strategy and ESG initiatives developed by management
- Code of business conduct and ethics that promotes honest and ethical conduct between the directors, officers and employees of the Fund’s asset manager
- Independent directors are not overboarded
- Board mandate and committee charters are regularly reviewed to ensure they remain current

The Fund strives to understand and address the social impact of its business. The Fund’s initiatives extend beyond financial success to encompass the well-being of its employees, residents’ communities and the environment. The Fund has introduced many social initiatives through Starlight including summer internship programs, ESG workshops, resident relief programs, partnerships with humanitarian aid agencies and IDEA. During 2024 and into Q2-2025, the Fund held social events at its Properties that included holiday celebrations, nutrition events, fitness classes and monthly food socials for the residents.

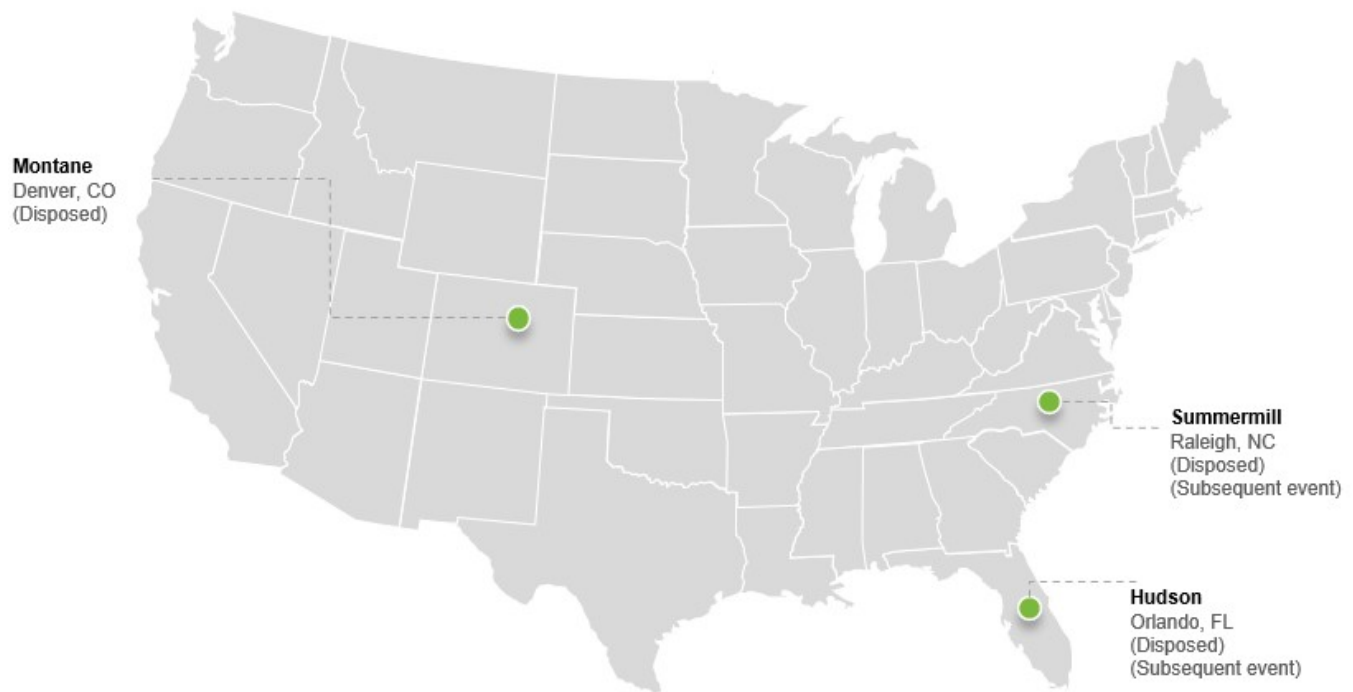
Risks related to ESG

For information on detailed risks related to ESG, please refer to the “Risks and Uncertainties” section in the Fund’s MD&A for the year ended December 31, 2024.

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PORTFOLIO SUMMARY



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

An overview of the Properties owned as at June 30, 2025 is presented in the table below:

Property	Address	Distance to downtown ⁽¹⁾	Primary Markets	Suites	Vintage	Rentable area ⁽²⁾	Avg. suite size ⁽²⁾	Land area (Acres)	Date acquired
Hudson ⁽³⁾	12530 Innovation E Dr, Orlando	26	Orlando	275	2019	287,547	1,046	16.9	3/31/2021
Summermill ⁽³⁾	10311 Falls Mill Dr, Raleigh	18	Raleigh	320	2002	350,520	1,095	16.0	4/27/2022
Total ownership as at June 30, 2025⁽⁴⁾				595	2011	638,067	1,072	32.9	

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

⁽²⁾ Area is measured in square feet.

⁽³⁾ 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 (see "Subsequent Events").

⁽⁴⁾ On June 27, 2025, the Fund completed the disposition of Montane (see "Investment Overview, Objectives and Strategy").



STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND - Q2 2025 MD&ANotes to readers | Future outlook | Our business | **Highlights** | Financial performance | Other disclosures | Schedule A**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

This section includes highlights of the financial and operating performance of the Fund as at June 30, 2025 and for the periods ended Q2-2025 and YTD-2025 including a comparison to the Fund's financial and operational performance as at December 31, 2024 and for the period ended Q2-2024 and YTD-2024.

HIGHLIGHTS FOR Q2-2025

- The Fund completed the disposition of Montane on June 27, 2025 and used the proceeds to repay the outstanding Montane first mortgage of \$96,000 as well as fully repaid the unsecured loan and promissory note of \$9,000 and \$2,748, respectively. Following the disposition of Montane, the Board approved Special Distribution of \$21,974, applicable to its Unitholders of record as of July 8, 2025, subject to certain exceptions, and payable on July 15, 2025.
- 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 loan payable secured by such property amounting to \$67,000 and paid other customary transaction costs with the Fund retaining any remaining proceeds (see "Subsequent Events").
- 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 the Summermill, with no cash proceeds being received by the Fund as a result of the transfer of ownership (see "Subsequent Events"). As a result of the transfer, the Fund expects to recognize a gain on the extinguishment of such debt in third quarter of 2025 amounting to approximately \$13,000 (see "Subsequent Events").
- Revenue from property operations and NOI¹ for Q2-2025 was \$5,316 and \$3,385 (Q2-2024 - \$5,491 and \$3,396), respectively, representing a decrease of 3.2% and 0.3% relative to Q2-2024 due to a decrease in AMR of 0.5% and reduction in economic occupancy¹ between these periods. As at June 30, 2025, the Fund had physical occupancy¹ of 95.6% for the properties owned at that time (see "Results of Operations").
- The Fund reported a net loss and comprehensive loss attributable to Unitholders for Q2-2025 of \$32,851 (Q2-2024 - \$2,803), primarily due to the Special Distribution of \$21,974 and higher fair value loss on investment properties during Q2-2025. The fair value loss on investment properties during Q2-2025 was primarily due to the expansion of capitalization rates used to value the Fund's investment properties (see "Future Outlook").
- The Fund achieved economic occupancy of 94.2% during Q2-2025 and as at August 27, 2025, had collected approximately 99.2% of rents for Q2-2025, with further amounts expected to be collected in future periods, demonstrating the Fund's high quality resident base and operating performance (see "Results of Operations").

HIGHLIGHTS FOR YTD-2025

- Revenue from property operations and NOI for YTD-2025 were \$10,751 and \$6,799 (YTD-2024 - \$10,837 and \$6,675), respectively, representing a decrease of 0.8% due to a decrease in AMR and an increase of 1.9% due to a decrease in property taxes relative to YTD-2024, respectively (see "Results of Operations").
- The Fund reported a net loss and comprehensive loss attributable to Unitholders for YTD-2025 of \$43,773 (YTD-2024 - \$6,173) primarily resulting from the Special Distribution of \$21,974 and YTD-2025 reporting a higher fair value loss on investment properties than YTD-2024.
- The Fund completed 5 in-suite light value-add upgrades at Summermill during YTD-2025, which generated an average rental premium of \$212 and an average return on cost of approximately 18.4%.

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

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

			June 30, 2025	December 31, 2024
Key multi-family operational information				
Number of multi-family properties owned ⁽¹⁾			2	3
Total multi-family suites			595	995
Economic occupancy ⁽²⁾			94.2%	93.8%
Physical occupancy ⁽²⁾⁽³⁾			95.6%	94.2%
AMR (in actual dollars) ⁽³⁾			\$1,625	\$ 1,734
AMR per square foot (in actual dollars) ⁽³⁾			\$ 1.52	\$ 1.72
Estimated Gap to Market Versus In-Place Rents ⁽⁴⁾			2.8%	(0.2)%
Selected financial information				
Gross Book Value			\$ 141,200	\$ 290,800
Indebtedness			\$ 152,639	\$ 258,619
Indebtedness to Gross Book Value ⁽¹⁾			108.1%	88.9%
Weighted average interest rate - as at period end ⁽⁵⁾			6.83%	6.81%
Weighted average loan term to maturity ⁽⁵⁾			0.12 years	1.06 years
	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Summarized income statement				
Revenue from property operations	\$ 5,316	\$ 5,491	\$ 10,751	\$ 10,837
Property operating costs	(1,388)	(1,432)	(2,832)	(2,835)
Property taxes ⁽⁶⁾	(543)	(663)	(1,120)	(1,327)
Adjusted Income from Operations / NOI	3,385	3,396	6,799	6,675
Fund and trust expenses	(1,043)	(393)	(1,437)	(781)
Finance costs ⁽⁷⁾	(4,743)	(5,471)	(9,722)	(10,862)
Other income and expense ⁽⁸⁾	(30,450)	(335)	(39,413)	(1,205)
Net loss and comprehensive loss - attributable to Unitholders	\$ (32,851)	\$ (2,803)	\$ (43,773)	\$ (6,173)
Other selected financial information				
FFO ⁽⁴⁾	\$ (1,582)	\$ (1,768)	\$ (3,302)	\$ (3,568)
FFO per Unit - basic and diluted	(0.15)	(0.16)	(0.30)	(0.33)
AFFO ⁽⁴⁾	(1,004)	(365)	(1,708)	(954)
AFFO per Unit - basic and diluted	(0.09)	(0.03)	(0.16)	(0.09)
Weighted average interest rate - average during period ⁽⁴⁾	6.68%	6.59%	6.66%	6.59%
Interest and Indebtedness Coverage Ratio ⁽⁴⁾⁽⁹⁾	0.76x	0.90x	0.79x	0.87x
Distributions to Unitholders	\$ 21,974	\$ —	\$ 21,974	\$ —
Weighted average Units outstanding - basic and diluted (000s)	10.902	10.902	10.902	10.902

⁽¹⁾ On June 27, 2025, the Fund completed the disposition of Montane. 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 (see "Subsequent Events"). As a result of the transfer of the Summermill property to the lender, the Fund expects to recognize a gain on the extinguishment of such loans payable of approximately \$13,000 in the third quarter of 2025. Assuming the Indebtedness was reduced to the Gross Book Value of the Summermill property, the adjusted Indebtedness to Gross Book Value ratio would have been approximately 99%.

⁽²⁾ Economic occupancy for Q2-2025 and December 31, 2024 and physical occupancy as at the end of each applicable reporting period.

⁽³⁾ Given the Fund completed the disposition of Montane on June 27, 2025, both physical occupancy and AMR calculations exclude Montane as at June 30, 2025.

⁽⁴⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures"). The decrease in AFFO, Interest Coverage Ratio and Indebtedness Coverage Ratio from Q2-2024 to Q2-2025 is primarily due to the increases in interest costs and a decrease in accrued interest cost payable upon maturity of the applicable loan relative to Q2-2024, which is excluded from the calculation of AFFO. The increased interest costs noted are primarily due to the higher weighted average interest rate on average indebtedness outstanding during Q2-2025. The AFFO, Interest Coverage Ratio and Indebtedness Coverage Ratio presented herein exclude \$496 and \$1,289 of interest costs for Q2-2025 and YTD-2025 or debt service shortfall funding from applicable lenders which are payable upon maturity of the applicable loan payable (see "Financing Activities").

⁽⁵⁾ The weighted average interest rate on loans payable is presented as at June 30, 2025 based on one-month term Secured Overnight Financing Rate ("Term SOFR") as at that date, subject to any interest rate caps in place (see "Fair value gain on derivative financial instruments"). The increase in Fund's weighted average interest rate to 6.83% during Q2-2025 is primarily due to an increase in the indebtedness for the promissory note and Summermill loan payable. The weighted average term to maturity ("WATM") presented as at June 30, 2025 assumes the Fund has repaid such loans in full as of the date such properties were disposed on August 12, 2025 ("Future Outlook").

⁽⁶⁾ Property taxes include the IFRIC 21 fair value adjustment and treats property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI. These amounts have been reported under property taxes under the Fund's condensed consolidated interim financial statements for the applicable reporting periods.

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

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

⁽⁹⁾ The Fund's Interest Coverage Ratio and Indebtedness Coverage Ratio were both 0.76x and 0.79x during Q2-2025 and YTD-2025, with the Fund's operating results offset by increases in the Fund's interest costs. These calculations exclude \$496 and \$1,289 of interest costs or debt service shortfall funding for Q2-2025 and YTD-2025 as these amounts are accrued and payable only at maturity of the applicable loan payable. The Fund also had interest rate caps, swaps or fixed rate debt in place as at June 30, 2025 which in certain instances protect the Fund from increases Term SOFR beyond stipulated levels on its mortgages at the Properties (see "Fair value gain on derivative financial instruments").

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FINANCIAL PERFORMANCE

The table below presents the financial performance of the Fund in accordance with IFRS for Q2-2025 and the previous seven quarters

	Q2-2025	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023
Revenue from property operations	\$ 5,316	\$ 5,435	\$ 5,339	\$ 5,412	\$ 5,491	\$ 5,346	\$ 5,266	\$ 5,333
Property operating costs	(1,388)	(1,444)	(1,487)	(1,439)	(1,432)	(1,403)	(1,356)	(1,409)
Property taxes	(543)	(577)	(462)	(335)	(663)	(664)	(662)	(537)
Income from rental operations	3,385	3,414	3,390	3,638	3,396	3,279	3,248	3,387
Fund and trust expenses	(1,043)	(394)	(413)	(367)	(393)	(388)	(330)	(375)
Finance costs ⁽¹⁾	(4,743)	(4,979)	(5,539)	(5,719)	(5,471)	(5,391)	(5,523)	(6,571)
Dividends to preferred shareholders - U.S. REIT series A	(4)	(4)	(4)	(4)	(4)	(4)	(12)	(5)
Distributions to Unitholders	(21,974)	—	—	—	—	—	—	—
Fair value adjustment of investment properties	(8,408)	(8,954)	(13,241)	—	—	(685)	(37,954)	(1,068)
Provision of carried interest	—	—	—	—	—	—	—	4,668
Unrealized foreign exchange (loss) gain	(57)	3	(1)	(1)	—	(2)	—	(4)
Income tax (expense) recovery:								
Current	(7)	(8)	(7)	(6)	(6)	(6)	37	(13)
Deferred	—	—	1,816	(149)	(325)	(173)	9,754	85
Net (loss) income and comprehensive (loss) income	\$ (32,851)	\$ (10,922)	\$ (13,999)	\$ (2,608)	\$ (2,803)	\$ (3,370)	\$ (30,780)	\$ 104
FFO ⁽²⁾	\$ (1,582)	\$ (1,720)	\$ (1,981)	\$ (1,676)	\$ (1,768)	\$ (1,800)	\$ (984)	\$ (2,383)
AFFO ⁽²⁾	(1,004)	(704)	(613)	(155)	(365)	(588)	(518)	(732)
FFO per Unit - basic and diluted ⁽²⁾	(0.15)	(0.16)	(0.18)	(0.15)	(0.16)	(0.17)	(0.09)	(0.22)
AFFO per Unit - basic and diluted ⁽²⁾	(0.09)	(0.06)	(0.06)	(0.01)	(0.03)	(0.05)	(0.05)	(0.07)

⁽¹⁾ Finance costs include interest expense on loans payable as well as non-cash amortization of deferred financing costs, fair value changes in derivative instruments and loss on early extinguishment of debt (see "Other Income and Expenses").

⁽²⁾ Distributions, FFO and AFFO per Unit for each period are based on the total distributions per weighted average Unit outstanding during the period. AFFO presented herein also exclude \$496, \$793, \$940, \$990, \$870 and \$710 for Q2-2025, Q1-2025, Q4-2024, Q3-2024, Q2-2024 and Q1-2024 respectively of interest costs or debt service shortfall funding from applicable lenders which are payable upon maturity of the applicable loan payable.

RESULTS OF OPERATIONS

The results for Q2-2025 and YTD-2025 reflect the operations for the three and six months ended June 30, 2025 for Hudson and Summermill, as well as 87 and 177 days of operating activity for Montane. In comparison, the results for Q2-2024 and YTD-2024 comparative periods reflect the operations for the three and six months ended June 30, 2024 for the Fund's three Properties including Montane.

The variances reflected in the results of operations between Q2-2025 and Q2-2024, as well as between YTD-2025 and YTD-2024 were not materially impacted by the disposition of Montane on June 27, 2025. Given only four days of operations for Montane were excluded for Q2-2025 and YTD-2025, results of operations were not presented on a same property basis.

	Q2-2025	Q2-2024	\$ Chg	% Chg	YTD-2025	YTD-2024	\$ Chg	% Chg
Revenue from property operations	\$ 5,316	\$ 5,491	\$ (175)	(3.2)%	\$ 10,751	\$ 10,837	\$ (86)	(0.8)%
Property operating costs	(1,388)	(1,432)	44	3.1%	(2,832)	(2,835)	3	0.1%
Property taxes	(543)	(663)	120	18.1%	(1,120)	(1,327)	207	15.6%
NOI	\$ 3,385	\$ 3,396	\$ (11)	(0.3)%	\$ 6,799	\$ 6,675	\$ 124	1.9%
NOI Margin⁽¹⁾	63.7%	61.9%			63.2%	61.6%		

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

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

Revenue from property operations for Q2-2025 was \$5,316 (Q2-2024 - \$5,491), representing a decrease of \$175 or 3.2% relative to Q2-2024, primarily as a result of a decrease in AMR of 0.5% and a reduction in occupancy from 94.6% in Q2-2024 to 94.2% in Q2-2025, partially offset by ancillary income growth (see "Average Monthly Rent and Occupancy").

Revenue from property operations for YTD-2025 was \$10,751 (YTD-2024 - \$10,837), representing a decrease of \$86 or 0.8% relative to YTD-2024, primarily as a result of decreases in AMR of 0.5%, partially offset by increases in occupancy from 94.0% in YTD-2024 to 94.7% in YTD-2025 and ancillary income growth.

PROPERTY OPERATING COSTS

The main components of property operating costs are salaries and benefits (approximately 34%), administrative costs including property management fees (approximately 22%), insurance premiums (approximately 13%) and all other operating costs (ranging from approximately 0.2% to 8%). The Properties typically only incur utility costs in respect of the common areas of each Property, resulting in utility cost representing approximately 4% of property operating costs. Given each component of property operating costs is not individually material, such amounts have not been separately disclosed.

Property operating costs for Q2-2025 and YTD-2025 were \$1,388 and \$2,832 (Q2-2024 and YTD-2024 - \$1,432 and \$2,835), representing a decrease of \$44 and \$3 or 3.1% and 0.1% relative to Q2-2025 and YTD-2024, respectively, primarily due to the Fund prioritizing managing operating cost increases, including the impacts of higher levels of inflation where applicable, through active asset management.

PROPERTY TAXES

The Fund actively manages the assessed values of the Properties to minimize property taxes by utilizing third party consultants in the respective markets which includes appealing against the assessed values where deemed appropriate by the Manager. Property taxes in the condensed consolidated interim financial statements for Q2-2025 and YTD-2025 have been presented under IFRS and IFRIC 21.

Property taxes for Q2-2025 were \$543 (Q2-2024 - \$663), representing a decrease of \$120 or 18.1% relative to Q2-2024, primarily as a result of Q2-2024 reflecting a higher initial estimate of property taxes for 2024 than the final assessed values determined for such tax year. Assuming Q2-2024 was adjusted to the pro-rated final property taxes for the 2024 tax year, Q2-2025 would have increased by 2.3% relative to the adjusted Q2-2024 amount primarily due to increases in the estimated 2025 assessed value of the Fund's Summermill property for 2025 which is revised on a three year reassessment cycle by the local county.

Property taxes for YTD-2025 were \$1,120 (YTD-2024 - \$1,327), representing a decrease of \$207 or 15.6% relative to YTD-2024, primarily due to the same reason as noted above for Q2-2025. Assuming YTD-2024 was adjusted to the pro-rated final property taxes for the 2024 tax year, YTD-2025 would have increased by 5.5% relative to the adjusted YTD-2024 amount.

NOI AND NOI MARGIN

NOI for Q2-2025 was \$3,385 (Q2-2024 - \$3,396), representing a decrease of \$11 or 0.3% relative to Q2-2024, primarily due to a decrease in revenue described above, partially offset by reductions in property taxes and operating costs described above.

NOI for YTD-2025 was \$6,799 (YTD-2024 - \$6,675), representing an increase of \$124 or 1.9% relative to YTD-2024, primarily driven by reductions in property taxes, partially offset by a decrease in revenues as described above.

During Q2-2025 and YTD-2025, the NOI Margin was 63.7% and 63.2% (Q2-2024 and YTD-2024 - 61.9% and 61.6%), representing an increase of 180 and 160 basis points relative to Q2-2024 and YTD-2024, respectively, primarily due to increases in occupancy and decreases in property taxes, partially offset by a decrease in AMR.

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AVERAGE MONTHLY RENT AND OCCUPANCY

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

Properties	Suites owned during period	AMR ⁽¹⁾			Economic occupancy ⁽¹⁾					
		Q2-2025	Q2-2024	% Chg	Q2-2025	Q2-2024	% Chg	YTD-2025	YTD-2024	% Chg
Hudson ⁽²⁾	275	\$ 1,798	\$ 1,797	0.1 %	95.5 %	94.9 %	0.6 %	95.5 %	94.1 %	1.4 %
Montane ⁽³⁾	400	1,899	1,915	(0.8)%	93.0 %	94.6 %	(1.6)%	94.0 %	94.4 %	(0.4)%
Summermill ⁽²⁾	320	1,476	1,483	(0.5)%	94.7 %	94.1 %	0.6 %	93.8 %	93.2 %	0.6 %
Total properties	995	\$ 1,735	\$ 1,743	(0.5)%	94.2 %	94.6 %	(0.4)%	94.7 %	94.0 %	0.7 %

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

⁽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 (See "Subsequent Events")

⁽³⁾ The Fund completed the disposition of Montane on June 27, 2025. Given only four days of operations for Montane were excluded for Q2-2025, both AMR and economic occupancy calculations included Montane.

Total portfolio AMR for Q2-2025 was \$1,735, or 0.5% below Q2-2024 primarily driven by the Fund focusing on maintaining occupancy as well as the impact of competition from new supply in certain markets which typically offer aggressive pricing to lease these newer properties and softer market conditions throughout 2024 which caused a deceleration in rent growth.

The Fund's economic occupancy for Q2-2025 and YTD-2025 was 94.2% and 94.7% (Q2-2024 and YTD-2024 - 94.6% and 94.0%) as the Fund focused on maximizing occupancy and revenue. As at June 30, 2025, the Fund had physical occupancy of 95.6% for the properties owned at that time.

QUARTERLY AMR AND OCCUPANCY

The table below outlines the Fund's quarterly AMR and economic occupancy results for Q2-2025 and the previous four quarters. Given Montane was disposed on June 27, 2025 but was held for substantially all of Q2-2025, the AMR and economic occupancy for such property was assumed to be included for all of Q2-2025 to highlight the Fund performance during such period.

Properties	Suites	Q2-2025		Q1-2025		Q4-2024		Q3-2024		Q2-2024	
		AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾
Hudson ⁽²⁾	275	\$ 1,798	95.5 %	\$ 1,796	95.6 %	\$ 1,804	93.6 %	\$ 1,810	94.0 %	\$ 1,797	94.9 %
Montane ⁽³⁾	400	1,899	93.0 %	1,895	94.9 %	1,897	94.6 %	1,927	95.2 %	1,915	94.6 %
Summermill ⁽²⁾	320	1,476	94.7 %	1,471	92.8 %	1,466	92.6 %	1,479	94.2 %	1,483	94.1 %
Total portfolio	995	\$ 1,735	94.2 %	\$ 1,732	94.5 %	\$ 1,734	93.8 %	\$ 1,751	94.6 %	\$ 1,743	94.6 %

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

⁽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 (See "Subsequent Events")

⁽³⁾ The Fund completed the disposition of Montane on June 27, 2025. Given only four days of operations for Montane were excluded for Q2-2025, both AMR and economic occupancy calculations included Montane.

Total portfolio AMR increased during Q2-2025 to \$1,735, representing a 0.6% annualized increase during the quarter as a result of strong leasing during the summer months, partially offset by competition from new supply in certain markets which typically offer aggressive pricing to lease these newer properties and softer market conditions throughout 2024 and the beginning of 2025.

The Fund's economic occupancy for Q2-2025 was 94.2%, representing a decrease of approximately 35 basis points during the quarter as the Fund focused on maximizing revenue at the Properties through optimizing rent growth, including through its in-suite upgrade program, while maintaining occupancy levels within the Fund's targeted range.

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LIGHT VALUE-ADD INITIATIVES Q2-2025

Common area and suite capital expenditures

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

The Fund has capital expenditures required to be incurred in future periods in order to maintain the productive capacity of the Properties to sustain its rental income generating potential over its useful life with such amounts estimated to be \$300 per suite per annum. In accordance with IFRS, the Fund capitalizes all capital improvement expenditures which enhance the service potential of the Properties and extend the useful life of the assets. These amounts may differ each period due to the seasonality and the cyclical nature of such costs and are estimated based on a combination of third party property condition assessment reports and management's expertise, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate. The Fund continues to fund any required capital expenditures at the Properties through cash on hand and other financing sources (see "Liquidity and Capital Resources").

In-suite value-add upgrades

In-suite upgrades typically include quartz countertops, stainless steel appliances and tile backsplashes in the kitchens as well as upgraded cabinetry, kitchen sinks and faucets. The program also typically consists of the addition of framed mirrors to the bathrooms as well as plank flooring and lighting upgrades throughout the suites.

During YTD-2025, the Fund upgraded and re-leased 5 suites at Summermill, achieving average rent increases of \$212 per month per suite and an estimated average return on investment of 18.4%, with no suite upgrades during Q2-2025. The following table presents the results achieved on suite upgrades during Q2-2025 and YTD-2025:

Properties	Q2-2025			YTD-2025		
	Number of suites upgraded and leased	Rental premium (per suite, per month) in actual dollars	Return on investment	Number of suites upgraded and leased	Rental premium (per suite, per month) in actual dollars	Return on investment
Summermill	—	—	— %	5	212	18.4 %

OTHER INCOME AND EXPENSES

FINANCE COSTS

The Fund's finance costs for Q2-2025 and YTD-2025 compared to Q2-2024 and YTD-2024 are summarized below:

	Q2-2025	Q2-2024	\$ Chg	% Chg	YTD-2025	YTD-2024	\$ Chg	% Chg
Interest expense on loans payable	\$ 4,430	\$ 4,190	\$ 240	5.7 %	\$ 8,872	\$ 8,318	\$ 554	6.7 %
Amortization of financing costs	155	575	(420)	(73.0)%	445	1,132	(687)	(60.7)%
Fair value change on derivative financial instruments	158	706	(548)	(77.6)%	405	1,412	(1,007)	(71.3)%
Total finance costs	\$ 4,743	\$ 5,471	\$ (728)	(13.3)%	\$ 9,722	\$ 10,862	\$ (1,140)	(10.5)%
Weighted average interest rate - average during period	6.68%	6.59%	n/a	n/a	6.66%	6.59%	n/a	n/a
Indebtedness - average outstanding during period	\$ 248,009	\$ 254,053	\$ (6,044)	(2.4)%	\$ 248,834	\$ 253,852	\$ (5,018)	(2.0)%

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND - Q2 2025 MD&ANotes to readers | Future outlook | Our business | Highlights | **Financial performance** | Other disclosures*Interest expense on loans payable*

Interest expenses on loans payable for Q2-2025 and YTD-2025 were \$4,430 and \$8,872 (Q2-2024 and YTD-2024 - \$4,190 and \$8,318), representing an increase of \$240 and \$554 or 5.7% and 6.7% relative to Q2-2024 and YTD-2024 respectively, primarily related to a higher weighted average interest rate, partially offset by a decrease in average indebtedness during Q2-2025 and YTD-2025 relative to Q2-2024 and YTD-2024, respectively. The decrease in average indebtedness outstanding was primarily due to the repayment of each of the Montane loan payable, unsecured promissory note as well as unsecured loan following the disposition of Montane on June 27, 2025, partially offset by draws available under the Summermill loan payable and proceeds from the issuance of the unsecured promissory note entered into by the Fund in June 2024 (see "Financing Activities").

The Fund's weighted average interest rate during Q2-2025 and YTD-2025 was 6.68% and 6.66% (Q2-2024 and YTD-2024 - 6.59% and 6.59%), representing an increase of 9 and 7 basis points relative to Q2-2024 and YTD-2024 respectively, primarily due to the higher interest rate on the draws made on the Summermill loan payable facility available as well as draws on the unsecured promissory note as discussed above (see "Financing Activities").

Amortization of financing costs

Amortization of financing costs for Q2-2025 was \$155 (Q2-2024 - \$575), representing a decrease of \$420 or 73.0% relative to Q2-2024, primarily due to decreased amortization of the remaining deferred financing cost associated with the extended loans payables, partially offset by amortization of new financing costs associated with entering into such extensions (see "Financing Activities").

Amortization of financing costs for YTD-2025 were \$445 (YTD-2024 - \$1,132), representing a decrease of \$687 or 60.7% relative to YTD-2024, primarily due to the same reason as noted above for Q2-2025.

Fair value adjustment on derivative instruments - interest rate caps

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. For a detailed summary of the interest rate caps in place including the strike rate, term and notional amount of each interest rate cap applicable to certain loans payable protecting the Fund from increases in interest costs, please refer to the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and June 30, 2024, which are available at www.sedarplus.ca.

For Q2-2025 and YTD-2025, the Fund recorded an unrealized loss on derivative instruments of \$158 and \$405 (Q2-2024 and YTD-2024 - \$706 and \$1,412), respectively, related to the fair value loss on interest rate caps. The unrealized loss on the interest rate caps during Q2-2025 and YTD-2025 was primarily as a result of changes in market expectations for Term SOFR which directly impact the value of such interest rate cap instruments.

DISTRIBUTIONS TO UNITHOLDERS

On June 27, 2025, the Board 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 (see "Investment Overview, Objectives and Strategy"). 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.

The Fund declared distributions of \$21,974 during Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$nil).

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 (see "Subsequent Events").

FUND AND TRUST EXPENSES

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

Fund and trust expenses for Q2-2025 and YTD-2025 were \$1,043 and \$1,437 (Q2-2024 and YTD-2024 - \$393 and \$781), representing an increase of \$650 and \$656 or 165.4% and 84.0% relative to Q2-2024 and YTD-2024, respectively, primarily due to transaction costs related to the disposition of Montane during Q2-2025 (see "Investment Overview, Objectives and Strategy").

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INVESTMENT PROPERTIES

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

Change in investment properties from January 1, 2024 to June 30, 2025:		Amount
Balance, January 1, 2024	\$	301,600
Additions		3,126
Fair value adjustment		(13,926)
Balance, December 31, 2024		290,800
Dispositions ⁽¹⁾		(133,000)
Additions		762
Fair value adjustment		(17,362)
Balance, June 30, 2025	\$	141,200

⁽¹⁾ On June 27, 2025, the Fund completed the disposition of Montane.

Reconciliation of cost base of investment properties to their fair value:	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% to 5.25%	5.00% to 5.25%
Capitalization rate - weighted average	5.18 %	5.08 %
Weighted average capitalization rate - 10 basis point increase ⁽¹⁾	\$ (2,674)	\$ (5,614)
Weighted average capitalization rate - 10 basis point decrease ⁽¹⁾	\$ 2,780	\$ 5,839

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

During Q2-2025 and YTD-2025, the Fund recorded a fair value loss on investment properties of \$8,408 and \$17,362 (Q2-2024 and YTD-2024 - loss of \$nil and \$685) respectively, primarily as a result of cap rate expansion. The cap rate expansion was primarily due to increases in U.S. long-term treasury rates which typically correlate to changes in cap rates over time (see "Future Outlook").

The impact of a 1% change in NOI used to value the investment properties as at June 30, 2025 would affect the fair value by approximately \$4,293 (December 31, 2024 - \$2,909).

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 (see "Subsequent Events").

Subsequent to June 30, 2025, in addition to the transfer of Summermill outlined above, the Fund completed the disposition of Hudson (see "Subsequent Events"). As a result, the Fund as of date of issuance of this MD&A 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 (see "Investment Overview, Objectives and Strategy" and "Subsequent Events").

PROVISION FOR CARRIED INTEREST

As at June 30, 2025, the Fund had not recognized a provision for carried interest and as a result, there was no expense recorded in the condensed consolidated interim statement of loss and comprehensive loss for Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$nil) (see "Related Party Transactions and Arrangements - Carried Interest").

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DISTRIBUTIONS TO UNITHOLDERS RELATIVE TO NET INCOME AND COMPREHENSIVE INCOME

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Net loss and comprehensive loss - attributable to Unitholders	\$ (32,851)	\$ (2,803)	\$ (43,773)	\$ (6,173)
Add / (deduct): non-cash or one-time items and distributions ⁽¹⁾	31,420	1,606	40,908	3,729
Adjusted net loss and comprehensive loss ⁽²⁾	(1,431)	(1,197)	(2,865)	(2,444)
(Shortfall) excess of adjusted net loss and comprehensive loss over distributions to Unitholders	\$ (23,405)	n/a	\$ (24,839)	n/a

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

⁽²⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures").

On June 27, 2025, the Fund completed the disposition of Montane for \$133,000. Following the disposition, the Board approved Special Distribution from the net disposition proceeds amounting to \$21,974 on its outstanding Units, payable on July 15, 2025, to holders of Units of record at July 8, 2025 (see "Distributions to Unitholders").

NON-IFRS FINANCIAL MEASURES - FFO AND AFFO

Non-IFRS financial measures have been presented below for Q2-2025 and YTD-2025 compared to Q2-2024 and YTD-2024.

FFO AND AFFO

A reconciliation of net loss and comprehensive loss, determined in accordance with IFRS, to FFO and AFFO is presented below for Q2-2025 and YTD-2025 compared to Q2-2024 and YTD-2024:

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Net loss and comprehensive loss - attributable to Unitholders	\$ (32,851)	\$ (2,803)	\$ (43,773)	\$ (6,173)
Add / (deduct):				
Distributions to Unitholders ⁽¹⁾	21,974	—	21,974	—
Dividends to preferred shareholders - U.S. REIT series A	4	4	8	8
Deferred tax expense	—	325	—	498
Unrealized foreign exchange loss	57	—	54	2
Fair value adjustment on derivative financial instruments	158	706	405	1,412
Fair value adjustment of investment properties	8,408	—	17,362	685
Transaction costs	668	—	668	—
FFO	\$ (1,582)	\$ (1,768)	\$ (3,302)	\$ (3,568)
Add / (deduct):				
Amortization of financing costs	155	575	445	1,132
Vacancy costs associated with the suite upgrade program	—	33	7	52
Sustaining capital expenditures and suite renovation reserves	(73)	(75)	(147)	(150)
Accrued interest costs ⁽²⁾	496	870	1,289	1,580
AFFO	\$ (1,004)	\$ (365)	\$ (1,708)	\$ (954)
FFO per Unit - basic and diluted	\$ (0.15)	\$ (0.16)	\$ (0.30)	\$ (0.33)
FFO payout ratio	n/a	n/a	n/a	n/a
AFFO per Unit - basic and diluted	\$ (0.09)	\$ (0.03)	\$ (0.16)	\$ (0.09)
AFFO payout ratio	n/a	n/a	n/a	n/a
Distributions declared	\$ 21,974	\$ —	\$ 21,974	\$ —
Weighted average Units outstanding - basic and diluted (000s)	10,902	10,902	10,902	10,902

⁽¹⁾ Distributions declared to Unitholders during Q2-2025 and YTD-2025 represented the Special Distribution following the disposition of Montane and had not been included in the calculation of FFO and AFFO payout ratio.

⁽²⁾ These amounts represent interest costs that are deferred and payable only at maturity of the applicable loan payable (see "Financing Activities").

FFO

Basic and diluted FFO and FFO per Unit for Q2-2025 were \$(1,582) and \$(0.15), respectively (Q2-2024 - \$(1,768) and \$(0.16)), representing an increase in FFO of \$186 or 10.5% and an increase in FFO per Unit of \$0.01 relative to Q2-2024, primarily as a result of a decrease in amortization of financing costs, partially offset by higher interest costs. FFO presented herein also includes \$496 of accrued interest costs for Q2-2025 (YTD-2025 - \$1,289) or debt service shortfall funding from applicable lenders which are payable upon maturity of the applicable loan payable, which amounts have been added back in AFFO presented.

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Basic and diluted FFO and FFO per Unit for YTD-2025 were \$(3,302) and \$(0.30), respectively (YTD-2024 - \$(3,568) and \$(0.33)), representing an increase in FFO of \$266 or 7.5% and an increase in FFO per Unit of \$0.03 relative to YTD-2024, primarily as a result of a decrease in amortization of financing costs and higher NOI during YTD-2025, partially offset by increases in the Fund's interest costs.

AFFO

Basic and diluted AFFO and AFFO per Unit for Q2-2025 were \$(1,004) and \$(0.09), respectively (Q2-2024 - \$(365) and \$(0.03)), representing a decrease in AFFO of \$639 or 175.1% and a decrease in AFFO per Unit of \$0.06 relative to Q2-2024, primarily as a result of the reasons described in FFO above and higher accrued interest costs payable upon maturity of the applicable loan payable during Q2-2024 relative to Q2-2025, which have been added back for the purposes of calculating AFFO (see "Financing Activities").

Basic and diluted AFFO and AFFO per Unit for YTD-2025 were \$(1,708) and \$(0.16), respectively (YTD-2024 - \$(954) and \$(0.09)), representing a decrease in AFFO of \$754 or 79.0% and a decrease in AFFO per Unit of \$0.07 relative to YTD-2024, primarily as a result of increases in the Fund's interest costs and higher accrued interest costs payable upon maturity of the applicable loan payable during YTD-2024 relative to YTD-2025, which have been added back for the purposes of calculating AFFO (see "Financing Activities"), partially offset by higher NOI during YTD-2025.

For Q2-2025, the Fund has not presented an FFO and AFFO payout ratio, as the Fund paused distributions commencing November 2022. The one-time Special Distribution of \$21,974 has not been included in the calculation of FFO and AFFO and the payment was funded through the proceeds from the sale of Montane on June 27, 2025.

Sustaining capital expenditures

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite of \$73 and \$147 for Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$75 and \$150), respectively. This reserve is used in the calculation of AFFO as it removes fluctuations in AFFO resulting from seasonality in actual sustaining capital expenditures and suite renovation costs. The use of the reserve also eliminates any potential fluctuations in AFFO due to non-recurring or less frequent sustaining capital expenditures. Sustaining capital expenditure reserves are based on third party property condition assessment reports, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate in the Primary Markets. Actual sustaining capital expenditures and suite renovation costs incurred during Q2-2025 and YTD-2025 were \$55 and \$74 (Q2-2024 and YTD-2024 - \$109 and \$214), respectively.

Cash provided by operating activities reconciliation to FFO and AFFO

Reconciliation of cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q2-2025, YTD-2025, Q2-2024 and YTD-2024 are provided below:

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Cash provided by operating activities	\$ 926	\$ 3,256	\$ 3,845	\$ 6,569
Less: interest costs	(4,430)	(4,190)	(8,872)	(8,318)
Cash used in operating activities - including interest costs⁽¹⁾	(3,504)	(934)	(5,027)	(1,749)
Add / (deduct):				
Change in non-cash operating working capital	2,087	(525)	2,118	(1,010)
Transaction costs	668	—	668	—
Change in restricted cash	(678)	266	(616)	323
Amortization of financing costs	(155)	(575)	(445)	(1,132)
FFO	(1,582)	(1,768)	(3,302)	(3,568)
Add / (deduct):				
Amortization of financing costs	155	575	445	1,132
Vacancy costs associated with the suite upgrade program	—	33	7	52
Sustaining capital expenditures and suite renovation reserves	(73)	(75)	(147)	(150)
Accrued interest costs ⁽²⁾	496	870	1,289	1,580
AFFO	\$ (1,004)	\$ (365)	\$ (1,708)	\$ (954)

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

⁽²⁾ These amounts represent interest costs that are deferred and payable only at maturity of the applicable loan payable.

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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. Subsequent to June 30, 2025, the Fund has discharged its obligation and repaid outstanding loans payable in full following the disposition of Hudson as well as transfer of ownership of Summermill to its lender (see "Investment Overview, Objectives and Strategy" and "Subsequent Events").

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 have 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 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 as noted). On June 27, 2025, the Fund completed the disposition of Montane and fully repaid such loans secured by Montane. 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 (see "Subsequent Events"). 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 as a result of the transfer of ownership, the Fund discharged its obligation to pay the outstanding mortgage loan principal balance on Summermill 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 (see "Future Outlook" and "Subsequent Events").

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 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.

CASH FLOW

Cash provided by operating activities represents the primary source of liquidity to fund any distributions, debt service and capital improvements. The Fund's cash flow from operating activities is dependent upon the occupancy level of its investment properties, the rental rates on its leases, the collectability of rent from its residents, ancillary revenue, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect the Fund's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section. The following table details the changes in cash for Q2-2025, YTD-2025, Q2-2024 and YTD-2024:

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Cash provided by operating activities	\$ 926	\$ 3,256	\$ 3,845	\$ 6,569
Cash provided by (used in) investing activities	132,592	(847)	132,238	(1,532)
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

Cash provided by operating activities during Q2-2025 and YTD-2025 was \$926 and \$3,845, respectively, which primarily consisted of the operating income generated by the Properties and cash used to fund restricted cash deposits, which are held in escrow to be used to fund property taxes, insurance costs, or debt service payments at the Properties in future periods, partially offset by changes in non-cash working capital.

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Cash provided by operating activities during Q2-2024 and YTD-2024 was \$3,256 and \$6,569, which primarily consisted of the operating income generated by the Properties and changes in non-cash working capital, partially offset by cash used to fund restricted cash deposits, which are held in escrow to be used to fund property taxes, insurance costs, or debt service payments at the Properties in future periods.

Cash provided by investing activities for Q2-2025 and YTD-2025 was \$132,592 and \$132,238, respectively, which primarily related to \$133,000 from the disposition of Montane, partially offset by capital additions at the Properties.

Cash used in investing activities for Q2-2024 and YTD-2024 was \$847 and \$1,532, respectively, which related to capital additions at the Properties.

Cash used in financing activities for Q2-2025 and YTD-2025 was \$112,017 and \$114,513, which primarily consisted of repayment of existing loans payable amounting to \$108,869 relating to the Montane first mortgage, unsecured loan as well as unsecured promissory note following the disposition of Montane and finance costs paid of \$3,905 and \$8,161, partially offset by draws on existing loans of \$761 and \$2,525, respectively.

Cash used in financing activities for Q2-2024 and YTD-2024 was \$2,350 and \$5,596, which primarily consisted of finance costs paid of \$4,237 and \$8,369, partially offset by draws on existing loans and proceeds from new financing of \$1,891 and \$2,781 respectively.

CAPITAL STRUCTURE AND DEBT PROFILE
CAPITAL STRUCTURE

The Fund's capital is the aggregate of Indebtedness and net liabilities attributable to Unitholders. The Fund's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions as well as existing debt covenants (see "Liquidity and Capital Resources"). The total capital of the Fund as at June 30, 2025 is summarized below:

	June 30, 2025	December 31, 2024
Loans payable	\$ 152,639	\$ 258,619
Net liabilities attributable to Unitholders	(9,766)	34,007
Total capital attributable to Unitholders	\$ 142,873	\$ 292,626

	June 30, 2025	December 31, 2024
Indebtedness to Gross Book Value ⁽¹⁾	108.1%	88.9%
Weighted average interest rate - as at period end	6.83%	6.81%
Weighted average loan term to maturity	0.12 years	1.06 years

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Weighted average interest rate - average during period	6.68%	6.59%	6.66%	6.59%
Interest and Indebtedness Coverage Ratio	0.76x	0.90x	0.79x	0.87x
Indebtedness Coverage Ratio	0.03x	0.90x	0.05x	0.87x

⁽¹⁾ On June 27, 2025, the Fund completed the disposition of Montane. 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 (see "Subsequent Events"). As a result of the transfer of the Summermill property to the lender, the Fund expects to recognize a gain on the extinguishment of such loans payable of approximately \$13,000 in the third quarter of 2025. Assuming the Indebtedness was reduced to the Gross Book Value of the Summermill property, the adjusted Indebtedness to Gross Book Value ratio would have been approximately 99%.

On June 27, 2025, the Fund completed the disposition of Montane and subsequent to June 30, 2025, the Fund completed the disposition of the Hudson on August 12, 2025 and the Fund's first mortgage lender for Summermill took control of the property on August 12, 2025. As a result of the disposition of Montane and Hudson as well as transfer of ownership of Summermill, the Fund has discharged its obligation and repaid outstanding loans payable as of the date of this MD&A. 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 (see "Subsequent Events").

Based on the transactions subsequent to June 30, 2025 (see "Subsequent Events"), as of the date of issuance of this MD&A, 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.

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As at June 30, 2025, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value, was 108.1% (December 31, 2024 - 88.9%) and the weighted average term to maturity was 0.12 years (December 31, 2024 - 1.06 years). The maximum allowable leverage ratio under the LPA restricts the Fund from entering into any additional indebtedness whereby at the time of entering into such indebtedness, the leverage ratio would exceed 75% (as defined in the amended and restated LPA). As of the date of issuance of this MD&A, the Fund did not exceed the maximum leverage condition. As noted above, subsequent to June 30, 2025, all loans payable of the Fund were repaid in full.

For Q2-2025 and YTD-2025, the Interest Coverage Ratio and the Indebtedness Coverage Ratio were both 0.76x and 0.79x (Q2-2024 and YTD-2024 - 0.90x and 0.87x) respectively. As noted above, subsequent to June 30, 2025, all loans payable of the Fund were repaid in full. The balloon repayments amount paid under the Montane first mortgage, unsecured promissory note as well unsecured loan have been excluded from this calculation as a result of these repayments being covered from the disposition proceeds of Montane (see "Investment Overview, Objectives and Strategy").

LOANS PAYABLE

The following table sets out scheduled principal and interest payments and amounts maturing on the loans by fiscal years and the weighted average interest rate of maturing loans based on the Fund's condensed consolidated interim financial statements as at June 30, 2025:

	Scheduled principal payments	Debt maturing during the year ⁽¹⁾	Total loans payable	Percentage of total loans payable	Weighted average interest rate of maturing loans ⁽²⁾	Scheduled interest payments ⁽²⁾
2025 - reminder of year	\$ —	\$ 152,639	\$ 152,639	100.0 %	6.83 %	\$ 1,359
	\$ —	\$ 152,639	\$ 152,639	100.0 %	6.83 %	\$ 1,359
Unamortized financing costs			(17)			
Carrying value			\$ 152,622			

⁽¹⁾ Debt maturing during the period is based on the subsequent repayment of all the Fund's loan payable as a result of subsequent disposition of Hudson and non-cash transfer of ownership of Summermill to its lender (see "Subsequent Events").

⁽²⁾ Scheduled interest payments and interest rates are based on the actual interest paid on the subsequent disposition of Hudson and non-cash transfer of Summermill to its lender (see "Subsequent Events").

FINANCING ACTIVITIES

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 (see "Investment Overview, Objectives and Strategy").

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 (see "Subsequent Events").

On January 22, 2024, the Fund modified the Summermill 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 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 are 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 Summermill 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 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 (see "Subsequent Events").

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 transferred the ownership of the property in exchange for discharging any obligations the Fund has related to such loan

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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 (see “Subsequent Events”).

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 there of. 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 promissory note was repaid in full from the proceeds from the disposition of Montane (see “Subsequent Events”).

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 (see “Subsequent Events”).

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the Fund may be involved in litigation and claims in relation to its investment properties. As at the date of issuance of this MD&A, in the opinion of management, none of the litigation or claims, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the directors and officers of the Fund and its subsidiaries. Subsequent to June 30, 2025, the Fund announced the Dissolution of the Fund expected to be completed by fourth quarter of 2025 (see “Investment Overview, Objectives and Strategy”).

NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The Fund is authorized to issue an unlimited number of Units. The beneficial interest in the net loss and comprehensive loss of the Fund is divided into nine classes of Units: A, C, D, E, F, G and U. Below is a summary by class of the net liabilities attributable to Unitholders for the period from January 1, 2024 to June 30, 2025:

	Class A	Class C	Class D	Class E	Class F	Class G	Class U	Total
Net liabilities attributable to Unitholders, January 1, 2024	\$ 11,451	\$ 13,363	\$ 15,703	\$ 1,246	\$ 9,231	\$ 3,845	\$ 1,948	\$ 56,787
Re-allocation due to Unit conversions	(563)	—	1,428	(11)	(865)	(11)	22	—
Net loss and comprehensive loss	(4,372)	(5,342)	(6,879)	(496)	(3,360)	(1,534)	(797)	(22,780)
Net liabilities attributable to Unitholders, December 31, 2024	6,516	8,021	10,252	739	5,006	2,300	1,173	34,007
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)
Net liabilities attributable to Unitholders, June 30, 2025	(1,885)	(2,304)	(2,944)	(212)	(1,423)	(663)	(335)	(9,766)

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 (see “Subsequent Events”).

The following table summarizes the changes in Units outstanding for Q2-2025:

(in thousands of Units)	Class A	Class C	Class D	Class E	Class F	Class G	Class U	Total
Outstanding as at January 1, 2025	2,089	2,437	3,286	183	1,556	589	300	10,440
Units reallocated due to conversions	17	—	—	—	(17)	—	—	—
Outstanding as at June 30, 2025	2,106	2,437	3,286	183	1,539	589	300	10,440

Classes A, C, D and F are Canadian dollar denominated Units and classes E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on the Conversion Ratios. The weighted average class A equivalent Units outstanding during Q2-2025 was 10,901,903 (assumes all outstanding Units are converted to class A equivalent Units based on the Conversion Ratios) (see “Subsequent Events”).

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RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH THE MANAGER

The Fund engaged the Manager to perform certain management services, as outlined below. The Manager is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer, a director and Chief Executive Officer of General Partner as well as a Unitholder of the Fund. The management agreement dated March 31, 2021 (the "Management Agreement") expires on the winding-up or dissolution of the Fund, unless and until the Management Agreement is terminated in accordance with the termination provisions.

(a) **Asset management fees:** Pursuant to the Management Agreement, the Manager is to perform asset management services for annual fees equal to 0.35% of the sum of: (i) the historical purchase price of the Properties acquired; and (ii) the cost of any capital expenditures in respect of the Properties since the date of acquisition by the Fund. In addition, the Fund reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement or such other services which the Fund and the Manager agree in writing are to be provided from time to time by the Manager.

For Q2-2025 and YTD-2025, the Fund incurred asset management fees of \$274 and \$553 (Q2-2024 and YTD-2024 - \$278 and \$554) respectively, which were charged to fund and trust expenses. 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 previously deferred asset management fees in full. In addition the remaining fees accrued from the reporting date to August 11, 2025 was paid using the proceeds from the disposition of Hudson (see "Subsequent Events"). The amount payable to the Manager as at June 30, 2025 was \$nil (December 31, 2024 - \$1,110).

(b) **Acquisition fees:** Pursuant to the Management Agreement, the Manager is entitled to receive an acquisition fee equal to 1% of the purchase price of properties acquired, directly or indirectly, by the Fund as a result of such properties having been presented to the Fund by the Manager.

For Q2-2025 and YTD-2025, the Fund did not incur any acquisition fees (Q2-2024 and YTD-2024 - \$nil). There are no ongoing contractual commitments with the related party as a result of the acquisitions of the properties. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition.

(c) **Guarantee fees:** Pursuant to the Management Agreement as assigned, in the event that the Manager is required by the lenders of the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its wholly owned subsidiaries to indirectly acquire an interest in the Properties, the Fund, the U.S. REIT will, in consideration for providing such guarantee, in aggregate, pay the Manager a guarantee fee represented by an annual amount equal to 0.15% of the then-outstanding amount of such guaranteed funds. This fee is calculated and payable in arrears on the first day of each month.

For Q2-2025 and YTD-2025, the Fund did not incurred guarantee fees (Q2-2024 and YTD-2024 - \$nil). There was no amount payable to the Manager as at June 30, 2025 (December 31, 2024 - \$nil).

Other related party transactions

Aggregate compensation to key management personnel was \$nil for Q2-2025 and YTD-2025, as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (Q2-2024 and YTD-2024 - \$nil).

On June 28, 2024, the Fund issued an unsecured promissory note to 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. On June 27, 2025, following the disposition of Montane, unsecured promissory note outstanding balance of \$2,579 was fully repaid to the Manager from the disposition proceeds. On June 30, 2025, there was no outstanding principal amount of the unsecured promissory note (see "Investment Overview, Objectives and Strategy").

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

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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 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 (see "Subsequent Events").

MATERIAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the material accounting policies is provided in note 3 to the audited consolidated financial statements of the Fund for the year ended December 31, 2024. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that it believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these condensed consolidated interim financial statements. 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 condensed consolidated interim financial statements include the following:

- (a) **Accounting for acquisitions:** Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Fund's acquisitions are generally determined to be asset purchases as the Fund does not acquire an integrated set of activities that together significantly contribute to the ability to create outputs as part of the acquisition transaction. 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.
- (b) **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.
- (c) **Investment properties:** The estimates used when determining the fair value of investment properties are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property. The stabilized future cash flows of each investment property 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 typically determines fair value internally utilizing internal 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.

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(d) **Income taxes:** The Fund applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each such legal subsidiary in respect of which deferred income taxes are recognized. Deferred taxes relate to temporary differences arising from its subsidiaries and are measured based on tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values. The Fund's estimate of deferred taxes is based on the assumption that the Fund's liquidating event occurs either through a direct sale of the investment properties or through a disposition of its ownership interests in its U.S. subsidiaries. Should the Fund's liquidating event occur through a sale of the Units, the estimated deferred taxes would not be incurred by the Fund.

(e) **Carried interest:** The determination by the Fund as at each statement of financial position date as to whether a provision for carried interest should be recognized to the partners of SICPP is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders, distributions paid to Unitholders since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed from the Unitholders of the Fund and the Minimum Return.

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

(g) **Consolidation:** The Fund has determined that it controls all of its subsidiaries, including the significant subsidiaries (as defined in the consolidated financial statements for the year ended December 31, 2024). In making this determination, it considered the relationships between the Fund, the Manager, and the significant subsidiaries including ownership interests, voting rights and management agreements. Through this analysis, it was determined that the Manager is an agent of the Fund.

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and the notes contained therein.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units of the Fund and activities of the Fund. Risks and uncertainties are disclosed in the Fund's MD&A for the year ended December 31, 2024 and is available at www.sedarplus.ca. Current and prospective investors of the Fund should carefully consider such risk factors. Other than set out or contemplated herein, management is not aware of any significant changes in the risk and uncertainties since February 14, 2025, the date of the Fund's MD&A for the year ended December 31, 2024.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND - Q2 2025 MD&ANotes to readers | Future outlook | Our business | Highlights | Financial performance | **Other disclosures****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 loan payable secured by such property amounting to \$67,000 and paid other customary transaction costs with the Fund retaining any remaining proceeds.

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 the 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 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.

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 sale 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 this MD&A, the Fund estimates the Class A equivalent net asset value per Unit to be approximately C\$0.25.

Additional information relating to the Fund can be found on SEDAR+ at www.sedarplus.ca.

Dated: August 28, 2025

Toronto, Ontario, Canada

Montane
Denver, CO



Starlight U.S. Multi-Family (No.2) Core Plus Fund

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