

Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars)

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

For the three months ended March 31, 2026 and 2025
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2026 and December 31, 2025

(In thousands of Canadian dollars)

(Unaudited)

	Notes	March 31, 2026	December 31, 2025
ASSETS			
Non-current asset:			
Investment properties	6	\$ 639,500	\$ 639,400
Total non-current asset		639,500	639,400
Current assets:			
Resident and other receivables	7	242	142
Prepaid expenses and deposits	8	1,571	1,069
Restricted cash	9	2,115	2,167
Cash		13,578	16,549
Total current assets		17,506	19,927
TOTAL ASSETS		\$ 657,006	\$ 659,327
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liability:			
Loans payable	10	\$ 297,120	\$ 372,182
Total non-current liability excluding net liabilities attributable to Unitholders and non-controlling interests		297,120	372,182
Current liabilities:			
Loans payable	10	107,262	33,688
Resident rental deposits and prepayments		2,454	2,426
Distributions payable	11(a) & 13	541	541
Finance costs payable		990	984
Accounts payable and accrued liabilities	12	2,615	3,216
Total current liabilities excluding net liabilities attributable to Unitholders and non-controlling interests		113,862	40,855
TOTAL LIABILITIES		410,982	413,037
Net liabilities attributable to Unitholders	11(a)	150,396	150,592
Non-controlling interests	13	95,628	95,698
TOTAL LIABILITIES AND NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTERESTS		\$ 657,006	\$ 659,327

Commitments and contingencies (note 18)

Subsequent event (note 23)

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Trustees of Starlight Western Canada Multi-Family (No. 2) Fund on May 20, 2026, and signed on its behalf:

Denim Smith Trustee

Lawrence D. Wilder Trustee

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

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

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars)

(Unaudited)

	Notes	March 31, 2026	March 31, 2025
Revenue from property operations		\$ 8,642	\$ 5,460
Expenses:			
Property operating		(1,920)	(1,243)
Property taxes		(693)	(420)
Income from rental operations		6,029	3,797
Other income (expenses):			
Fund and trust expenses	14	(956)	(526)
Finance costs	15	(3,442)	(2,575)
Distributions	11(a) & 13	(1,624)	(1,132)
Fair value adjustment of investment properties	6	(190)	—
Provision for carried interest	11(b)	—	681
Net (loss) income and comprehensive (loss) income		\$ (183)	\$ 245
Net (loss) income and comprehensive (loss) income attributable to:			
Unitholders		(113)	245
Non-controlling interests	13	(70)	—
Net (loss) income and comprehensive (loss) income		\$ (183)	\$ 245

See accompanying notes to the condensed consolidated interim financial statements.

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

Condensed Consolidated Interim Statement of Changes in Equity

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars)

(Unaudited)

	Class A	Class B	Class C	Total
Balance, January 1, 2026	\$ 48,786	\$ 61,138	\$ 40,668	\$ 150,592
Changes during the period:				
Redemption of Units (note 11(a))	(75)	(8)	—	(83)
Net loss and comprehensive loss	(36)	(46)	(31)	(113)
Balance, March 31, 2026	\$ 48,675	\$ 61,084	\$ 40,637	\$ 150,396

	Class A	Class B	Class C	Total
Balance, January 1, 2025	\$ 49,302	\$ 61,607	\$ 40,911	\$ 151,820
Changes during the period:				
Redemption of Units (note 11(a))	(42)	(22)	—	(64)
Net income and comprehensive income	80	99	66	245
Balance, March 31, 2025	\$ 49,340	\$ 61,684	\$ 40,977	\$ 152,001

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

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

Condensed Consolidated Interim Statement of Cash Flows

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars)

(Unaudited)

	Notes	March 31, 2026	March 31, 2025
Operating activities:			
Net (loss) income and comprehensive (loss) income		\$ (183)	\$ 245
Adjustments for financing activities included in (loss) income:			
Finance costs	15	3,442	2,575
Distributions	11(a) & 13	1,624	1,132
Adjustments for items not involving cash:			
Fair value adjustment of investment properties	6	190	—
Provision for carried interest	11(b)	—	(681)
Change in non-cash operating working capital	16(a)	(1,177)	(206)
Change in restricted cash	9	53	36
Cash provided by operating activities		3,949	3,101
Investing activity:			
Additions to investment properties	6	(290)	(166)
Cash used in investing activity		(290)	(166)
Financing activities:			
Redemption of Units	11(a)	(83)	(64)
Loans payable:			
Repayment of existing loans payable	10	(1,694)	(1,015)
Finance costs paid	16(b)	(3,229)	(2,287)
Distributions paid	11(a) & 13	(1,624)	(1,132)
Cash used in financing activities		(6,630)	(4,498)
Decrease in cash		(2,971)	(1,563)
Cash, beginning of period		16,549	3,916
Cash, end of period		\$ 13,578	\$ 2,353

See accompanying notes to the condensed consolidated interim financial statements.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

1. Nature of business

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

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

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

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

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

The Fund is managed by Starlight Investments CDN AM Group LP (the "Manager") which is a wholly-owned subsidiary of Starlight Group Property Holdings Inc. and a related party. As at March 31, 2026, the Fund's property portfolio consisted of interests in fifteen multi-family properties totaling 1,413 suites.

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

2. Basis of presentation

(a) Statement of compliance:

These condensed consolidated interim financial statements of the Fund and its subsidiaries have been prepared by management in accordance with International Accounting Standard (“IAS”) 34, Interim Financing Reporting. Selected explanatory notes are included to explain events and transactions significant to understand the changes in financial position and performance of the Fund since the last audited consolidated financial statements for the year ended December 31, 2025. Certain information and note disclosures normally included in the annual audited consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These condensed consolidated interim financial statements were approved by the Board of the Fund and authorized for issue on May 20, 2026.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

3. Material accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies included in the Fund’s audited consolidated financial statements for the year ended December 31, 2025. These accounting policies are based on the IFRS Accounting Standards applicable at that time. The condensed consolidated interim financial statements do not include all of the disclosures included in the audited consolidated financial statements for the year ended December 31, 2025 and accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025 and notes thereto.

4. Adoption of accounting standards

Accounting standards implemented:

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

The amendments clarify the requirements related to the date of recognition and derecognition of financial assets and liabilities with an exception for derecognition of financial liabilities settled via electronic transfer. These amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted. The adoption of this amendment had no significant impact on the condensed consolidated interim financial statements of the Fund.

Future accounting policy changes:

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

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

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

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

5. Acquisitions

There were no acquisitions during the three months ended March 31, 2026.

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

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

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

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

6. Investment properties

The following table summarizes the change in the investment properties for the three months ended March 31, 2026 and the year ended December 31, 2025:

Balance, January 1, 2025	\$ 414,480
Acquisitions (note 5)	220,020
Additions	3,265
Fair value adjustment	1,635
Balance, December 31, 2025	\$ 639,400
Additions	290
Fair value adjustment	(190)
Balance, March 31, 2026	\$ 639,500

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

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

	March 31, 2026	December 31, 2025
Cost	\$ 603,169	\$ 602,879
Cumulative fair value adjustments	36,331	36,521
Fair value	\$ 639,500	\$ 639,400

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

	March 31, 2026	December 31, 2025
Capitalization rate - range	3.75% - 5.00%	3.75% - 5.00%
Capitalization rate - weighted average	4.43 %	4.43 %

The Fund determined the fair value of each investment property using the direct income capitalization approach. The capitalized earnings reflect rental income from current leases and assumptions about rental income from future leases and occupancy reflecting market conditions at the reporting date, less future cash outflows in respect of such leases (note 21(b)).

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

Weighted average	Change	March 31, 2026	December 31, 2025
Capitalization rate	10 bps increase	\$ (14,117)	\$ (14,115)
Capitalization rate	10 bps decrease	\$ 14,769	\$ 14,767

The impact of a one percent change in the net operating income used to value the properties as at March 31, 2026 would affect the fair value by approximately \$6,395 (December 31, 2025 - \$6,394).

The Fund's investment properties are considered as Level 3 assets under IFRS 13 - Fair value measurement due to the extent of assumptions required beyond observable market data to derive the fair values (note 21(b)).

7. Resident and other receivables

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

	March 31, 2026	December 31, 2025
Resident receivables ⁽¹⁾	\$ 78	\$ 69
Other receivables ⁽¹⁾	164	73
	\$ 242	\$ 142

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

8. Prepaid expenses and other assets

The following table presents details of the prepaid expenses balance:

	March 31, 2026	December 31, 2025
Prepaid insurance	\$ 500	\$ —
Prepaid property taxes	1,004	972
Prepaid expenses	64	94
Other deposits	3	3
	\$ 1,571	\$ 1,069

9. Restricted cash

The following table presents details of the restricted cash balance:

	March 31, 2026	December 31, 2025
Escrowed funds:		
Property taxes ⁽¹⁾	\$ 168	\$ 105
Restricted cash:		
Security deposits ⁽²⁾	1,947	2,062
	\$ 2,115	\$ 2,167

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

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

10. Loans payable

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

The Fund has non-revolving term credit facilities with a Canadian chartered bank with \$33,831 drawn as at March 31, 2026 (December 31, 2025 - \$33,831). The undrawn portion of the credit facilities was \$20,000 as at March 31, 2026 (December 31, 2025 - \$20,000). The credit facilities are secured by a second charge against the Fund's investment properties. The credit facilities are subject to interest at the bank's prime rate plus 1.00% (December 31, 2025 - 1.00%) per annum or, at the borrower's option at the time of advance, at variable index rates based on the Canadian Overnight Repo Rate Average ("CORRA") plus an interest rate spread.

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

	March 31, 2026	December 31, 2025
Current:		
Mortgages payable	\$ 108,559	\$ 34,998
Unamortized finance costs	(1,297)	(1,310)
	107,262	33,688
Non-current:		
Mortgages payable	266,815	342,070
Credit facilities payable	33,831	33,831
Unamortized finance costs	(3,526)	(3,719)
	297,120	372,182
Total	\$ 404,382	\$ 405,870

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

As at March 31, 2026, the Fund's loans payable had a weighted average term to maturity of 3.89 years (December 31, 2025 - 4.14 years) and a weighted average interest rate of 2.92% (December 31, 2025 - 2.92%).

During the three months ended March 31, 2026, the Fund incurred interest expense on loans payable of \$2,974 (March 31, 2025 - \$2,161), which is included in finance costs (note 15).

Future principal payments on loans payable are as follows:

	Principal payments	Balloon payments	Total
2026 - remainder of year	\$ 4,799	\$ 28,505	\$ 33,304
2027	5,447	73,664	79,111
2028	5,271	44,186	49,457
2029	4,930	39,518	44,448
2030	3,446	61,383	64,829
Thereafter	4,063	133,993	138,056
	\$ 27,956	\$ 381,249	\$ 409,205
Unamortized finance costs			(4,823)
Carrying value			\$ 404,382

11. Net liabilities attributable to Unitholders

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

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

For the three months ended March 31, 2026, distributions of \$1,624 were declared and recorded to distribution expense (March 31, 2025 - \$1,132).

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

	Number of Units outstanding (000's)				Net liabilities attributable to Unitholders
	Class A	Class B	Class C	Total Units	
Outstanding as at January 1, 2026	4,154	5,373	3,388	12,915	\$ 150,592
Redemption of Units	(7)	(1)	—	(8)	(83)
Net loss and comprehensive loss	—	—	—	—	(113)
Outstanding as at March 31, 2026	4,147	5,372	3,388	12,907	\$ 150,396

During the three months ended March 31, 2026, pursuant to the related Offering condition, 7,065 Class A Units and 770 Class B Units were redeemed in accordance with the Declaration of Trust at 95% of Net Asset Value ("NAV"), amounting to a total of \$83 (March 31, 2025 - \$64) (note 23).

(b) Carried interest:

Through D.D. Acquisitions Partnership ("DDAP") as holder of Special Limited Partnership Units of SW1 ("Special LP Units") (as defined below), Daniel Drimmer is indirectly entitled to a carried interest, being (i) an aggregate amount equal to 20% of the total of all amounts each of which is the amount, if any, by which (A) the aggregate

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

amount of distributions which would have been paid on all Units of a particular class if all distributable cash of the SW1 was received by the Fund (including through Starlight Western Canada Multi-Family GP, Inc.), together with all other amounts distributable by the Fund (including distributable cash generated by investees of the Fund not held through the SW1, if any), and distributed by the Fund (net of any amounts required to provide for expenses) to Unitholders and non-controlling interests in accordance with the Declaration of Trust and SW1 limited partnership agreement, exceeds (B) the aggregate minimum return (being 8.0%) in respect of such class of Units (the calculation of which includes the amount of the investors capital return base), provided that, to the extent that the aggregate amount of distributions which would have been paid on all Units of a particular class pursuant to the foregoing exceeds the minimum return for such class, DDAP will first be entitled to an aggregate amount equal to 50% of each such excess amount (i.e., a catch-up) until the amounts, if any, distributable to Unitholders of each class in excess of the investors capital return base is equal to four times (i.e., 80%/20%) the catch-up payment receivable by DDAP in respect of such class, and if more than one series of a class of Units is issued subsequent to the closing date, the foregoing calculations and distributions will be separately determined on the basis of each such series.

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

As at March 31, 2026, the Fund had recognized a provision for carried interest of \$nil (December 31, 2025 - \$nil), resulting in a recovery of \$nil for the three months ended March 31, 2026 (March 31, 2025 - recovery of \$681).

12. Accounts payable and accrued liabilities

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

	March 31, 2026	December 31, 2025
Operating payables	\$ 2,404	\$ 3,007
Accrued asset management fees (note 17)	211	209
	\$ 2,615	\$ 3,216

13. Non-controlling interests

The following table summarizes the change in non-controlling interests for the three months ended March 31, 2026 and the year ended December 31, 2025:

SW1 partnership interests as at December 17, 2025 (note 5)	\$ 94,020
Partnership interests issued ⁽²⁾	1,645
Net income attributable to non-controlling interests	33
Balance, December 31, 2025	\$ 95,698
Net loss attributable to non-controlling interests ⁽³⁾	(70)
Balance, March 31, 2026	\$ 95,628

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

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

⁽³⁾ During the three months ended March 31, 2026, the proportionate share for the SW1 non-controlling interest revenues from property operations were \$3,336 (March 31, 2025 - \$nil), property operating expenses including property taxes were \$961 (March 31, 2025 - \$nil) and finance costs were \$1,329 (March 31, 2025 - \$nil) and distributions declared were \$652 (March 31, 2025 - \$nil). Net (loss) income and comprehensive (loss) income attributable to the non-controlling interests for the three months ended March 31, 2026 was \$70 (March 31, 2025 - \$nil), respectively.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

14. Fund and trust expenses

Fund and trust expenses consist of the following:

	March 31, 2026	March 31, 2025
Asset management fees (note 17)	\$ 632	\$ 410
General and administrative expenses	324	116
	\$ 956	\$ 526

15. Finance costs

Finance costs consist of the following:

	March 31, 2026	March 31, 2025
Interest expense on loans payable (note 10)	\$ 2,974	\$ 2,161
Amortization of financing costs	334	330
Other financing costs	134	84
	\$ 3,442	\$ 2,575

16. Supplemental cash flow information

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

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

	March 31, 2026	March 31, 2025
Resident and other receivables	\$ (100)	\$ 19
Prepaid expenses and deposits	(502)	(395)
Resident rental deposits and prepayments	28	(9)
Accounts payable and accrued liabilities	(603)	179
	\$ (1,177)	\$ (206)

(b) Finance costs paid:

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

	March 31, 2026	March 31, 2025
Interest expense paid	\$ (2,968)	\$ (2,165)
Financing costs incurred on loans payable	(261)	(122)
	\$ (3,229)	\$ (2,287)

17. Transactions with related parties

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

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

(a) Pursuant to the management agreement dated February 22, 2022, as amended and restated on December 16, 2025 (the "Management Agreement"), the Manager is to perform asset management services for fees equal to 0.35% of the fair market value as prescribed by the most recent annual appraisals of the properties ("Gross Asset Value"), with the initial Gross Asset Value being the purchase price of the properties paid or deemed paid by the Fund.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

Included in fund and trust expenses were \$632 in asset management fees charged by the Manager (note 14) for the three months ended March 31, 2026 (March 31, 2025 - \$410). Asset management fees payable to the Manager as at March 31, 2026 was \$211 (December 31, 2025 - \$209), included in accounts payable and accrued liabilities (note 12).

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

No acquisition fees were incurred for the three months ended March 31, 2026 (March 31, 2025 - \$nil).

(c) Pursuant to the Management Agreement, in the event that the Manager is required by the lenders of the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its subsidiaries relating to a property, the Fund will, in consideration for providing such guarantee, in aggregate, pay the Manager a guarantee fee represented by an annual amount equal to 0.15% of the then-outstanding amount of such guaranteed funds. This fee is calculated and payable in arrears on the first day of each month.

For the three months ended March 31, 2026, the Fund incurred guarantee fees of \$134 (March 31, 2025 - \$84). Guarantee fees payable to the Manager as at March 31, 2026 was \$46 (December 31, 2025 - \$46).

(d) Aggregate compensation to key management personnel was \$nil for the three months ended March 31, 2026 as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (March 31, 2025 - \$nil).

18. Commitments and contingencies

As at March 31, 2026, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of March 31, 2026 expire within 12 months. The Fund holds commitments to provide for carried interest when applicable and to distribute excess cash to Unitholders.

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

19. Segmented disclosure

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

20. Capital management

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

The Fund's credit facilities typically carry consolidated Fund maximum leverage, minimum net worth and minimum debt service coverage covenants. The Fund was in compliance with all financial covenants as at March 31, 2026.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

21. Risk management

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

(a) Credit risk:

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

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

As at March 31, 2026, the Fund had an allowance for uncollectible amounts of \$671 (December 31, 2025 - \$609). Bad debts expensed within the property operating costs for the three months ended March 31, 2026 were \$75 (March 31, 2025 - \$27).

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

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices. The investment properties are subject to the risks associated with debt financing, including the risk that certain loans may not be refinanced on terms as favourable as those of the existing indebtedness, in the event that such refinancing occur in future periods. As at March 31, 2026, the Fund's investment properties have been reported at fair value which reflects the Fund's best estimate of future cash flows and capitalization rates applicable to the investment properties.

During the three months ended March 31, 2026, the Fund has adjusted the capitalization rates used in the valuation of its investment properties to ensure appropriate fair values are reflected as at March 31, 2026 (note 6). The adjustment in capitalization rates is reflective of third party appraisals as of December 31, 2025 as well as consideration of comparable sales transactions and changes which have occurred in the overall investment market for residential properties up to March 31, 2026. Although the Manager utilized the best available information to determine the capitalization rates used for purposes of the valuations of the Fund's investment properties as at March 31, 2026, the period leading up to March 31, 2026 experienced limited comparable sales for the Manager to rely on as a result of broader market conditions, including certain owners of multi-family properties delaying sales as a result of interest rate uncertainty, concerns relating to the potential economic impact of tariffs imposed by the United States and unexpected or ongoing geopolitical events. The Manager will continue to evaluate comparable sales transactions as additional comparable sales data occurs under current market conditions. The Fund continues to actively monitor the impact that interest rates and inflation may have on market risk (note 21(d)).

(c) Liquidity risk:

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of Canadian dollars, unless otherwise noted)

(Unaudited)

(d) Interest rate risk:

Interest rate risk is the risk that the market value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Fund is exposed to interest rate risk on its loans payable. The risk of unfavorable interest rate changes is managed by low floating debt exposure. Floating debt of the Fund represented 8.3% of total debt as at March 31, 2026 (note 10).

22. Fair value measurement of financial instruments

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

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

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

- The fair value of the Fund's financial assets which include resident and other receivables, restricted cash and cash, as well as financial liabilities, which include resident rental deposits and prepayments, accounts payable and accrued liabilities, finance cost payable and distributions payable approximate their carrying amounts due to their short-term nature (Level 1);
- The fair value of loans payable is estimated based on the current market rates for debt with similar terms and conditions (Level 2). The fair value of the Fund's loans payable as at March 31, 2026 approximated their carrying value; and
- Provision for carried interest and net liabilities attributable to Unitholders are considered as Level 3 financial instruments due to the extent of assumptions required beyond observable market data to derive the fair values.

23. Subsequent event

Subsequent to March 31, 2026, 2,407 Class A Units, 3,599 Class B Units and 614 Class C Units were redeemed in accordance with the Declaration Of Trust at 95% of NAV, amounting to a total of \$70.