

Newsletter

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

August 28, 2025



Hudson at East (Orlando, FL)

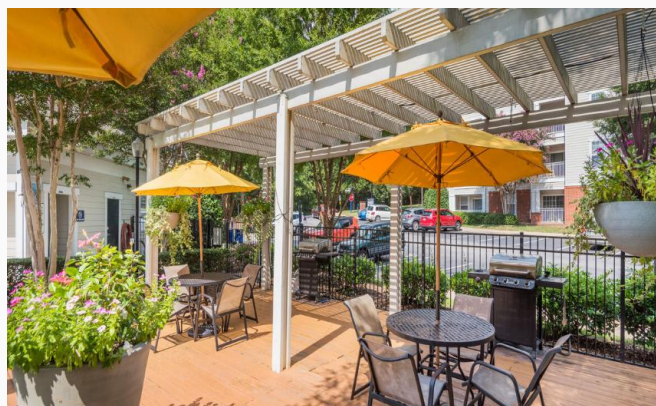
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Starlight U.S. Multi-Family (No. 2) Core Plus Fund (the “Fund”) is listed on the TSX Venture Exchange (TSXV: SCPT.A and SCPT.U). As at June 30, 2025 the Fund owned 595 suites in two apartment communities, Hudson at East (“Hudson”) and Summermill at Falls River (“Summermill”, and collectively, the “Properties”) and are assets managed by Starlight Investments US AM Group LP (the “Manager”). The Fund was established in February 2021 to indirectly acquire, own, and operate a portfolio primarily comprised of light value-add income-producing Class “A”, institutional quality multi-family real estate communities constructed in 1990 or later, located in Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington (the “Primary Markets”).

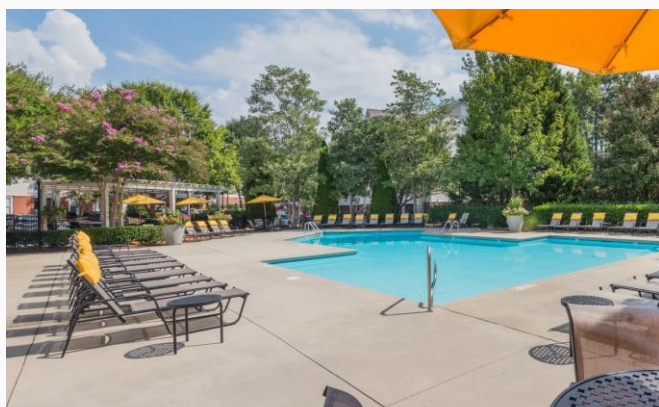
The Fund’s core plus strategy is focused on achieving increases in rental rates through high return, light value-add capital expenditures to rental suites, clubhouses and amenities in targeted, geographic locations experiencing compelling demand increases due to population and employment growth, as well as lifestyle preferences. The light value-add strategy also includes active asset management utilizing reputable, best-in-class United States (“U.S.”) based third-party property managers to implement net operating income (“NOI”)¹ growth by maximizing rental rates and ancillary revenue opportunities with rigorous operational controls to manage and reduce costs. The Fund’s presentation currency is U.S. dollars. Unless otherwise stated, dollar amounts expressed are in U.S. dollars.



Hudson at East (Orlando, FL)



Summermill at Falls River (Raleigh, NC)



Summermill at Falls River (Raleigh, NC)



Hudson at East (Orlando, FL)

¹This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS. See “Disclaimer” for further details on non-IFRS financial measures.

Significant Events

The Fund completed the disposition of Montane Apartments ("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 of directors approved a 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.

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 a result of the transfer, the Fund expects to recognize a gain on the extinguishment of such debt in the third quarter of 2025, amounting to approximately \$13,000.

U.S. Multi-Family Market Trends

The Federal Funds Rate has remained steady since the fourth quarter of 2024 at 425 basis points. As of June 2025, year over year inflation was 2.7% (down from 3.0% in June 2024), and the U.S. unemployment rate was 4.1%, stable from June 2024.

Metropolitan Market Information

As at June 30, 2025 the Fund owned 595 suites in three cities across two markets. The following highlights key macroeconomic and property data in each city and submarket.

Orlando Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the unemployment rate in the Orlando Metropolitan Area was 3.8% in June 2025, an increase from 3.4% in March 2025 but still below the national average of 4.1%.

Occupancy and Rent

According to RealPage Market Analytics, Q2-2025 occupancy levels for Orlando were 95.1%. Quarter over quarter average rents increased by 1.0% while year over year rents decreased by 1.2%. Orlando's forecasted occupancy rate for the second quarter of 2026 is expected to decrease slightly to 94.7%, while rents are expected to grow marginally by 0.8% over the next year.

Orlando Submarkets

According to RealPage Market Analytics, the Orlando submarket in which the Fund has invested – East Orange County – had a Q2-2025 occupancy rate of 95.1%, with year over year rents decreasing by 2.4%. Occupancy rates in this submarket are expected to decrease to 94.3% over the year.

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Raleigh Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the unemployment rate in the Raleigh Metropolitan Area was 3.4% in June 2025, an increase from 3.1% in March 2025, but still well below the national average of 4.1%.

Occupancy and Rent

According to RealPage Market Analytics, Q2-2025 occupancy in Raleigh was 94.8%. Quarter over quarter rents increased by 1.7% while year over year rents decreased marginally by 0.4%. The one-year forecast for occupancy suggests a slight decrease to 93.7%, with rental growth projected to be 1.7% over the next twelve months.

Raleigh Submarkets

According to RealPage Market Analytics, the Raleigh submarket in which the Fund has invested – Far North Raleigh – had a Q2-2025 occupancy rate of 94.0%, with year over year rents decreasing by 2.5%. Occupancy rates in this submarket are expected to decrease to 94.2% over the year.

Interest Rate Update

As at August 27, 2025, 10-year U.S. Treasury bonds were yielding approximately 4.21% and the Secured Overnight Financing Rate was approximately 4.36%.

Property Management

The Fund benefits from the local real estate expertise and market intelligence of best-in-class property managers. The Bainbridge Companies, a third-party manager with local market expertise in Orlando, provides property management for Hudson. Avenue5 Residential, a national third-party manager with local market expertise in Denver and Raleigh, provides property management for Summermill.

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. 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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Disclaimer

This Newsletter is intended for informational purposes only and is not, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities of the Fund, or investment advice to any individual. Particular investments should be evaluated relative to each individual's circumstances and individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Past performance may not be repeated and nothing in this Newsletter should be construed as an indication of future values of the Fund or future returns on any investment in the Fund.

This Newsletter is not intended for distribution in any jurisdiction that would require the filing of a prospectus, registration statement, offering memorandum or similar document under the applicable laws of such jurisdiction or would result in the Fund having any reporting or other obligation in such jurisdiction. Accordingly, neither the Fund nor the Manager has done anything that would permit the possession or distribution of this Newsletter in any jurisdiction where action for that purpose is required.

The Fund's condensed consolidated interim financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS"). Certain terms used in this Newsletter do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. Non-IFRS measures used in this presentation are identified with a footnote notation. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. However, none of the non-IFRS measures should be construed as an alternative to financial measures calculated in accordance with IFRS. Information on the most directly comparable IFRS measures, composition of the non-IFRS measures, a description of how the Fund uses these measures, and an explanation of how these non-IFRS measures provide useful information to investors, and reconciliations to the most directly comparable IFRS figures, where applicable, are set out in the Fund's Management's Discussion & Analysis in the "Non-IFRS Financial Measures" section for Q2-2025 available on the Fund's profile on SEDAR+ at www.sedarplus.ca, which is incorporated by reference into this Newsletter.

Certain statements contained in this Newsletter 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 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. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

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 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 Newsletter relates only to events or information as of the date on which the statements are made in this Newsletter. 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.

This Newsletter contains statistical data, market research and industry forecasts that were obtained from government and industry publications and reports or are based on estimates derived from such publications and reports and the Manager's knowledge of, and experience in, the markets in which the Fund operates. Actual outcomes may vary materially from those forecast in such publications or reports. While the Fund and its Manager believe this data to be reliable, market and industry data cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed.