

Starlight™

Newsletter



6035 Linley Valley Drive & 4800 Uplands Drive, Langford, BC

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

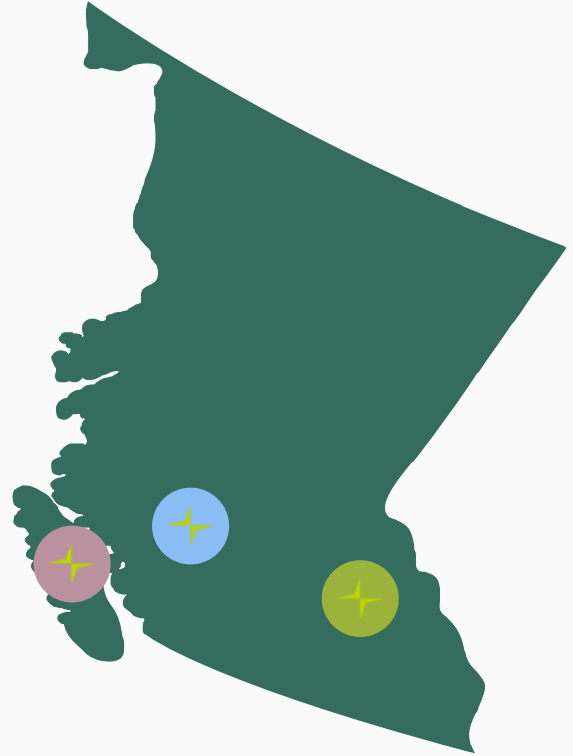
Q1 2026 – For The Three Months Ended March 31, 2026

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

Portfolio Composition as of March 31, 2026

Investment Strategy

Starlight Western Canada Multi-Family (No. 2) Fund’s (the “Fund”) investment strategy is focused on achieving stable monthly cash distributions and enhancing earnings from its properties through active asset management. The Fund delivers value based on pricing and local supply and demand trends to achieve the Fund’s target metrics by increasing in-place rents to market rents, revenue enhancement through ancillary income opportunities and operating expense reductions as a result of active asset management.



15 **1,413**

Properties

Total Suites

Properties	Location	Suites
2036 South Island Highway	Campbell River	51
2338 South Island Highway	Campbell River	70
733 Goldstream Avenue	Langford	60
2699 Peatt Road	Langford	81
1085 Goldstream Avenue	Langford	166
728 Meaford Avenue	Langford	106
5477 200 Street	Langley	57
6035 Linley Valley Drive & 4800 Uplands Drive	Nanaimo	251
5085 Uplands Drive	Nanaimo	59
4745 Ledgerwood Road	Nanaimo	120
2670 Library Lane	North Vancouver	75
155 Moilliet Street	Parksville	74
3400 Centennial Drive	Vernon	60
1803 31A Street	Vernon	43
3641 & 3651 Elliott Road	West Kelowna	140

Key Portfolio Metrics

\$2,105

Average Monthly
Rent

94.9%

Portfolio Occupancy

120

Q1 New Leases
Signed

3.9%

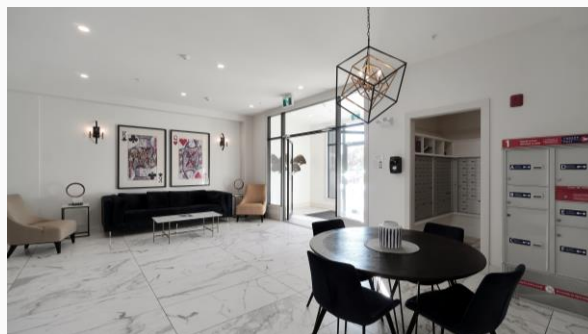
Average Monthly
Rent (“AMR”) Growth
Year-over-year

The Fund executed 120 new leases for three month ended Marh 31, 2026 (“Q1 2026”). The Fund achieved a physical occupancy level of 94.9% as of March 31, 2026, which increased by 10 basis points quarter over quarter.

The Fund’s net operating income (“**NOI**”)¹ margin was **69.8%** for Q1 2026 derived from increasing number of properties year-over-year while maintaining operating expenses. Starlight Investments CDN AM Group LP (the “Manager”) continues to execute on its asset management strategy to enhance earnings by pursuing ancillary revenue opportunities and achieving operating expense reductions.



155 Moilliet Street, Parksville, BC



1085 Goldstream Avenue, Langford, BC

¹ This metric is a Non – IFRS measure. Non – IFRS financial measures do not have standardized meanings presented by IFRS (see “Forward Looking Information”).

Highlights

Q1 2026 Highlights

The Fund concluded Q1 2026 with a total of **1,413** multi-family suites across 15 properties throughout the Province of British Columbia (“BC”).

The Fund’s presentation currency used in the highlights are expressed in thousands of Canadian dollars.

- In Q1 2026, the Fund generated **\$8,642** in revenue from operations, which was sourced from rental income, parking income and other ancillary income.
- The Fund continued to deliver strong rent collections of approximately **98.7%** in Q1 2026 validating the Fund’s strong resident base and operating performance.
- Total NOI for Q1 2026 was **\$6,029** with a margin of **69.8%**.
- The Manager continued to deploy its asset management strategy delivering strong monthly cash flows and monitoring market trends to yield high rents.



3641 & 3651 Elliott Road, West Kelowna, BC



3400 Centennial Drive, Vernon, BC



6035 Linley Valley Drive & 4800 Uplands Drive, Nanaimo, BC



1803 31A Street, Vernon, BC

British Columbia Employment Trend

According to Statistics Canada, the March 2026 unemployment rate in Canada and BC, including Vancouver Island and the Coast Region (the “Primary Markets”) was 6.7%. BC employment declined modestly over Q1 2026, with the province recording the largest employment decrease among provinces in March, reflecting broader trade-related uncertainties and softer conditions in service-producing industries. While employment conditions have softened, economic activity is expected to remain uneven, particularly as elevated borrowing costs and trade-related uncertainties continue to weigh on businesses across the Primary Markets and Canada.

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 for its sustainability efforts, including exceeding the benchmark averages in carbon emissions and resource reduction, tenant engagement, and risk management.

Importance of ESG

Starlight’s core ESG commitments are as follows:

Environmental Impact	Social Impact	Governance
<ul style="list-style-type: none"> • Carbon emissions and Energy efficiency • Circularity and resources • Low-carbon infrastructure • Resilience • Materials • Biodiversity 	<ul style="list-style-type: none"> • Employee well-being and Community well-being and engagement • Inclusion, Diversity, Equity and Allyship • Affordability • Community engagement • Partnerships • Indigenous relations 	<ul style="list-style-type: none"> • Cybersecurity • Corporate governance • Certifications and reporting standards • Risk management • Regulations



2670 Library Lane, North Vancouver, BC

Property Spotlight

2036 South Island Highway, Campbell River, BC

2036 South Island Highway consists of 51 suites, in a four-storey building located on the west side of South Island Highway in the city of Campbell River, BC. The property is located directly across from the beach and public parks and includes secured underground parking bicycle storage. Each suite includes air-conditioning, stainless steel appliances and in-suite laundry.



Exterior



Kitchen and Living Area



Bedroom



Exterior

Contact Information



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Forward Looking Information

This Newsletter is intended for informational purposes only and is not, and should not be construed, as 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 unaudited 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 such as NOI and therefore, unlikely to be comparable to similar measures presented by other reporting issuers. 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. Details on Non-IFRS Measures are set out in the Fund's Management Discussion & Analysis and are available on the Fund's profile at www.sedarplus.ca.

Forward-looking information may relate to future results, the impact of inflation levels and interest rates, 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 extent and sustainability of potential of higher levels of inflation and the potential impact on the Fund's operating costs; the impact of any tariffs and retaliatory tariffs on the economy; the effects of global economic uncertainty and geopolitical instability on financial markets and borrowing costs, 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 impact of elevated interest rates and inflation; the extent to which favorable operating conditions achieved during historical periods may continue in future periods; the applicability of any government regulation concerning the Fund's residents or rents; the realization of property value appreciation and the timing thereof; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; and the availability of debt financing. A variety of factors, many of which are beyond the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

There are numerous risks and uncertainties which include, but are not limited to, risks related to the units, risks related to the Fund and its business including inflation and changes in interest rates. 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, such information involves known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the impact of inflation, the availability of mortgage financing and the interest rates for such financing, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws.

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 applicability of any government regulation concerning the Fund's residents or rents; the realization of property value appreciation and the timing thereof; the inventory of residential real estate properties; the ability of the Fund to benefit from any asset management initiatives at certain properties; 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; availability of mortgage financing and current rates and market expectations for future interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in NOI generated from asset management initiatives; the population of residential real estate market participants; assumptions about the markets in which the Fund operates; expenditures and fees in connection with the maintenance, operation and administration of the properties; the ability of the Manager to manage and operate the properties; the global and Canadian economic environment; the impact, if any, of inflation on the Fund's operating costs; and governmental regulations or tax laws. There can be no assurance regarding: (a) inflation or changes in interest rates on the Fund's business, operations or performance; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) that the Manager or any of its affiliates, will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

The forward-looking statements relate only to events or information as of the date on which the statements are made in this Newsletter. Except as specifically required by applicable law, the Fund undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed.

Future Outlook

Since 2022, concerns over rising inflation contributed to a significant increase in interest rates with the Bank of Canada raising its target interest rate from 0.25% in early 2022 to 5.0% as of first quarter of 2024. Increases in target interest rates typically lead to increases in borrowing costs. Inflation in Canada has declined from its peak in June 2022 of 8.1% to 2.4% in March 2026 with improvements in global supply chains and the effects of higher interest rates moving through the economy. As a result, the Bank of Canada has reduced its target interest rate by a total of 275 basis points since June 2024, bringing it down to 2.25% as of May 20, 2026.

The Fund benefits from the availability of Canada Mortgage and Housing Corporation insured financing to the Canadian residential sector, which provided a stable, competitively priced source of financing. Operating fundamentals continue to be favorable as evidenced by the operating results achieved by the Fund and the Fund has made steady progress in mitigating the significant increases in interest rates by increasing the amount of fixed rate debt to 91.7% of its total debt as of March 31, 2026. This capital structure is intended to support cash flow stability and mitigate exposure to future interest rate volatility.

Economic conditions in the "Primary Markets remain relatively stable, though signs of moderation are emerging. According to Statistics Canada, the March 2026 unemployment rate in Canada and the Primary Markets was 6.7%. BC employment declined modestly over the first quarter of 2026, with the province recording the largest employment decrease among provinces in March, reflecting broader trade-related uncertainties and softer conditions in service-producing industries. While employment conditions have softened, economic activity is expected to remain uneven, particularly as elevated borrowing costs and trade-related uncertainties continue to weigh on businesses across the Primary Markets and Canada.

Population growth has historically supported rental demand; however, immigration targets have been revised downward. Immigration, Refugees and Citizenship Canada has stabilized permanent resident admissions at approximately 380,000 annually for 2026 through 2028, while significantly reducing new temporary resident arrivals. While this may moderate the pace of population growth relative to prior years, underlying demand for rental housing is expected to remain supported by affordability constraints in the homeownership market and limited new housing supply.

Throughout 2025, the United States imposed tariffs on steel, aluminum and other imported components, with additional trade measures continuing between Canada, the United States and other jurisdictions. These factors have contributed to higher construction and renovation costs for multi-family projects in Canada and the Fund's primary markets. In addition, geopolitical conflicts have led to volatility in global energy markets, which may place upward pressure on oil prices and contribute to inflationary pressures in Canada, potentially impacting development and operating costs.

While recent interest rate reductions by the Bank of Canada have improved borrower sentiment and affordability, the timing and extent of further changes remain uncertain due to labour market conditions, evolving economic factors and potential trade developments. Notwithstanding these uncertainties, management does not expect these factors to have a material adverse impact on the Fund's operating results, as affordability constraints, limited housing supply and slowing new construction are expected to support demand for multi-family rental housing. The Fund will continue to monitor these developments and adjust its strategy as appropriate.

Looking forward through 2026, the Fund expects to maintain stable occupancy and operating performance across its portfolio of high-quality multi-family investment properties, supported by continued rental demand in the Primary Markets and the limited supply of multi-family housing. These factors are expected to support the Fund's overall operating results.