

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

**STARLIGHT U.S. RESIDENTIAL (MULTI-
FAMILY) INVESTMENT LP**

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 U.S. Residential (Multi-Family) Investment LP have been prepared by and are the responsibility of Starlight U.S. Residential (Multi-Family) Investment LP's management.

Starlight U.S. Residential (Multi-Family) Investment LP's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2026 and 2025

(In thousands of U.S. dollars)

(Unaudited)

	Notes	March 31, 2026	December 31, 2025
ASSETS			
Non-current assets:			
Investment properties	6	\$ 250,900	\$ 265,700
Utility deposits		48	48
Total non-current assets		250,948	265,748
Current assets:			
Resident and other receivables	7	682	625
Prepaid expenses and deposits	8	390	12
Restricted cash	9	3,021	3,806
Cash		2,530	3,067
Total current assets		6,623	7,510
TOTAL ASSETS		\$ 257,571	\$ 273,258
LIABILITIES			
Non-current liabilities:			
Loans payable	10	\$ 82,251	\$ 81,512
Preferred shares - U.S. REIT series A	11	125	125
Total non-current liabilities		82,376	81,637
Current liabilities:			
Loans payable	10	175,076	173,682
Resident rental deposits and prepayments		457	439
Finance costs payable		1,917	1,331
Accounts payable and accrued liabilities	12	7,153	7,857
Total current liabilities		184,603	183,309
TOTAL LIABILITIES		266,979	264,946
EQUITY			
Attributable to Partners	13(a)	(7,168)	9,932
Attributable to non-controlling interests	14	(2,240)	(1,620)
TOTAL EQUITY		(9,408)	8,312
TOTAL LIABILITIES AND EQUITY		\$ 257,571	\$ 273,258

Commitments and contingencies (note 19)

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Directors of Starlight U.S. Residential (Multi-Family) Investment LP on May 25, 2026, and signed on its behalf:

Kelly Smith Director

Harry Rosenbaum Director

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the three months ended March 31, 2026 and 2025

(In thousands of U.S. dollars)

(Unaudited)

	Notes	March 31, 2026	March 31, 2025
Revenue from property operations		\$ 5,042	\$ 9,952
Expenses:			
Property operating		(1,337)	(2,598)
Property taxes		(514)	(1,192)
Income from rental operations		3,191	6,162
Other income (expenses):			
Partnership expenses	15	(426)	(601)
Finance costs	16	(5,356)	(8,483)
Dividends to preferred shareholders - U.S. REIT series A	11	(4)	(4)
Fair value adjustment of investment properties	6	(15,109)	(21,466)
Loss before income taxes		(17,704)	(24,392)
Income tax expense:			
Current		(17)	(16)
Net loss and comprehensive loss		\$ (17,721)	\$ (24,408)
Net loss and comprehensive loss attributable to:			
Partners		(17,100)	(24,020)
Non-controlling interests	14	(621)	(388)
Net loss and comprehensive loss		\$ (17,721)	\$ (24,408)

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Condensed Consolidated Interim Statement of Changes in Equity

For the three months ended March 31, 2026 and 2025

(In thousands of U.S. dollars)

(Unaudited)

Balance, January 1, 2026	\$	9,932
Changes during the period:		
Net loss and comprehensive loss		(17,100)
Balance, March 31, 2026	\$	(7,168)
<hr/>		
Balance, January 1, 2025	\$	59,628
Changes during the period:		
Net transfers ⁽¹⁾		4,125
Net loss and comprehensive loss		(24,020)
Balance, March 31, 2025	\$	39,733

⁽¹⁾ Net transfers represent excess amounts received from the previous owner of Starlight U.S. Residential (Multi-Family) Investment L.P., Starlight U.S. Residential Fund. Prior to the reorganization outlined in Note 1, Starlight U.S. Residential (Multi-Family) Investment L.P. had transferred funds to this entity to repay loans and administrative costs of the consolidated structure at that time. Any excess amounts were returned by the previous owner from time to time.

See accompanying notes to the condensed consolidated interim financial statements including note 13 for a description of class B Units ("Class B LP Units") of Starlight U.S. Residential (Multi-Family) Investment L.P.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Condensed Consolidated Interim Statement of Cash Flows

For the three months ended March 31, 2026 and 2025

(In thousands of U.S. dollars)

(Unaudited)

	Notes	March 31, 2026	March 31, 2025
Operating activities:			
Net loss and comprehensive loss		\$ (17,721)	\$ (24,408)
Adjustments for financing activities included in loss:			
Finance costs	16	5,356	8,483
Dividends to preferred shareholders - U.S. REIT series A	11	4	4
Adjustment for item not involving cash:			
Fair value adjustment of investment properties	6	15,109	21,466
Change in non-cash operating working capital	17(a)	(1,121)	(569)
Change in restricted cash	9	785	1,059
Cash provided by operating activities		2,412	6,035
Investing activity:			
Additions to investment properties	6	(309)	(766)
Cash used in investing activity		(309)	(766)
Financing activities:			
Loans payable:			
Repayment of existing loans payable	10	—	(3,000)
Draw downs on existing loans	10	1,703	743
Finance costs paid	17(b)	(4,340)	(6,653)
Contributions from non-controlling interest	14	1	(80)
Net transfers ⁽¹⁾	13(a)	—	4,125
Dividends to preferred shareholders - U.S. REIT series A	11	(4)	(4)
Cash used in financing activities		(2,640)	(4,869)
(Decrease) increase in cash		(537)	400
Cash, beginning of period		3,067	2,080
Cash, end of period		\$ 2,530	\$ 2,480

⁽¹⁾ Net transfers represent excess amounts received from the previous owner of Starlight U.S. Residential (Multi-Family) Investment L.P., Starlight U.S. Residential Fund. Prior to the reorganization outlined in Note 1, Starlight U.S. Residential (Multi-Family) Investment L.P. had transferred funds to this entity to repay loans and administrative costs of the consolidated structure at that time. Any excess amounts were returned by the previous owner from time to time.

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

1. Nature of business

Starlight U.S. Residential (Multi-Family) Investment L.P. ("SURF LP") is a "closed-end" limited partnership, established under and governed by the laws of the Province of Ontario, pursuant to an amended and restated limited partnership agreement (the "LPA"). Until December 29, 2025, SURF LP was a wholly owned subsidiary of Starlight U.S. Residential Fund (the "Fund"). On December 30, 2025 (the "Reorganization Date"), SURF LP and the Fund completed a reorganization transaction (the "Reorganization"), pursuant to which unitholders of the Fund (the "Former Unitholders") and holders of Class B LP Units in SURF LP ("Class B LP Unitholders") received Canadian dollar denominated class A limited partnership units of SURF LP ("SURF LP Units") based on a defined exchange ratio. As a result, the Former Unitholders and Class B LP Unitholders (collectively the "Partners") became the unitholders of SURF LP and its subsidiaries.

In connection with the Reorganization, the LPA was amended and restated as of the Reorganization Date to reflect, where applicable, the terms of the Fund's amended and restated declaration of trust (the "Declaration of Trust"). SURF LP became a reporting issuer in the applicable Canadian jurisdictions, with SURF LP Units listed on the TSX Venture Exchange ("TSXV") under the symbol "SURF.UN". The term of SURF LP (the "Term") has been extended to November 15, 2029, representing a three-year extension from the Fund's prior expiry date of November 15, 2026. As a result of the Reorganization, SURF LP now carries on the multi-family residential real estate business previously carried on by the Fund.

SURF LP was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily comprised of income-producing residential properties in the United States ("U.S.") residential real estate market that can achieve significant increases in rental rates as a result of undertaking high return, value-add capital expenditures and active asset management, that are located primarily in the States of Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington ("Primary Markets").

On November 15, 2021, SURF LP had equity contributed by the Partners which included the Fund contributing a portion of the proceeds of its initial public offering (the "Offering"), which was completed on the same day. The Offering, together with a concurrent private placement of class I trust units amounting to aggregate gross proceeds of \$249,568 by issuing the following trust units of the Fund ("Units"): 3,422,689 class A Units; 3,430,000 class C Units (including 750,000 Class B LP Units assumed to be converted into class C Units for this purpose); 10,923,370 class D Units, 6,561,866 class F Units and 3,500,000 class I Units at a price of \$10.00 Canadian dollars ("C\$") per Unit and 699,990 class E Units; 801,485 class G Units and 1,188,200 class U Units, at a price of \$10.00 per Unit. The class A and class U Units distributed under the Offering were listed on the TSXV under the symbols SURF.A and SURF.U, respectively. Class A, C, D, F, I and Class B LP Units were Canadian dollar denominated Units and class E, G and U were U.S. dollar denominated Units. Conversions could be made between certain classes of Units based on conversion ratios (the "Conversion Ratios") calculated consistent with the Declaration of Trust. Upon completion of the Reorganization, all Units of the Fund, including the Class B LP Units of SURF LP, were converted into 32,583,440 SURF LP Units, and Starlight U.S. Residential Fund ceased to be a reporting issuer. The Fund's class A and class U Units were delisted from the TSXV effective at the close of business on December 23, 2025. SURF LP Units commenced trading on the TSXV under the symbol "SURF.UN" at the opening of trading on December 31, 2025. As noted above, the Units previously outstanding in the Fund were exchanged for SURF LP Units.

Following completion of the Offering, SURF LP acquired three class "A" institutional quality multi-family properties comprising a total of 1,133 suites which include Bainbridge Sunlake ("Sunlake"), Indigo Apartments ("Indigo") and Lyric Apartments ("Lyric"), located in the States of Florida, North Carolina and Nevada, in the Tampa, Raleigh and Las Vegas metropolitan areas, respectively. Subsequent to the Offering, SURF LP acquired an additional multi-family property, Emerson at Buda ("Emerson"), located in Austin, Texas in 2021. During the year ended December 31, 2022, SURF LP acquired Eight at East, a multi-family property comprising 264 suites in Orlando, Florida and acquired a 90% interest in Ventura Mezz LLC (the remaining 10% interest in Ventura Mezz LLC is owned by an affiliate of the Manager (as defined below)), which indirectly owns the Ventura ("Ventura"), a multi-family property

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

comprising 272 suites in Phoenix, Arizona. SURF LP's multi-family properties are collectively the "Properties". During 2025, the Fund completed the disposition of Lyric, Eight at East and Emerson, respectively (note 5), while remaining three Properties continuing to be owned by SURF LP.

SURF LP is managed by Starlight Investments US AM Group LP (the "Manager") which is a wholly-owned subsidiary of Starlight Group Property Holdings Inc. ("Starlight Group") and a related party. As at March 31, 2026, SURF LP's property portfolio consisted of interests in three Properties comprising 1,029 suites. (December 31, 2025 - 1,029).

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

2. Basis of presentation

(a) Statement of compliance:

These condensed consolidated interim financial statements of SURF LP 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 SURF LP 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 SURF LP and authorized for issue on May 25, 2026.

(b) Basis of measurement and going concern:

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

The application of the going concern basis of presentation assumes that SURF LP will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

SURF LP strives to maintain strong and collaborative relationships with its lenders but the elevated level of interest rates and associated impact on capitalization rates described in note 22(c) had a negative impact on SURF LP'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 SURF LP's ability to exercise certain extension options available under existing loans payable. Under the terms of each applicable loan agreement, SURF LP has the right to make a principal repayment towards such loan in order to achieve the extension tests that otherwise may not be achieved. Given SURF LP was formed as a "closed-end" investment vehicle, SURF LP is restricted from raising any additional equity, which may have otherwise assisted in making any principal repayments of the loans payable in order to meet certain extension conditions. In the event SURF LP is not able to refinance the loan or if SURF LP does not have sufficient liquidity or other sources of capital sufficient to make any such principal repayments required to achieve the applicable loan extension tests and SURF LP is not able to otherwise negotiate an extension of such loan, the applicable lender may provide formal notice of an event of default expressing its right to demand repayment of the borrowings relating to such property. Under this scenario, SURF LP may be obligated to sell such properties which may not be able to be completed on terms that are acceptable to SURF LP or may be required to explore other options in the best economic interests of SURF LP in order to discharge its obligations under any of the applicable loan agreements. SURF LP's loans payable also do not carry cross-default provisions.

The loan payable secured by interests in Ventura property matured on February 9, 2026 and despite continuing to enter into good faith negotiations with first mortgage lender for Ventura, SURF LP received a notice of a maturity

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

default notice (the “Notice”) from the lender of the loan secured by Ventura (the “Lender”). The Notice received expressed the Lender’s right to demand repayment of the borrowings secured by the property. In the absence of a negotiated modification and extension of such loan, the Lender had the right to exercise the remedies available to it under the loan agreement, including a foreclosure of the property. If the Notice was successfully defended by the Lender and such remedies were exercised, the Lender would be able to foreclose on the property through a foreclosure sale process or a third party purchaser at the foreclosure sale, with the proceeds of the sale applied to amounts owed to Lender under the loan. As of the date of issuance of these financial statements, the Lender has requested repayment of the loan but has not exercised any remedies that otherwise may be available and SURF LP continues to enter into good faith negotiations with such Lender. SURF LP does not expect a material impact on its net asset value as a result of any remedies the lender may exercise.

On July 17, 2025, SURF LP extended the loan payable secured by Sunlake property to June 1, 2026. However, during the three months ended December 31, 2025, SURF LP received a Notice from the Lender of the Sunlake loan payable which outlined certain Remedies Available to such Lender. SURF LP does not agree that an event of default has occurred and continues to dispute such Notice. As of the date of issuance of these financial statements, the Lender has not exercised any such Remedies Available and SURF LP continues to enter into good faith negotiations with such Lender.

The fair value reported for two of SURF LP’s three properties as at March 31, 2026 was lower than the principal outstanding under the loans payable secured by such properties and as a result, the sale of those properties may not be sufficient to repay the indebtedness outstanding for such properties. In certain instances, the lenders also hold restricted cash as part of the security for such loans which in a liquidation event may be used to repay any indebtedness that may be required to be repaid by SURF LP. SURF LP’s secured loans are non-recourse subject to standard limited recourse provisions and are entered into by the subsidiaries of SURF LP that own only the associated secured property. As a result, the liability for any such loan would typically be limited to the value of the associated secured property, including any restricted cash reserves or other amounts held by the applicable lenders, other than in certain instances which may obligate SURF LP to incur certain costs or other amounts subject to certain performance conditions. The table below separates the net assets related to the two properties where the reported fair value as at March 31, 2026 was lower than the principal outstanding under the loans payable secured by such properties from other net assets of SURF LP.

	Net assets attributable to Properties where fair value is below loan payable balance⁽¹⁾	Other net assets of SURF LP	Total
Investment properties, net of loans payable	\$ (26,076)	\$ 19,649	\$ (6,427)
Other net assets of SURF LP	2,196	(2,937)	(741)
Net equity attributable to Partners	\$ (23,880)	\$ 16,712	(7,168)

⁽¹⁾ As at March 31, 2026, two of SURF LP’s three properties’ fair value amounted to \$149,900, which was lower than corresponding loans payable balance secured by such properties of \$175,076.

SURF LP previously amended several of its loan agreements, completed the Reorganization, deferred the payment of asset management fees and has continued to focus on maximizing net operating income (“NOI”) at the Properties to preserve as much liquidity as possible. There are no assurances that the above aforementioned financing activities and remaining property dispositions will be successfully completed which indicates the existence of a material uncertainty that may cast doubt upon SURF LP’s ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that may be necessary if SURF LP were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments, if required, may be material.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

(c) Functional and presentation currency:

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

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

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

3. Material accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies included in SURF LP'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 will address diversity in accounting practice by making the requirements more understandable and consistent. These amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted. The adoption of this amendment had no significant impact on the condensed consolidated interim financial statements of SURF LP.

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. SURF LP is currently evaluating the impact of this amendment on future periods and does not anticipate a material impact to SURF LP as a result of IFRS 18.

(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. SURF LP is currently evaluating the impact of this amendment on future periods and does not anticipate a material impact to SURF LP as a result of IFRS 19.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

5. Dispositions

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

The following asset dispositions were completed during the year ended December 31, 2025. The fair value of consideration has been allocated to the identifiable assets and liabilities sold based on their fair values at the date of dispositions as follows:

	Lyric	Eight at East	Emerson	Total
Disposition date	April 29, 2025	August 12, 2025	October 21, 2025	
City, state/region	Las Vegas, Nevada	Orange County, FL	Austin, Texas	
Investment properties	\$ 103,500	\$ 64,700	\$ 55,500	\$ 223,700
Add:				
Resident and other receivables	70	24	273	\$ 367
Prepaid expenses and deposits	—	—	24	24
Restricted cash	85	1,882	3,104	5,071
Deduct:				
Finance costs payable	(318)	(51)	(2,261)	(2,630)
Transaction costs ⁽¹⁾	(651)	(595)	—	(1,246)
Resident rental deposits and prepayments	(74)	(745)	(729)	(1,548)
Accounts payable and accrued liabilities	(216)	(110)	(440)	(766)
Net proceeds from disposition before repayment of loans	\$ 102,396	\$ 65,105	\$ 55,471	\$ 222,972
Gain on extinguishment of debt ⁽²⁾	—	—	1,209	1,209
Repayment of first mortgages ⁽²⁾	(86,697)	(64,225)	(56,680)	(207,602)
Transfer to former owner ⁽³⁾	(13,605)	—	—	(13,605)
Net proceeds from disposition	\$ 2,094	\$ 880	\$ —	\$ 2,974

⁽¹⁾ SURF LP incurred transaction costs of \$1,246 during the year ended December 31, 2025.

⁽²⁾ SURF LP used the proceeds to repay the first mortgages for Lyric of \$86,697 and Eight at East of \$64,225. On October 21, 2025, the foreclosure proceedings for Emerson were finalized through a public auction which resulted in the transfer of ownership of Emerson to a third party. The transfer of the Emerson resulted in no net proceeds to SURF LP. As at the date of the transfer, the fair value of the Emerson loan payable was lower than value of the related investment property. Accordingly, SURF LP recognized a gain on extinguishment of such debt of \$1,209.

⁽³⁾ SURF LP retained the remaining proceeds to fund existing operations and to distribute funds from the disposition of Lyric amounting to \$13,605 to the former owner of the Fund prior to the Reorganization to repay certain Fund level debt in SURF entity.

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	\$ 514,400
Additions	2,646
Dispositions (note 5)	(223,700)
Fair value adjustment	(27,646)
Balance, December 31, 2025	\$ 265,700
Additions	309
Fair value adjustment	(15,109)
Balance, March 31, 2026	\$ 250,900

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

(In thousands of U.S. 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	\$ 454,190	\$ 453,881
Cumulative fair value adjustments	(203,290)	(188,181)
Fair value	\$ 250,900	\$ 265,700

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

	March 31, 2026	December 31, 2025
Capitalization rate - range	5.00% - 5.25%	5.00% - 5.25%
Capitalization rate - weighted average	5.18 %	5.10 %

SURF LP determined the fair value of each Property using a combination of direct capitalization and direct cash flow methods. The capitalized earnings reflect rental income from current leases and assumptions about rental income from future leases and occupancy reflecting market conditions at the reporting date, less future cash outflows in respect of such leases.

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

Weighted average	Change	March 31, 2026	December 31, 2025
Capitalization rate	10 bps increase	\$ (4,752)	\$ (5,110)
Capitalization rate	10 bps decrease	\$ 4,939	\$ 5,314

The impact of a one percent change in the NOI used to value the Properties as at March 31, 2026 would affect the fair value of the Properties by approximately \$3,391 (December 31, 2025 - \$3,335).

The Properties are considered as Level 3 assets under IFRS 13 - Fair value measurement due to the extent of assumptions required beyond observable market data to derive the fair values (note 22(b)).

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⁾	\$ 19	\$ 13
Other receivables ⁽¹⁾	663	612
	\$ 682	\$ 625

⁽¹⁾ SURF LP holds no collateral in respect of resident and other receivables.

8. Prepaid expenses and deposits

The following table presents details of the prepaid expenses balance:

	March 31, 2026	December 31, 2025
Prepaid insurance	\$ 391	\$ —
Prepaid expenses	\$ 33	\$ 12
	\$ 424	\$ 12

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

9. Restricted cash

The following table presents details of the restricted cash balance:

	March 31, 2026	December 31, 2025
Escrowed funds:		
Property taxes ⁽¹⁾	\$ 694	\$ 1,254
Property insurance ⁽¹⁾	217	412
Replacement and repairs ⁽¹⁾	1,457	1,493
Transaction expense reserve ⁽³⁾	250	250
Restricted cash:		
Security deposits ⁽⁴⁾	403	397
	\$ 3,021	\$ 3,806

⁽¹⁾ Escrowed funds include cumulative amounts that are funded on a monthly basis into escrow with certain of SURF LP's lenders. These amounts are used to pay property taxes and insurance coming due within a 12-month period or repairs or upgrades at certain of the Properties.

⁽²⁾ Interest reserve includes amounts funded into escrow with certain of SURF LP's lenders which may be used to fund interest costs in future periods or released to SURF LP subject to certain conditions of each individual loan payable.

⁽³⁾ Transaction expense reserve includes amounts funded into escrow with certain of SURF LP's lenders which may be used to closing costs related to disposition of the Properties in future periods or released to SURF LP subject to certain conditions of each individual loan payable.

⁽⁴⁾ Security deposits relate to funds paid by residents that are specifically restricted until a resident exits a lease and are either refunded or applied to amounts due under their lease, as applicable.

10. Loans payable

Loans payable are secured against the applicable investment properties to which the loan relates and typically require interest only ("IO") payments until a specified date. Certain of the loans payable bear fixed interest rates except Ventura. These loans bear interest at variable index rates based on the 30-day New York Federal Reserve Secured Overnight Financing Rate ("NY SOFR") or Term SOFR plus an interest rate spread. Under certain loans, SURF LP had purchased an interest rate cap which provides for a maximum interest rate payable in the event the variable index rate is above the strike rate of the cap (note).

A summary of SURF LP's loans payable is presented below:

Property ⁽¹⁾	Payment terms	Maturity date	Extension options	Interest rate	March 31, 2026	December 31, 2025
					Principal outstanding	Principal outstanding
Sunlake (a)	IO	June 1, 2026	N/A	8.56%	\$ 77,146	\$ 76,368
Indigo	IO	June 28, 2029	N/A	5.85%	62,223	62,223
Ventura (b)	IO	February 9, 2026	N/A	Term SOFR + 3.50%	97,990	97,474
Unsecured Financing (c)	IO	June 28, 2027	N/A	12.00%	20,744	20,335
Principal outstanding					\$ 258,103	\$ 256,400
Unamortized financing costs					(776)	(1,206)
Carrying value					\$ 257,327	\$ 255,194
Breakdown of current versus non-current portion of carrying value:						
Current ⁽²⁾					\$ 175,076	\$ 173,682
Non-current					\$ 82,251	\$ 81,512

⁽¹⁾ The loans payable in the table above were primarily entered into on the date of acquisition of each respective Property owned by SURF LP, with the exception of the credit facility, unsecured financing and refinancing of Indigo. On the Reorganization Date, the Fund transferred its credit facility was assigned to SURF LP.

⁽²⁾ Loans payable of \$175,076 (net of \$60 of deferred financing costs) (December 31, 2025 - \$173,682, net of \$160 of deferred financing costs) were classified as current liabilities as they are due and payable within 12 months of the date of the condensed consolidated interim statement of financial position.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

(a) On July 17, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026. As per the terms of the extension, the loan is subject to certain performance conditions during the remaining loan term and bears interest-only payments at a fixed rate of 8.56% per annum with any debt service shortfall, as defined therein, being accrued and deferred until maturity. Any accrued debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan are included in interest expense within the condensed consolidated interim statement of loss and comprehensive loss (note 16) with an offsetting amount added to the loans payable principal outstanding which during the three months ended March 31, 2026, amounted to \$778. As at March 31, 2026, SURF LP had accrued and deferred a total of \$2,146 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2025 - \$1,368). During the three months ended December 31, 2025, SURF LP received a Notice from the Lender of the Sunlake loan payable which outlined certain Remedies Available to such Lender. SURF LP does not agree that an event of default has occurred and continues to dispute such Notice. As of the date of issuance of these financial statements, the Lender has not exercised any such Remedies Available and SURF LP continues to enter into good faith negotiations with such Lender (note 2(b)).

(b) On May 1, 2024, SURF LP amended the Ventura loan payable to extend the term to February 9, 2026, discharged its obligation to purchase a replacement interest rate cap and defer a portion of the debt service at the property, whereby SURF LP can defer up to certain amounts per month subject to certain terms. The outstanding balance on any deferred amounts bears interest at 12.0% per annum, compounded monthly, which is accrued and payable at the time of repayment of such loan. Any accrued debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan are included in interest expense within the condensed consolidated interim statement of loss and comprehensive loss (note 16) with an offsetting amount added to the loans payable principal outstanding which during the three months ended March 31, 2026, amounted to \$516. As at March 31, 2026, SURF LP had accrued and deferred a total of \$5,240 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2025 - \$4,724), whereby such amounts bear interest at 12.0% per annum and the remaining principal outstanding on the Ventura loan payable at that time of \$92,750 bears interest at Term SOFR + 3.50%. On June 9, 2025, SURF LP finalized the modification of the Ventura loan payable to reduce SURF LP's monthly funding obligation for any debt service shortfall of the property to \$75 per month, effective retroactively as of February 9, 2025. Despite continuing to enter into good faith negotiations to extend or modify the Ventura loan payable, SURF LP received a maturity default notice from the lender of the first mortgage secured by Ventura, demanding repayment of such loan. SURF LP continues to enter into good faith negotiations to extend such loan. SURF LP does not expect a material impact on its net asset value as a result of any remedies the lender may exercise (note 2(b)).

(c) On June 28, 2024, a subsidiary of SURF LP entered into an unsecured financing of \$18,277 for a three-year term, bearing monthly interest only payments at a minimum of 4.0% per annum ("Unsecured Financing"). To the extent there is sufficient operating cash flow from SURF LP's Indigo property after payment of any associated debt servicing costs for the first mortgage and the minimum 4.0% payment required under the Unsecured Financing, the monthly interest payment may increase up to a maximum of 12.0% per annum. To the extent the minimum monthly payment is less than the maximum 12.0% interest rate, the excess up to the maximum 12.0% interest rate is accrued and deferred to be payable upon maturity of the Unsecured Financing. Any accrued debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan are included in interest expense within the condensed consolidated interim statement of loss and comprehensive loss (note 16) with an offsetting amount added to the loans payable principal outstanding which during the three months ended March 31, 2026, amounted to \$409. As at March 31, 2026, SURF LP had accrued and deferred a total of \$2,467 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2025 - \$2,058).

As at March 31, 2026, SURF LP's loans payable had a weighted average term to maturity ("WATM") of 0.93 years (December 31, 2025 - 1.13 years) and a weighted average interest rate of 7.76% (December 31, 2025 - 7.81%), which includes the maximum 12.0% interest on the Unsecured Financing.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

Future principal payments on loans payable are as follows:

	Principal payments	Balloon payments	Total
2026 - remainder of year ⁽¹⁾	\$ —	\$ 175,136	\$ 175,136
2027	—	20,744	20,744
Thereafter	—	62,223	62,223
Total	\$ —	\$ 258,103	\$ 258,103

⁽¹⁾ SURF LP has shown the principal payments herein based on the initial maturity date of such loan. As no extension options are available as of the date of these condensed consolidated interim financial statements, the balloon payments are based on the subsequent repayment of SURF LP's loans payable.

11. Preferred shares - U.S. Real Estate Investment Trust series A

The U.S. REIT has a total of 125 series A preferred shares issued and outstanding that are held by U.S. residents. The U.S. REIT's preferred shares were issued on January 6, 2022 and are redeemable at the option of the U.S. REIT at a redemption value of \$1 per share, subject to prepayment penalties under certain conditions. The preferred shares pay a cumulative dividend at 12% per annum, semi-annually on June 30 and December 31 and have no voting rights.

12. Accounts payable and accrued liabilities

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

	March 31, 2026	December 31, 2025
Resident prepayments	\$ 39	\$ 53
Operating payables	2,137	2,587
Accrued property taxes ⁽¹⁾	657	1,170
Accrued asset management fees (note 18)	4,217	3,927
Excise tax and franchise tax payable	103	120
	\$ 7,153	\$ 7,857

⁽¹⁾ Accrued property taxes represent property taxes incurred but not yet paid for Properties up to the date of the condensed consolidated interim statement of financial position. As a result of the requirements of International Financial Reporting Interpretations Committee Interpretation 21, Levies ("IFRIC 21"), property taxes are to be disclosed separately between either property tax expenses or fair value adjustment to IFRIC 21. SURF LP recorded a property tax expense of \$2,055 for the three months ended March 31, 2026 (March 31, 2025 - expense of \$4,763) and an IFRIC 21 fair value adjustment of \$1,541 for the three months ended March 31, 2026 (March 31, 2025 - adjustment of \$3,571). Such amounts have been combined in the condensed consolidated interim statement of loss and comprehensive loss and reported as property tax expense. Any given reporting period represents the actual property taxes incurred by SURF LP in such reporting period.

13. Partners' equity

(a) Composition of Partners' capital and beneficial ownership of SURF LP:

Prior to the Reorganization, SURF LP was owned by the Fund through class A limited partnership interests and an entity controlled by the Chief Executive Officer of SURF LP, Daniel Drimmer, via Class B LP Units. Each class of membership interest was entitled to a share of any distributions and net assets of the Fund based on certain entitlements for each class.

On completion of the Reorganization, the Former Unitholders of the Fund and Class B LP Unitholders in SURF LP received 32,583,440 Canadian dollar denominated SURF LP Units based on a defined exchange ratio. As a result, the Former Unitholders and Class B LP Unitholders became the unitholders or Partners of SURF LP and its subsidiaries. In addition, the Fund and SURF LP signed an agreement with the partners of the Starlight Investment Residential Partnership ("SIRP") to extinguish any further carried interest liability, SURF LP and its subsidiaries would have for any such amounts.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

For the three months ended March 31, 2026, no distributions were declared and recorded to distribution expense (March 31, 2025 - \$nil).

(b) Carried interest:

On completion of the Reorganization, the Fund and SURF LP signed an agreement with the partners of the SIRP to extinguish any entitlements to any previous carried interest provisions which could have been payable by the Fund or SURF LP in future periods.

14. 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:

Balance, January 1, 2025	\$	(614)
Net loss attributable to Ventura non-controlling interest		(1,033)
Contributions from Ventura minority owner		27
Balance, December 31, 2025		(1,620)
Net loss attributable to Ventura non-controlling interest ⁽²⁾		(621)
Contributions from Ventura minority owner ⁽³⁾		1
Balance, March 31, 2026		(2,240)

⁽¹⁾ Given SURF LP's 90% indirect ownership interest in Ventura, SURF LP has control over Ventura and has wholly consolidated its financial position and results of operations in these condensed consolidated interim financial statements.

⁽²⁾ During the three months ended March 31, 2026, the proportionate share for the Ventura non-controlling interest revenues from property operations were \$146, property operating expenses were \$38 and finance costs were \$183. Net loss and comprehensive loss attributable to the non-controlling interest for the three months ended March 31, 2026 was \$621.

⁽³⁾ During the three months ended March 31, 2026, contributions of \$1 were accrued and due from Ventura minority owner.

15. Partnership expenses

Partnership expenses consist of the following:

	March 31, 2026	March 31, 2025
Asset management fees (note 18)	\$ 290	\$ 553
General and administrative expenses	136	48
	\$ 426	\$ 601

16. Finance costs

Finance costs consist of the following:

	March 31, 2026	March 31, 2025
Interest expense on loans payable ⁽¹⁾	\$ 4,945	\$ 6,863
Amortization of financing costs	411	591
Fair value change on derivative financial instruments ⁽²⁾	—	1,029
	\$ 5,356	\$ 8,483

⁽¹⁾ During the three months ended March 31, 2026, interest expense on loans payable included debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan which amounted to \$1,703 (note 10(a),(b) and (c)).

⁽²⁾ SURF LP utilized interest rate cap agreements to protect its interest costs on its variable rate loans as required by applicable lenders. There were no interest rate caps in place as at March 31, 2026 (December 31, 2025 - \$nil). All interest rate caps expired by June 2025.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

17. Supplemental cash flow information

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

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

	March 31, 2026	March 31, 2025
Utility deposits	\$ —	\$ 7
Resident and other receivables	(60)	50
Prepaid expenses and deposits	(379)	(877)
Resident rental deposits and prepayments	18	(14)
Accounts payable and accrued liabilities	(700)	265
	\$ (1,121)	\$ (569)

(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	\$ (4,340)	\$ (6,380)
Financing costs incurred on loans payable	—	(273)
	\$ (4,340)	\$ (6,653)

18. Transactions with related parties

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

The Manager is a related party to SURF LP as the Manager is owned and controlled by Daniel Drimmer, a director and President and Chief Executive Officer of Starlight Group and a director and Chief Executive Officer of SURF LP. SURF LP engaged the Manager to perform certain management services as outlined below:

(a) Pursuant to the management agreement dated November 15, 2021, as amended and restated on the Reorganization Date (the "Management Agreement"), the Manager is to perform asset management services for fees equal to 0.35% of the sum of: the historical purchase price of the properties acquired in U.S. dollars and the cost of any capital expenditures in respect of SURF LP's Properties since the date of acquisition by SURF LP. Included in partnership expenses were \$290 in asset management fees charged by the Manager (note 15) for the three months ended March 31, 2026 (March 31, 2025 - \$553). On January 1, 2024, the Manager agreed to defer SURF LP's obligation to pay all asset management fees until further notice. As a result, the amount payable to the Manager as at March 31, 2026 was \$4,217 (December 31, 2025 - \$3,927), 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 SURF LP as a result of such properties having been presented to SURF LP by the Manager calculated as 1.0% of the purchase price of a multi-family property. For the three months ended March 31, 2026, SURF LP did not incur acquisition fees (March 31, 2025 - \$nil).

(c) Pursuant to the Management Agreement, in the event that the Manager is required by the lenders of SURF LP to provide a financing guarantee in connection with the amount borrowed by SURF LP or its wholly owned subsidiaries to indirectly acquire an interest in the investment properties, SURF LP and 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 the three months ended March 31, 2026, SURF LP

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

incurred guarantee fees of \$nil (March 31, 2025 - \$2). Guarantee fees payable to the Manager as at March 31, 2026 was \$nil (December 31, 2025 - \$nil).

(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).

19. Commitments and contingencies

As at March 31, 2026, SURF LP 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. SURF LP holds commitments to provide for carried interest when applicable and to distribute excess cash to Partners.

SURF LP may be involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, as at the date of issuance of these condensed consolidated interim financial statements none of these, individually or in aggregate, would result in the recognition of a liability that would have a significant adverse effect on the financial position of SURF LP. SURF LP has agreed to indemnify, in certain circumstances, the directors and officers of SURF LP and its subsidiaries.

20. Segmented disclosure

All of SURF LP's assets and liabilities are in, and its revenues are derived from the U.S. real estate industry segment. No single resident accounts for 10% or more of SURF LP's rental revenue.

21. Capital management

SURF LP'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 Partners's capital. SURF LP monitors capital using tools designed to anticipate cash needs and to maintain adequate working capital, while also distributing appropriate amounts to the Partners on a regular basis.

SURF LP's first mortgages are subject to a minimum net worth covenants ranging from approximately \$50,000 to \$75,000 as defined in each applicable loan agreement. As at March 31, 2026, SURF LP did not achieve the minimum net worth covenant for certain of SURF LP's first mortgage loan agreements. SURF LP's loans payable typically carry consolidated SURF LP minimum net worth and minimum liquidity covenants and typically have no specific financial covenants tied to the ongoing operations of the Property. As at March 31, 2026, SURF LP was in compliance with all of its financial covenants other than as mentioned above. Certain of SURF LP's loans also carry certain performance conditions which if not satisfied, may reduce SURF LP's ability to defer a portion of any debt service amounts that SURF LP otherwise may defer.

As at March 31, 2026, \$97,990 of SURF LP's loans were matured and \$77,146 had contractual maturity dates within twelve months of March 31, 2026. See note 22(c) for further details on liquidity risks of SURF LP.

22. Risk management

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

(a) Credit risk:

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

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

SURF LP monitors its collection experience on at least a weekly basis and ensures that a stringent policy is adopted to provide for all past due amounts. Subsequent recoveries of amounts previously written-off are credited in the condensed consolidated interim statement of loss and comprehensive loss.

As at March 31, 2026, SURF LP had accrued no allowance for uncollectible amounts as such amounts are written off directly against revenues at that time. During the three months ended March 31, 2026, SURF LP recorded a recovery of \$29 of bad debts, against revenues in the condensed consolidated interim statement of loss and comprehensive loss (March 31, 2025 - recovery of \$1).

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

(b) Market risk:

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

The capitalization rates used to determine the fair value of investment properties as at March 31, 2026 are 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. The period leading up to March 31, 2026 experienced limited comparable sales for the appraisers to rely on as a result of broader market conditions, including certain owners of multi-family properties delaying sales as a result of market uncertainty and concerns relating to elevated interest rates. The Manager will continue to evaluate comparable sales transactions as additional comparable sales occurs under current market conditions.

(c) Liquidity risk:

Liquidity risk is the risk that SURF LP may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. To mitigate the risk associated with the refinancing of maturing debt, SURF LP staggered the maturity dates of its loan portfolio and has options to extend certain loans subject to certain conditions as outlines in each applicable loan agreement (note 10). All of SURF LP's current liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

SURF LP strives to maintain strong and collaborative relationships with its lenders but the elevated level of interest rates and associated impact on capitalization rates had a negative impact on SURF LP'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 SURF LP's ability to exercise certain extension options available under existing loans payable. Under the terms of each applicable loan agreement, SURF LP has the right to make a principal repayment towards such loan in order to achieve the extension tests that otherwise may not be achieved. Given SURF LP was formed as a "closed-end" investment vehicle, SURF LP is restricted from raising any additional equity, which may have otherwise assisted in making any principal repayments of the loans payable in order to meet certain extension conditions. In the event SURF LP is not able to refinance the loan or if SURF LP does not have sufficient liquidity or other sources of capital sufficient to make any such principal repayments required to achieve the applicable loan extension tests and SURF LP is not able to otherwise negotiate an extension of such loan, the applicable lender may provide formal notice of an event of default expressing its right to demand repayment of the borrowings relating to such property. Under this scenario, SURF LP may be obligated to sell such properties which may not be able to be completed on terms that are acceptable to SURF LP or may be required to explore other options in the best economic interests of SURF LP in order to discharge its obligations under any of the applicable loan agreements. SURF LP's loans payable also do not carry cross-default provisions. Throughout 2025, SURF LP repaid or extinguished the loans payable related to Lyric, Eight at East and Emerson. On July 17, 2025, SURF LP extended the Sunlake loan payable by one-year to

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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

(Unaudited)

June 1, 2026, with a Notice received from the respective lender during the three months ended December 31, 2025, which SURF LP is disputing. The Indigo loan matures in 2027. Despite continuing to enter into good faith negotiations to extend or modify the Ventura loan payable, SURF LP received a maturity default notice from the lender of the first mortgage secured by Ventura, demanding repayment of such loan. SURF LP continues to enter into good faith negotiations to extend such loan. SURF LP does not expect a material impact on its net asset value as a result of any remedies the lender may exercise (note 2(b)).

The fair value reported for two of SURF LP's three properties as at March 31, 2026 was lower than the principal outstanding under the loans payable secured by such properties and as a result, the sale of those properties may not be sufficient to repay the indebtedness outstanding for such properties. In certain instances, the lenders also hold restricted cash as part of the security for such loans which in a liquidation event may be used to repay any indebtedness that may be required to be repaid by SURF LP. SURF LP's secured loans are non-recourse subject to standard limited recourse provisions and are entered into by the subsidiaries of SURF LP that own only the associated secured property (note 2(b)).

SURF LP continues to focus on managing its liquidity position, including having extended the Term to November 2029, in order to provide SURF LP the opportunity to capitalize on potential improvements in the investment market that are anticipated in future periods, but may not materialize. Furthermore, SURF LP continues to focus on liquidity management as SURF LP previously amended several of its loan agreements, deferred the payment of asset management fees and has continued to focus on maximizing NOI at the Properties to preserve as much liquidity as possible (note 2(b)).

23. Fair value measurement of financial instruments

SURF LP 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 SURF LP's financial instruments:

- The fair value of SURF LP'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 and finance cost payable approximate their carrying amounts due to their short-term nature (Level 1);
- Derivative financial instruments are considered as Level 2 financial instruments; and
- 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 SURF LP's loans payable as at March 31, 2026 approximated their carrying value.