

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

STARLIGHT U.S. RESIDENTIAL FUND

For the three and six months ended June 30, 2025 and June 30, 2024
(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 Fund have been prepared by and are the responsibility of Starlight U.S. Residential Fund's management.

Starlight U.S. Residential 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 U.S. RESIDENTIAL FUND

Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2025 and December 31, 2024

(In thousands of U.S. dollars)

(Unaudited)

	Notes	June 30, 2025	December 31, 2024
ASSETS			
Non-current assets:			
Investment properties	6	\$ 381,816	\$ 514,416
Derivative financial instruments	7	—	1,488
Utility deposits		45	59
Total non-current assets		381,861	515,963
Current assets:			
Resident and other receivables	8	529	477
Prepaid expenses and other assets	9	525	27
Restricted cash	10	6,330	7,426
Cash		6,407	2,394
Total current assets		13,791	10,324
TOTAL ASSETS		\$ 395,652	\$ 526,287
LIABILITIES			
Non-current liabilities:			
Loans payable	11	\$ 80,204	\$ 378,797
Preferred shares - U.S. REITs series A	12	250	250
Total non-current liabilities excluding net liabilities attributable to Unitholders and non-controlling interests		80,454	379,047
Current liabilities:			
Loans payable	11	291,819	89,663
Resident rental deposits		642	891
Finance costs payable		4,398	1,848
Accounts payable and accrued liabilities	13	7,661	5,879
Total current liabilities excluding net liabilities attributable to Unitholders and non-controlling interests		304,520	98,281
TOTAL LIABILITIES		384,974	477,328
Net liabilities attributable to Unitholders	14(a)	11,990	49,573
Non-controlling interests	15	(1,312)	(614)
TOTAL LIABILITIES AND NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTERESTS		\$ 395,652	\$ 526,287

Commitments and contingencies (note 20).

Subsequent Events (note 25).

See accompanying notes to the condensed consolidated interim financial statements

Approved by the Board of Trustees of Starlight U.S. Residential Fund, on August 28, 2025, and signed on its behalf:

Kelly Smith TrusteeHarry Rosenbaum Trustee

STARLIGHT U.S. RESIDENTIAL FUND

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars)

(Unaudited)

		Three months ended June 30		Six months ended June 30	
	Notes	2025	2024	2025	2024
Revenue from property operations		\$ 8,460	\$ 10,255	\$ 18,412	\$ 20,345
Expenses:					
Property operating costs		(2,387)	(2,682)	(4,985)	(5,224)
Property taxes		(1,104)	(1,153)	(2,296)	(2,317)
Income from rental operations		4,969	6,420	11,131	12,804
Fund and trust expenses	16	(1,288)	(797)	(2,033)	(1,607)
Finance costs	17	(7,976)	(9,564)	(16,696)	(18,836)
Dividends to preferred shareholders - U.S. REITs series A	12	(8)	(8)	(16)	(16)
Fair value adjustment of investment properties	6	(9,186)	14	(30,652)	(6,706)
Unrealized foreign exchange (loss) gain		(10)	3	(11)	8
Loss before income taxes		(13,499)	(3,932)	(38,277)	(14,353)
Income tax expense:					
Current		(15)	(18)	(31)	(34)
Net loss and comprehensive loss		\$ (13,514)	\$ (3,950)	\$ (38,308)	\$ (14,387)
Net loss and comprehensive loss attributable to:					
Unitholders		(13,177)	(3,840)	(37,583)	(14,280)
Non-controlling interests	15	(337)	(110)	(725)	(107)
Net loss and comprehensive loss		\$ (13,514)	\$ (3,950)	\$ (38,308)	\$ (14,387)

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. RESIDENTIAL FUND

Condensed Consolidated Interim Statement of Changes in Net Liabilities Attributable to Unitholders

For the six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars)

(Unaudited)

	Class A	Class C	Class D	Class E	Class F	Class G	Class I	Class U	Class B LP	Total
Balance, January 1, 2025	\$ 3,772	\$ 4,398	\$19,539	\$ 1,359	\$ 9,589	\$ 2,817	\$ 5,761	\$ 1,105	\$ 1,233	\$49,573
Changes during the period:										
Re-allocation due to Unit conversions	47	—	132	(4)	(179)	135	—	(131)	—	—
Net loss and comprehensive loss	(2,893)	(3,335)	(14,915)	(1,026)	(7,137)	(2,239)	(4,364)	(739)	(935)	(37,583)
Balance, June 30, 2025	\$ 926	\$ 1,063	\$ 4,756	\$ 329	\$ 2,273	\$ 713	\$ 1,397	\$ 235	\$ 298	\$11,990

	Class A	Class C	Class D	Class E	Class F	Class G	Class I	Class U	Class B LP	Total
Balance, January 1, 2024	\$ 7,067	\$ 9,815	\$43,560	\$ 3,079	\$22,617	\$ 6,158	\$12,820	\$ 2,524	\$ 2,746	\$110,386
Changes during the period:										
Re-allocation due to Unit conversions	(179)	(11)	295	(34)	(105)	382	—	(348)	—	—
Net loss and comprehensive loss	(892)	(1,268)	(5,674)	(394)	(2,912)	(846)	(1,658)	(281)	(355)	(14,280)
Balance, June 30, 2024	\$ 5,996	\$ 8,536	\$38,181	\$ 2,651	\$19,600	\$ 5,694	\$11,162	\$ 1,895	\$ 2,391	\$96,106

See accompanying notes to the condensed consolidated interim financial statements including note 14 for a description of class B Units ("Class B LP Units") of Starlight U.S. Residential (Multi-Family) Investment L.P. ("MF Investment LP") and Starlight U.S. Residential (Single-Family) Investment L.P. ("SF Investment LP" and together with MF Investment LP, "Investment LPs").

STARLIGHT U.S. RESIDENTIAL FUND

Condensed Consolidated Interim Statement of Cash Flows

For the three and six months ended June 30, 2025 and June 30, 2024

(In thousands of U.S. dollars)

(Unaudited)

		Three months ended June 30		Six months ended June 30	
	Notes	2025	2024	2025	2024
Operating activities:					
Net loss and comprehensive loss		\$ (13,514)	\$ (3,950)	\$ (38,308)	\$ (14,387)
Adjustments for financing activities included in net loss and comprehensive loss:					
Finance costs	17	7,976	9,564	16,696	18,836
Dividends to preferred shareholders - U.S. REITs series A	12	8	8	16	16
Adjustments for items not involving cash:					
Fair value adjustment of investment properties	6	9,186	(14)	30,652	6,706
Unrealized foreign exchange loss (gain)		10	(3)	11	(8)
Change in non-cash operating working capital	18(a)	1,488	2,010	996	1,424
Change in restricted cash	10	37	(1,522)	1,096	(1,393)
Cash provided by operating activities		5,191	6,093	11,159	11,194
Investing activities:					
Capital additions to investment properties	6	(786)	(851)	(1,552)	(1,695)
Dispositions of investment properties	5	103,500	1,760	103,500	3,619
Cash provided by investing activities		102,714	909	101,948	1,924
Financing activities:					
Loans payable:					
Proceeds from new financing	11	—	18,277	—	18,277
Proceeds from refinancing	11	—	62,223	—	62,223
Repayments of existing loans payable	11	(100,602)	(76,314)	(103,602)	(76,314)
Draw downs on existing loans	11	1,295	482	6,276	1,843
Finance costs paid	18(b)	(4,882)	(11,853)	(11,767)	(19,212)
Contributions from non-controlling interests	11	106	58	26	58
Dividends to preferred shareholders - U.S. REITs series A	12	(8)	(8)	(16)	(16)
Cash used in financing activities		(104,091)	(7,135)	(109,083)	(13,141)
Increase (decrease) in cash		3,814	(133)	4,024	(23)
Cash, beginning of period		2,603	3,055	2,394	2,940
Change in cash due to foreign exchange		(10)	3	(11)	8
Cash, end of period		\$ 6,407	\$ 2,925	\$ 6,407	\$ 2,925

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

1. Nature of business

Starlight U.S. Residential Fund (the "Fund") is a "closed-end" trust established under and governed by the laws of the Province of Ontario, pursuant to an amended and restated declaration of trust dated October 28, 2021 (the "Declaration of Trust"). The term of the Fund (the "Term") is three years, with two one-year extensions subject to approval by the Fund's board of trustees (the "Board"). On May 30, 2024, the Board approved the first one-year extension of the Term to November 15, 2025 and on February 14, 2025, the Board approved the second one-year extension of the Term to November 15, 2026 to provide the Fund with opportunity to capitalize on potential improvements to the real estate investment market, which may not materialize. The Fund was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily comprised of income-producing residential properties and single-family rental homes 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, the Fund completed its initial public offering (the "Offering"), together with a concurrent private placement of class I trust units, for 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 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 TSX Venture Exchange under the symbols SURF.A and SURF.U, respectively. Class A, C, D, F, I and Class B LP Units are Canadian dollar denominated Units and class E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on conversion ratios calculated consistent with the Declaration of Trust (the "Conversion Ratios"). The weighted average class A equivalent Units outstanding as at June 30, 2025 was 31,818,386 (assumes all outstanding Units were converted to class A equivalent Units based on the Conversion Ratios).

Following completion of the Offering, the Fund 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 and 28 single-family rental homes located in Atlanta, Georgia. Subsequent to the Offering, the Fund acquired an additional multi-family property, Emerson at Buda ("Emerson"), located in Austin, Texas and an additional 21 single-family rental homes in Atlanta, Georgia in 2021. During the year ended December 31, 2022, the Fund acquired a multi-family property comprising 264 suites in Orlando, Florida and a 90% interest in a multi-family property comprising 272 suites in Phoenix, Arizona, as well as an additional 49 single-family rental homes in Atlanta, Georgia. The Fund's multi-family properties ("MF Properties") and single-family rental homes ("SF Properties") are collectively the "Properties".

The Fund 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. During 2024, the Fund completed the disposition program of the Fund's remaining SF Properties owned as at December 31, 2023 (note 5). On April 29, 2025, the Fund completed the disposition of Lyric (note 5). As at June 30, 2025, the Fund's property portfolio consisted of interests in five MF Properties comprising 1,597 suites (December 31, 2024 - 1,973). Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (note 25).

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

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. 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 IFRS Accounting Standards as issued by the International Accounting Standards Board and using the accounting policies described herein.

(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 Fund and the subsidiary entities have been eliminated upon consolidation.

The application of the going concern basis of presentation assumes that the Fund 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.

The Fund 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 23(c) had a negative impact on the Fund's overall leverage position and debt service coverage ratios, both of which are typical financial benchmarks required to extend certain loans and as a result, these changes have impacted the Fund's ability to exercise certain extension options available under existing loans payable. Under the terms of each applicable loan agreement, the Fund 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 the Fund was formed as a "closed-end" investment vehicle, the Fund 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 the Fund is not able to refinance the loan or if the Fund 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 the Fund 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, the Fund may be obligated to sell such properties which may not be able to be completed on terms that are acceptable to the Fund or may be required to explore other options in the best economic interests of the Fund in order to discharge its obligations under any of the applicable loan agreements. The Fund's loans payable also do not carry cross-default provisions other than the Fund's credit facility whereby if one of the Fund's lenders associated with its loans payable declared an event of default that is not remedied by the Fund, the credit facility lender may provide formal notice of an event of default expressing its right to demand repayment of the outstanding borrowings on the credit facility. On April 29, 2025, the Fund completed the disposition of Lyric and repaid credit facility outstanding balance amounting to \$13,605. The credit facility was fully repaid and its availability was reduced to \$2,395 as a result of the repayment (notes 5 and 11).

As at June 30, 2025, \$291,856 of the Fund's loans payable (relating to four of its five properties owned) had contractual maturity dates within twelve months of June 30, 2025, whereby the Fund has exercised the extension options available in certain instances applicable to each loan. Subsequent to June 30, 2025, the Fund extended the Sunlake loan payable by one-year to June 1, 2026 and for the Eight at East loan payable, the Fund amended the loan agreement to obtain a short-term extension to September 7, 2025 and completed the disposition of the Property repaying such loan in full at that time (note 25). For the Emerson loan payable, the Fund was pursuing good faith negotiations with the lenders to obtain a modification and extension of the loans secured respectively by the Property and by a pledge of the ownership interests (the "Pledged Interests"), in the entity that owns the Property. However, subsequent to June 30, 2025, the Fund has received a formal notice of an event of default (the "Notice") from one of the lenders (the "Lender") of the loans payable secured by the Pledged Interests. The Notice received expresses the Lender's right to demand repayment of the borrowings secured by the Pledged Interests. In the absence of a negotiated modification and extension of such loan, the Lender has the right to exercise the remedies available to it under the loan agreement, including a foreclosure of the Pledged Interests. If that remedy is exercised, the Lender would be able to foreclose on the Pledged Interests through a foreclosure

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

sale process governed by the Uniform Commercial Code, resulting in the conveyance of the Pledged Interests to Lender, its designee 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 at the date hereof, the Lender has not exercised any such remedies, however the Fund expects that the Lender may proceed with a foreclosure of the Pledged Interests as a result of having delivered the Notice. The loans secured by Emerson do not carry cross-default provisions with any other property in the Fund. The Fund does not expect a material impact on its net asset value as a result of any remedies the lender may exercise. The loans secured by Venture and Indigo mature in 2026 and beyond.

For three of the Fund's five properties, the fair value reported for such properties as at June 30, 2025 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 those loans in full if such sale was required. 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 required to be repaid by the Fund. The Fund's secured loans are non-recourse subject to standard limited recourse provisions and are entered into by the subsidiaries of the Fund 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 the Fund to incur certain costs or other amounts subject to certain performance conditions. Under the terms of the Fund's credit facility to the extent any outstanding balance exists as at that time, the net proceeds from the sale of any of the Properties are required to be used towards the repayment of the credit facility, after the repayment of the associated secured loans for such property. On April 9, 2025, the credit facility was fully repaid.

The Fund continues to focus on managing its liquidity position, including having extended the Term to November 2026, in order to provide the Fund the opportunity to capitalize on potential improvements in the investment market that are anticipated in future periods, but may not materialize. Furthermore, the Fund continues to focus on liquidity management as the Fund previously amended several of its loan agreements, 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 the Fund'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 the Fund 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.

(c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in U.S. 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.

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.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

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, 2024. 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, 2024 and accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 and notes thereto.

4. Adoption of accounting standards

(a) Future accounting policy changes:

(i) IFRS 18 Presentation and Disclosure in Financial Statements:

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 and does not anticipate a material impact to the Fund as a result of IFRS 18.

(ii) IFRS 19 Subsidiaries without Public Accountability: Disclosures:

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.

(iii) 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 Fund is currently evaluating the impact of these amendments on future periods.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

5. Dispositions

The following asset disposition was completed during the six months ended June 30, 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 disposition as follows:

	Lyric
Disposition date	April 29, 2025
City, state/region	Las Vegas, Nevada
Investment properties	\$ 103,500
Add:	
Resident and other receivables	70
Prepaid expenses and other assets	85
Deduct:	
Finance costs payable	(318)
Transaction costs ⁽¹⁾	(651)
Accounts payable and accrued liabilities	(74)
Resident rental deposits	(216)
Net proceeds from disposition before repayment of loans	102,396
Repayment of first mortgage for Lyric ⁽²⁾	(86,697)
Repayment of other loans payable ⁽³⁾	(13,605)
Net proceeds from disposition	\$ 2,094

⁽¹⁾ The Fund incurred transaction costs of \$651 during the six months ended June 30, 2025, which were recorded to fund and trust expenses within the condensed consolidated interim statement of loss and comprehensive loss (note 16).

⁽²⁾ The Fund used the proceeds to repay the first mortgage for Lyric of \$86,697 (note 11).

⁽³⁾ The Fund utilized the remaining proceeds retained to fund existing operations from the disposition of Lyric to fully repay the credit facility outstanding balance of \$13,605 (note 11).

The following asset dispositions were completed during the year ended December 31, 2024. The fair value of consideration had been allocated to the identifiable assets and liabilities sold based on their fair values at the date of disposition as follows:

	SF Properties
Number of single-family homes	25
City, state/region	Atlanta, GA
Investment properties ⁽¹⁾	\$ 6,845
Deduct:	
Transaction costs ⁽²⁾	(477)
Accounts payable and accrued liabilities	(36)
Net proceeds from disposition	\$ 6,332

⁽¹⁾ The Fund incurred a fair value loss of \$219 during the year ended December 31, 2024 (note 6).

⁽²⁾ The Fund incurred transaction costs of \$477 during the year ended December 31, 2024, which were included in fund and trust expenses.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

6. Investment properties

The following table summarizes the change in the investment properties for the six months ended June 30, 2025 and year ended December 31, 2024:

	SF Properties	MF Properties	Total
Balance, January 1, 2024	\$ 6,938	\$ 556,400	\$ 563,338
Dispositions (note 5)	(6,845)	—	(6,845)
Additions	126	3,741	3,867
Fair value adjustment	(219)	(45,725)	(45,944)
Balance, December 31, 2024	\$ —	\$ 514,416	\$ 514,416
Dispositions (note 5)	—	(103,500)	(103,500)
Additions	—	1,552	1,552
Fair value adjustment	—	(30,652)	(30,652)
Balance, June 30, 2025	\$ —	\$ 381,816	\$ 381,816

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

	June 30, 2025	December 31, 2024
	MF Properties	MF Properties
Cost	\$ 537,056	\$ 674,951
Cumulative fair value adjustment	(155,240)	(160,535)
Fair value	\$ 381,816	\$ 514,416

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

	June 30, 2025	December 31, 2024
	MF Properties	MF Properties
Capitalization rate - range	4.80% - 5.31%	4.75% - 5.50%
Capitalization rate - weighted average	5.12 %	5.08 %

The Fund 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 the Fund'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:

	Change	June 30, 2025	December 31, 2024
		MF Properties	MF Properties
Capitalization rate	10 bps increase	\$ (7,314)	\$ (9,931)
Capitalization rate	10 bps decrease	\$ 7,606	\$ 10,330

The impact of a one percent change in the NOI used to value the Properties as at June 30, 2025 would affect the fair value of MF Properties by approximately \$5,446 (December 31, 2024 - \$6,391).

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 23(b)).

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

7. Derivative financial instruments

The following table represents derivative financial instruments presented as assets of the Fund:

	June 30, 2025	December 31, 2024
Interest rate caps	\$ —	\$ 1,488

The Fund utilized interest rate cap agreements to protect its interest costs on its variable rate loans as required by applicable lenders. The interest rate caps typically carry a notional amount equal to the amount of the loan outstanding at inception and a maturity date which generally coincides with the term of the loan. As the Fund has elected not to use hedge accounting, a realized fair value loss of \$653 and \$1,682 was recorded in finance costs in the condensed consolidated interim statement of loss and comprehensive loss for the three and six months ended June 30, 2025 (June 30, 2024 - loss of \$2,097 and \$3,889), respectively. A summary of the Fund's interest rate caps is presented below:

A summary of the Fund's interest rate caps during the six months ended June 30, 2025 are presented in the table below:

Property name	Expiry date	Index ⁽¹⁾	Strike rate	Notional amount
Sunlake ⁽²⁾	June 1, 2025	Term SOFR	1.75%	\$ 75,000
Emerson	April 9, 2025	Term SOFR	2.75%	\$ 57,687
				\$ 132,687

⁽¹⁾ The interest rate caps provided protection against increases from the one-month term Secured Overnight Financing Rate ("Term SOFR") above stipulated levels as noted above. Based on each of the existing loan agreements for the properties included above, the Fund would be obligated to purchase replacement interest rate caps upon expiration of the existing interest rate caps typically for a term covering up to the maturity date of the loan.

⁽²⁾ Subsequent to June 30, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026. As per the terms of the extension, the Fund is not required to purchase a replacement interest rate cap (note 25).

8. Resident and other receivables

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

	June 30, 2025	December 31, 2024
Resident receivables ⁽¹⁾	\$ 81	\$ 87
Other receivables ⁽¹⁾	448	390
	\$ 529	\$ 477

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

9. Prepaid expenses and other assets

The following table presents details of the prepaid expenses balance:

	June 30, 2025	December 31, 2024
Prepaid insurance	\$ 463	\$ —
Prepaid expenses	62	27
	\$ 525	\$ 27

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

10. Restricted cash

The following table presents details of the restricted cash balance:

	June 30, 2025	December 31, 2024
Escrowed funds:		
Property taxes ⁽¹⁾	\$ 2,444	\$ 2,984
Property insurance ⁽¹⁾	413	607
Replacement and repairs ⁽¹⁾	1,917	2,055
Interest reserve ⁽²⁾	963	963
Restricted cash:		
Security deposits ⁽³⁾	593	817
	\$ 6,330	\$ 7,426

⁽¹⁾ Escrowed funds include cumulative amounts that are funded on a monthly basis into escrow with the Fund'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. On April 29, 2025, the Fund completed the disposition of Lyric, and as a result, escrow funds held by the lender amounting to \$247 were released by the lender (note 5).

⁽²⁾ Interest reserve includes amounts funded into escrow with certain of the Fund's lenders which may be used to fund interest costs in future periods or released to the Fund subject to certain conditions of each individual loan payable. Subsequent to June 30, 2025, these amounts were released to the Fund upon repayment in full of the related loans payable (note 25).

⁽³⁾ 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.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

11. 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. The 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, the Fund 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 7).

A summary of the Fund’s loans payable is presented below:

Property ⁽¹⁾	Payment terms	Maturity date	Extension options ⁽²⁾	Interest rate ⁽³⁾	June 30, 2025		December 31, 2024	
					Capital line available	Principal outstanding	Capital line available	Principal outstanding
Sunlake (a)	IO	June 1, 2026	N/A	8.56%	\$ —	\$ 75,000	\$ —	\$ 75,000
Indigo	IO	June 28, 2029	N/A	5.85%	—	62,223	—	62,223
Lyric (b)	IO	N/A	N/A	N/A	—	—	—	89,697
Emerson (c)	IO	April 9, 2025	N/A	Term SOFR + 2.60%	—	56,681	1,006	56,681
Eight at East (d)	IO	September 7, 2025	N/A	5.75%	—	64,225	—	64,225
Ventura (e)	IO	February 9, 2026	N/A	Term SOFR + 3.50%	—	95,950	—	94,623
Unsecured Financing (f)	IO	June 28, 2027	N/A	12.00%	—	19,576	—	18,865
Credit facility (b)	IO	December 31, 2026	N/A	Term SOFR + 3.50%	—	—	—	9,665
Principal outstanding					\$ —	\$ 373,655	\$ 1,006	\$ 470,979
Unamortized financing costs						(1,632)		(2,519)
Carrying value						\$ 372,023		\$ 468,460
Breakdown of current versus non-current portion of carrying value:								
Current ⁽²⁾						\$ 291,819		\$ 89,663
Non-current						\$ 80,204		\$ 378,797

(1) The loans payable in the table above were primarily entered into on the date of acquisition of each respective Property owned by the Fund, with the exception of Emerson, the unsecured loan, the credit facility, unsecured financing and refinancing of Indigo.

(2) Certain of the Fund’s loans payable had contractual maturity dates within twelve months of June 30, 2025, whereby the Fund had extension options available to extend such applicable loans beyond such date, subject to meeting certain conditions as outlined in each applicable loan agreement. As at June 30, 2025, Sunlake, Emerson, Eight at East and Ventura loans payable were classified as current, due to the Fund exercising available extension options, where applicable. Loans payable of \$291,819 (net of \$36 of deferred financing costs) (December 31, 2024 - \$89,663, net of \$34 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.

(3) The Fund utilized interest rate cap agreements to protect its interest costs on variable rate loans as required by certain lenders. In the event the strike rate of the interest rate cap is below the variable index rate (Term SOFR or NY SOFR) at a monthly settlement date, the Fund’s maximum interest rate payable would be equal to the credit spread plus the strike rate on the interest rate cap for each applicable loan. The terms of the applicable interest rate caps for the Fund are outlined in note 7.

(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 (note 25).

(b) On April 29, 2025, the Fund completed the disposition of Lyric (note 5) and used the proceeds to repay the outstanding loan principal balance of \$86,697 and to fully repay the Fund credit facility balance of \$13,605 and its availability was reduced to \$2,395 as a result of the repayment.

(c) For the Emerson loan payable, certain extension conditions for the loans secured by Emerson were not achieved as of the initial maturity date of April 9, 2025. The Fund was pursuing good faith negotiations with the lenders to obtain a modification and extension of the loans secured the Pledged Interests, in the entity that owns the property. However, the Fund has now received the Notice from the Lender of the loans payable secured by the Pledged Interests. The Notice received expresses the Lender’s right to demand repayment of the borrowings secured by the Pledged Interests. In the absence of a negotiated modification and extension of such loan, the

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

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

(Unaudited)

Lender has the right to exercise the remedies available to it under the loan agreement, including a foreclosure of the Pledged Interests. If that remedy is exercised, the Lender would be able to foreclose on the Pledged Interests through a foreclosure sale process governed by the Uniform Commercial Code, resulting in the conveyance of the Pledged Interests to Lender, its designee 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 at the date hereof, the Lender has not exercised any such remedies, however the Fund expects that the Lender may proceed with a foreclosure of the Pledged Interests as a result of having delivered the Notice. The loans secured by Emerson do not carry cross-default provisions with any other property in the Fund. The Fund does not expect a material impact on its net asset value as a result of any remedies the lender may exercise.

(d) The Eight at East loan payable matured on May 7, 2025 and the Fund was unable to meet the conditions required to extend the term under the loan agreement. The loan maturity was further extended to September 7, 2025 as part of negotiations with the lenders. Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East on August 12, 2025 and used the proceeds to repay the outstanding first mortgage of \$64,225 (note 25).

(e) On May 1, 2024, the Fund 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 the Fund 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 17) with an offsetting amount added to the loans payable principal outstanding which during the three and six months ended June 30, 2025, amounted to \$933 and \$1,327, respectively. As at June 30, 2025 the Fund had accrued and deferred a total of \$3,200 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2024 - \$1,873), 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, the Fund finalized the modification of the Ventura loan payable to reduce the Fund's monthly funding obligation for any debt service shortfall of the property to \$75 per month, effective retroactively as of February 9, 2025.

(f) On June 28, 2024, a subsidiary of the Fund 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 the Fund'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 17) with an offsetting amount added to the loans payable principal outstanding which during the three and six months ended June 30, 2025, amounted to \$362 and \$711, respectively. As at June 30, 2025 the Fund had accrued and deferred a total of \$1,299 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2024 - \$588).

As at June 30, 2025, the Fund's loans payable had a weighted average term to maturity ("WATM") of 1.13 years (December 31, 2024 - 1.57 years) and a weighted average interest rate of 7.45% (December 31, 2024 - 6.10%). The weighted average interest rate is calculated includes the maximum 12.0% interest on the Unsecured Financing.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

Future principal payments on loans payable are as follows:

	Principal payments	Balloon payments	Total
2025 - reminder of year ⁽¹⁾	\$ —	\$ 120,906	\$ 120,906
2026	—	170,950	170,950
2027	—	19,576	19,576
Thereafter	—	62,223	62,223
Total	\$ —	\$ 373,655	\$ 373,655

⁽¹⁾ The Fund 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 the Fund's loans payable as a result of subsequent disposition of Eight at East.

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

The U.S. REITs have a total of 125 series A preferred shares issued and outstanding that are held by U.S. residents. The U.S. MF REIT and U.S. SF REIT preferred shares were issued on January 6, 2022 and January 20, 2022, respectively, and are redeemable at the option of the U.S. REITs 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.

13. Accounts payable and accrued liabilities

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

	June 30, 2025	December 31, 2024
Resident prepayments	\$ 69	\$ 78
Operating payables	2,007	1,658
Accrued realty taxes ⁽¹⁾	2,263	1,822
Accrued asset management fees (note 19)	3,220	2,194
Excise tax and franchise tax payable	102	127
	\$ 7,661	\$ 5,879

⁽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. The Fund recorded a property tax expense of \$nil and \$4,763 for the three and six months ended June 30, 2025 (June 30, 2024 - expense of \$nil and \$4,608), respectively and an IFRIC 21 fair value adjustment amounting to \$1,104 and recovery of \$2,467 for the three and six months ended June 30, 2025 (June 30, 2024 - adjustment of \$1,153 and recovery of \$2,291), respectively. 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 the Fund in such reporting period.

14. Net liabilities attributable to Unitholders

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

The beneficial limited partnership interest in the net liabilities and net loss and comprehensive loss of the Fund is held in nine classes of Units: A, C, D, E, F, G, I, U and Class B LP Units. The Fund is authorized to issue an unlimited number of Units in classes A, C, D, E, F, G, I, U. The Class B LP Units are exchangeable into, and economically equivalent to, class C Units where such Units have been included as part of the net liabilities attributable to Unitholders in the Fund's condensed consolidated interim financial statements. In the event of a liquidation, dissolution or wind-up of the Fund, or an Investment LP in an insolvency scenario, the Class B LP Units will automatically exchange into class C Units. Each Unitholder is entitled to one vote for each Unit (including Class B LP Units) held. Subject to certain exceptions, each class of Units entitles the holder to the same rights as a Unitholder in another class of Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units' rights. As each class of Units has different proportionate

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

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

(Unaudited)

entitlements to receive distributions during the Term, there are varying economic values per class of Units, the net liabilities attributable to Unitholders are 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 is presented in the condensed consolidated interim statement of loss and comprehensive loss.

For the three and six months ended June 30, 2025, no distributions were declared and recorded to distribution expense (June 30, 2024 - \$nil).

The following table represents a summary of the changes in thousands of Units by class:

	Number of Units outstanding (000's)									Total Units	Net liabilities attributable to Unitholders
	Class A	Class C	Class D	Class E	Class F	Class G	Class I	Class U	Class B LP		
Outstanding as at January 1, 2025	2,421	2,676	12,543	676	5,966	1,446	3,500	568	750	30,546	\$ 49,573
Units reallocated due to conversions	37	—	85	(2)	(118)	68	—	(66)	—	4	—
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	—	(37,583)
Outstanding as at June 30, 2025	2,458	2,676	12,628	674	5,848	1,514	3,500	502	750	30,550	\$ 11,990

(b) Carried interest:

The partners of Starlight Investment Residential Partnership ("SIRP") (currently being Starlight Group and the President of the Fund), through SIRP's indirect interest in Starlight U.S. Residential (Multi-Family) Holding L.P. and Starlight U.S. Residential (Single-Family) Holding L.P. (collectively, the "Holding LPs"), are entitled to the carried interest, being an aggregate amount equal to 25% of the total of all amounts each of which is the amount, if any, by which (i) the aggregate amount of distributions which would have been paid on all Units (assuming all Class B LP Units were exchanged for class C Units) of a particular class if all distributable cash of the Holding LPs were received by the Fund (through the Investment LPs, Starlight U.S. Residential (Multi-Family) Investment GP, Inc., and Starlight U.S. Residential (Single-Family) Investment GP, Inc.), together with all other amounts distributable by the Fund (including distributable cash generated by investees of the Fund not held through the Holding LPs, if any), and distributed by the Fund (net of any amounts required to provide for expenses and determined without reference to any applicable U.S. taxes payable by or on behalf of the Fund, the Investment LPs or any other investee partnership that is treated as a corporation for U.S. federal income tax purposes) to Unitholders in accordance with the Declaration of Trust, exceeds (ii) the aggregate minimum return in respect of such class of Units (including, in the case of class C Units, the class C Units issuable upon exchange of Class B LP Units), the calculation of which includes the amount of the investors capital return base, each such excess, if any, to be calculated in U.S. dollars and, in the case of Canadian dollar Units, based on the applicable exchange rate on the date of distribution for actual distributions paid by the Fund and otherwise on the date of the applicable distribution by any relevant investee to the Fund, provided that, to the extent that the aggregate amount of distributions which would have been paid on all Units (assuming all Class B LP Units were exchanged for class C Units) of a particular class pursuant to the foregoing exceeds the minimum return for such class, the partners of SIRP, through SIRP's indirect interest in the Holding LPs, will 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 in excess of the investors capital return base, as defined in the Fund's final long form prospectus dated October 28, 2021, is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the partners of SIRP in respect of such class. Pursuant to a side letter to be entered into between the partners of SIRP and the holders of class I Units, the partners of SIRP will pay a percentage of the carried interest received to the holders of class I Units in an amount that is intended to result in the carried interest retained by the partners of SIRP being reduced to 20% in respect of the class I Units, with no catch-up amount.

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

As at June 30, 2025, the Fund had not recognized a provision for carried interest (December 31, 2024 - \$nil), resulting in no expense for the three and six months ended June 30, 2025 (June 30, 2024 - \$nil).

15. Non-controlling interests

The following table summarizes the change in non-controlling interests for the six months ended June 30, 2025:

Balance, January 1, 2024	\$	51
Net loss attributable to Ventura non-controlling interest		(992)
Contributions from Ventura minority owner		327
Balance, December 31, 2024		(614)
Net loss attributable to Ventura non-controlling interest ⁽²⁾		(725)
Contributions from Ventura minority owner ⁽³⁾		27
Balance, June 30, 2025		(1,312)

⁽¹⁾ Given the Fund's 90% indirect ownership interest in Ventura, the Fund 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 and six months ended June 30, 2025, the proportionate share for the Ventura non-controlling interest revenues from property operations were \$149 and \$303, property operating expenses were \$37 and \$74 and finance costs were \$193 and \$382, respectively. Net loss and comprehensive loss attributable to the non-controlling interest for the three and six months ended June 30, 2025 was \$337 and \$725, respectively.

⁽³⁾ During the six months ended June 30, 2025, contributions of \$27 were accrued and due from Ventura minority owner.

16. Fund and trust expenses

Fund and trust expenses consist of the following:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Asset management fees (note 19)	\$ 473	\$ 554	\$ 1,026	\$ 1,107
General and administrative expenses	164	142	356	279
Transaction costs (note 5)	651	101	651	221
	\$ 1,288	\$ 797	\$ 2,033	\$ 1,607

17. Finance costs

Finance costs consist of the following:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Interest expense on loans payable ⁽¹⁾	\$ 6,882	\$ 6,877	\$ 13,973	\$ 13,678
Amortization of financing costs	441	496	1,041	1,176
Loss on early extinguishment of debt	—	94	—	94
Fair value change on derivative financial instruments (note 7)	653	2,097	1,682	3,888
	\$ 7,976	\$ 9,564	\$ 16,696	\$ 18,836

⁽¹⁾ During the three and six months ended June 30, 2025, interest expense on loans payable includes debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan which amounted to \$1,295 and \$2,038, respectively (note 11(e) and (f)).

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and June 30, 2024

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

(Unaudited)

18. 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:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Utility deposits	\$ 7	\$ 21	\$ 14	\$ 23
Resident and other receivables	(100)	74	(52)	219
Prepaid expense and other assets	396	409	(498)	(548)
Resident rental deposits	(234)	(27)	(248)	(19)
Accounts payable and accrued liabilities	1,419	1,533	1,780	1,749
Total change in non-cash operating working capital	\$ 1,488	\$ 2,010	\$ 996	\$ 1,424

(b) Finance costs paid:

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest expense paid	\$ (4,830)	\$ (7,078)	\$ (11,423)	\$ (13,867)
Financing costs incurred on loans payable	(52)	(4,775)	(344)	(5,345)
Total finance costs paid	\$ (4,882)	\$ (11,853)	\$ (11,767)	\$ (19,212)

19. 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, a director and President and Chief Executive Officer of Starlight Group and Unitholder and Chief Executive Officer of the Fund. The Fund engaged the Manager to perform certain management services as outlined below:

(a) Pursuant to the management agreement dated November 15, 2021 (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 the Fund's Properties since the date of acquisition by the Fund. Included in fund and trust expenses were \$473 and \$1,026 in asset management fees charged by the Manager (note 16) for the three and six months ended June 30, 2025 (June 30, 2024 - \$554 and \$1,107), respectively. On January 1, 2024, the Manager agreed to defer the Fund's obligation to pay all asset management fees until further notice. As a result, the amount payable to the Manager as at June 30, 2025 was \$3,220 (December 31, 2024 - \$2,194), included in accounts payable and accrued liabilities (note 13).

(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 multi-family property and 2.0% of the purchase price of a single-family rental home. For the three and six months ended June 30, 2025, the Fund did not incur acquisition fees (June 30, 2024 - \$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 wholly owned subsidiaries to indirectly acquire an interest in the investment properties, the Fund and each U.S. REIT will, in consideration for providing such guarantee, in aggregate, pay the Manager a guarantee fee represented by an

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

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 and six months ended June 30, 2025, the Fund incurred guarantee fees of \$2 and \$6 (June 30, 2024 - \$nil and \$nil), respectively. Guarantee fees payable to the Manager as at June 30, 2025 was \$7 (December 31, 2024 - \$4).

(d) Aggregate compensation to key management personnel was \$nil for the three and six months ended June 30, 2025 as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (June 30, 2024 - \$nil).

20. Commitment and contingencies

At June 30, 2025, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of June 30, 2025 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, 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 the Fund. The Fund has agreed to indemnify, in certain circumstances, the trustees and officers of the Fund and its subsidiaries.

21. Segmented disclosure

All of the Fund'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 the Fund's rental revenue. The Fund consists of two operating segments which comprise one reportable segment. The following two operating segments have been determined by the Fund's chief operating decision makers:

- **Multi-family rental business** which includes owning and operating suburban garden- and wrap-style multi-family rental homes in the Primary Markets.
- **Single-family rental business** which includes owning and operating suburban single-family rental homes in the Primary Markets.

The Fund evaluates the performance of each operating segment using a number of measures, including revenues and net income. The multi-family and single-family rental businesses operate in the same Primary Markets using similar methods to distribute rental services and are considered by management to have similar economic characteristics, and the single-family rental business does not meet the quantitative thresholds under IFRS 8 - Business segments to be classified as a separate reportable segment. The multi-family and single-family rental businesses are therefore considered to be one reportable segment for the purposes of these condensed consolidated interim financial statements.

22. 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 first mortgages are subject to a minimum net worth covenants ranging from approximately \$40,000 to \$75,000 as defined in each applicable loan agreement. As at June 30, 2025, the Fund did not achieve the minimum net worth covenant for certain of the Fund's first mortgage loan agreements. The Fund's loans payable typically carry consolidated Fund minimum net worth and minimum liquidity covenants and typically have no specific financial covenants tied to the ongoing operations of the Property. As at June 30, 2025, the Fund was in compliance with all of its financial covenants other than the minimum net worth covenant as mentioned above. Certain of the Fund's loans also carry certain performance conditions which if not satisfied, may reduce the Fund's

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

ability to defer a portion of any debt service amounts that the Fund otherwise may defer. As at June 30, 2025, the Fund had cash on hand of \$6,407.

As at June 30, 2025, \$291,856 of the Fund's loans payable had contractual maturity dates within twelve months of June 30, 2025. See note 23(c) for further details on liquidity risks of the Fund.

23. Risk management

The Fund's activities expose it to credit risk, market risk, liquidity risk, currency 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.

The Fund 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.

At June 30, 2025, the Fund had accrued no allowance for uncollectible amounts as such amounts are written off directly against revenues at that time. During the three and six months ended June 30, 2025, the Fund recorded \$28 and \$28 of bad debts against revenues in the condensed consolidated interim statement of loss and comprehensive loss (June 30, 2024 - \$29 and \$144), respectively.

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 refinancings occur in future periods. As at June 30, 2025, 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 and six months ended June 30, 2025, the Fund has adjusted the capitalization rates used in the valuation of its investment properties to ensure appropriate fair values are reflected as at June 30, 2025 (note 6). The adjustment in capitalization rates is reflective of third party appraisals as of December 31, 2024 as well as consideration of comparable sales transactions and changes which have occurred in the overall investment market for residential properties up to June 30, 2025. The period leading up to June 30, 2025 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 data occurs under current market conditions.

The Fund's objective in managing interest rate risk is to minimize the volatility of the Fund's income. The Fund has the ability to enter into interest rate cap agreements for the variable rate loans which protect the Fund from increases in Term SOFR index rates beyond stipulated levels. In certain instances and typically in the event no existing interest rate protection is in place for such loan payable, the Fund is required to purchase an interest rate cap if Term SOFR index rates increase above certain levels in accordance with terms in the loan agreements. In addition, if existing in place interest rate caps have an expiry date prior to the maturity date of the applicable loan payable to which it relates, the Fund may be required to purchase a replacement interest rate cap for the duration

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

such loan remains outstanding, subject to certain conditions in each applicable loan agreement (see note 7). Typically such interest rate caps would be required to be purchased on or before the expiry of the existing interest rate cap, if applicable. For the three and six months ended June 30, 2025, all else being equal, a change of ten bps in Term SOFR index rates would impact net loss and comprehensive loss by \$37 and \$75 (June 30, 2024 - \$25 and \$30), respectively.

(c) Liquidity risk:

Liquidity risk is the risk that the Fund 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, the Fund 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 11). All of the Fund's current liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

The Fund 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 the Fund's overall leverage position and debt service coverage ratios, both of which are typical financial benchmarks required to extend certain loans and as a result, these changes have impacted the Fund's ability to exercise certain extension options available under existing loans payable. Under the terms of each applicable loan agreement, the Fund 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 the Fund was formed as a "closed-end" investment vehicle, the Fund 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 the Fund is not able to refinance the loan or if the Fund 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 the Fund 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, the Fund may be obligated to sell such properties which may not be able to be completed on terms that are acceptable to the Fund or may be required to explore other options in the best economic interests of the Fund in order to discharge its obligations under any of the applicable loan agreements. The Fund's loans payable also do not carry cross-default provisions other than the Fund's credit facility whereby if one of the Fund's lenders associated with its loans payable declared an event of default that is not remedied by the Fund, the credit facility lender may provide formal notice of an event of default expressing its right to demand repayment of the outstanding borrowings on the credit facility. On April 29, 2025, the Fund completed the disposition of Lyric and repaid the credit facility outstanding balance amounting to \$13,605 and its availability was reduced to \$2,395 as a result of the repayment (notes 5 and 11). Subsequent to June 30, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026 and for the Eight at East loan payable, the Fund amended the loan agreement to obtain a short-term extension to September 7, 2025 and completed the disposition of the Property repaying such loan in full at that time (note 25).

The Fund continues to focus on managing its liquidity position, including having extended the Term to November 2026, in order to provide the Fund the opportunity to capitalize on potential improvements in the investment market that are anticipated in future periods, but may not materialize. Furthermore, the Fund continues to focus on liquidity management as the Fund 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 (notes 2(b) and 25).

(d) Currency risk:

Currency risk is the risk that the Fund encounters fluctuations in the Canadian/U.S. dollar exchange rate. The revenues and expenses of the investment properties are denominated in U.S. dollars and any distributions made to Fund Unitholders are in both Canadian and U.S. dollars. The Fund converts such distribution amounts into Canadian dollars, as applicable, before any distributions are paid by the Fund to Unitholders. As a consequence, any distributions paid by the Fund are impacted by the prevailing exchange rates. Given the Fund paused

STARLIGHT U.S. RESIDENTIAL FUND

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and June 30, 2024
(In thousands of U.S. dollars, unless otherwise noted)
(Unaudited)

distributions to Unitholders commencing December 2022, the Fund does not have significant exposure to fluctuations in the Canadian/U.S. dollar exchange rate as it relates to the operating cash flow of the Fund.

24. 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 the 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, 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;
- 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 June 30, 2025 approximated their carrying value; 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.

25. Subsequent events

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 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.

On August 12, 2025 the Fund completed the disposition of Eight at East for \$64,700 and repaid applicable first mortgage balance of \$64,225.

For the Emerson loan payable, certain extension conditions for the loans secured by Emerson were not achieved as of the initial maturity date of April 9, 2025. The Fund was pursuing good faith negotiations with the lenders to obtain a modification and extension of the loans secured the Pledged Interests, in the entity that owns the property. However, the Fund has received the Notice from the Lender of the loans payable secured by the Pledged Interests. The Notice received expresses the Lender's right to demand repayment of the borrowings secured by the Pledged Interests. In the absence of a negotiated modification and extension of such loan, the Lender has the right to exercise the remedies available to it under the loan agreement, including a foreclosure of the Pledged Interests. If that remedy is exercised, the Lender would be able to foreclose on the Pledged Interests through a foreclosure sale process governed by the Uniform Commercial Code, resulting in the conveyance of the Pledged Interests to Lender, its designee 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 at the date hereof, the Lender has not exercised any such remedies, however the Fund expects that the Lender may proceed with a foreclosure of the Pledged Interests as a result of having delivered the Notice. The loans secured by Emerson do not carry cross-default provisions with any other property in the Fund. The Fund does not expect a material impact on its net asset value as a result of any remedies the lender may exercise. The lender has indicated to the Fund that it intends to pursue a public sale of the Emerson property.