



*Indigo Apartments –
Raleigh, North Carolina*

**STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY)
INVESTMENT LP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
May 25, 2026**

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP - Q1 2026 MD&A

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FUND TARGETS

- **TARGETED DISTRIBUTION YIELD: 4.0%**
- **PRE-TAX TARGETED TOTAL RETURN: 11.0%**

Bainbridge Sunlake
268 suites
Tampa, Florida



The Ventura
272 suites
Phoenix, Arizona



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the unaudited condensed consolidated interim financial statements of Starlight U.S. Residential (Multi-Family) Investment LP ("SURF LP") dated May 25, 2026 for the three months ended March 31, 2026 ("Q1-2026") should be read in conjunction with SURF LP's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025 ("Q1-2025") and SURF LP's audited consolidated financial statements for the year ended December 31, 2025, both of which have been prepared in accordance with IFRS Accounting Standards ("IFRS"). These documents are available on SEDAR+ at www.sedarplus.ca.

SURF LP's presentation currency is United States ("U.S.") dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of U.S. dollars, except for per class A limited partnership unit of SURF LP ("Unit" or "SURF LP Unit") and average monthly rent ("AMR")¹. All references to "C\$" are to Canadian dollars. Non-IFRS measures are reported throughout this MD&A. For further information on non-IFRS measures, please refer to the "Non-IFRS Financial Measures" section.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws and which reflect SURF LP's current expectations regarding future events, including the overall financial performance of SURF LP and its properties (the "Properties"), the impact of elevated levels of inflation and interest rates, uncertainty surrounding U.S. tariffs, the ability of SURF LP to repay indebtedness when due, SURF LP's ability to negotiate further extensions with its lenders, the potential implications of a default under loans payable, the impact of any remedies exercised by a lender as a result of any default of a loan incurred by SURF LP's capital management and liquidity measures. Forward-looking information is provided for the purposes of assisting the reader in understanding SURF LP's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking information may relate to future results, the impact of inflation levels and interest rates, the ability of SURF LP to make any future distributions, the trading price of SURF LP's TSX Venture Class A Unit, acquisitions, financing, performance, achievements, events, prospects or opportunities for SURF LP or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes, and plans and objectives of or involving SURF LP. Particularly, matters described in "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the extent and sustainability of potential higher levels of inflation and the potential impact on SURF LP's operating costs; the impact of any tariffs and retaliatory tariffs on the economy; the effects of global economic uncertainty and geopolitical instability on financial markets and borrowing costs; the pace at which and degree of any changes in interest rates that impact SURF LP's weighted average interest rate may occur; the ability of SURF LP to make any future distributions; the trading price of the Units; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Properties or SURF LP's legal entities; the impact of elevated interest rates and inflation as well as supply chain issues have on new supply of multi-family communities; the realization of property value appreciation and the timing thereof; the extent to which favourable operating conditions achieved during historical periods may continue in future periods; the applicability of any government regulation concerning SURF LP's residents or rents; SURF LP's ability to continue as a going concern; the impact of any remedies exercised by a lender as a result of any default of a loan incurred by SURF LP; and the availability of debt financing or ability of SURF LP to extend loans as loans payable become due including any impact such extensions may have on SURF LP's ability to hold such properties until the manager (as defined below) desires to sell such properties. A variety of factors, many of which are beyond SURF LP's control, affect the operations, performance and results of SURF LP and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

There are numerous risks and uncertainties which include, but are not limited to, risks related to SURF LP's partners' capital ("Partners' Capital"), and risks related to SURF LP and its business. The reader is cautioned to consider these and other

¹ The metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures").

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factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements. Although SURF LP believes the expectations reflected in such forward-looking information are reasonable and represent SURF LP's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause SURF LP's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from SURF LP's expectations include, among other things, the availability of suitable properties for purchase by SURF LP, the availability of mortgage financing including the ability of SURF LP to refinance or extend existing loans payable on favourable terms including any impact such extensions may have on SURF LP's ability to hold such properties until the manager (as defined below) desires to sell such properties, and general economic and market factors, including interest rates, inflation, business competition, the impact of any remedies exercised by a lender as a result of any default of a loan incurred by SURF LP and changes in government regulations or in tax laws.

See the "Risks and Uncertainties" section and the reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, and international sanctions; the impact of elevated levels of inflation on SURF LP's operating costs; the impact of future interest rates on SURF LP's financial performance; the availability of debt financing as loans payable become due and any resulting impact on SURF LP's liquidity; the trading price of the Units; the applicability of any government regulation concerning SURF LP's residents or rents; the realization of property value appreciation and the timing thereof; the inventory of residential real estate properties; the availability of residential properties for potential future acquisition, if any, and the price at which such properties may be acquired; the ability of SURF LP to benefit from any value add program SURF LP conducts at certain properties; the price at which the Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of the Properties; the extent of competition for residential properties; the impact of interest costs, inflation and supply chain issues have on new supply of multi-family communities; the extent to which favourable operating conditions achieved during historical periods may continue in future periods; the growth in net operating income ("NOI") generated from its value-add initiatives; the population of residential real estate market participants; assumptions about the markets in which SURF LP operates; expenditures and fees in connection with the maintenance, operation and administration of the Properties; the ability of Starlight Investments US AM Group LP or its affiliates (the "Manager") to manage and operate the Properties or achieve similar returns to previous investment funds managed by the Manager; the global and North American economic environment; foreign currency exchange rates; the ability of SURF LP to realize the estimated gap in market versus in-place rents ("Estimated Gap to Market Versus In-Place Rents") through future rental rate increases; the impact of any remedies exercised as a result of any default of a loan incurred by SURF LP; and governmental regulations or tax laws. Given this period of uncertainty, there can be no assurance regarding: (a) operations and performance or the volatility of the Units; (b) SURF LP's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) the Manager or any of its affiliates, will continue its involvement as asset manager of SURF LP in accordance with its current asset management agreement; and (e) other risks inherent to SURF LP's business and/or factors beyond its control which could have a material adverse effect on SURF LP.

The forward-looking information included in this MD&A relates only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian securities law, SURF LP undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as adjusted funds from operations (“AFFO”), AMR, adjusted net income and comprehensive income (“Adjusted Net Income and Comprehensive Income”), cash provided by operating activities including interest costs, economic occupancy, physical occupancy, Estimated Gap to Market Versus In-Place Rents, funds from operations (“FFO”), gross book value (“Gross Book Value”), indebtedness (“Indebtedness”), indebtedness coverage ratio (“Indebtedness Coverage Ratio”), indebtedness to gross book value (“Indebtedness to Gross Book Value”), interest coverage ratio (“Interest Coverage Ratio”), same property NOI, and NOI are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net loss and comprehensive loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. AFFO, AMR, Adjusted Net Income and Comprehensive Income, cash provided by operating activities including interest costs, economic occupancy, physical occupancy, Estimated Gap to Market Versus In-Place Rents, FFO, Gross Book Value, Indebtedness, Indebtedness Coverage Ratio, Indebtedness to Gross Book Value, Interest Coverage Ratio, same property NOI and NOI, as computed by SURF LP, may not be comparable to similar measures as reported by other issuers or companies in similar or different industries. SURF LP uses these measures to better assess SURF LP’s underlying performance and provides these additional measures so that investors may do the same.

Adjusted Net Income and Comprehensive Income is defined as net loss and comprehensive loss in accordance with IFRS before deferred taxes and provisions for carried interest plus amortization of financing costs and loan premiums, fair value adjustments on derivative instruments, distributions to Partners (as defined below), less finance income and adjusted for other non-cash items. Other non-cash items include unrealized foreign exchange gains and losses. Adjusted Net Income and Comprehensive Income is used in calculating certain ratios described below.

AFFO is defined as FFO subject to certain additional adjustments, including: (i) amortization of fair value mark-to-market adjustments on loans assumed; (ii) amortization of financing costs; (iii) deduction of a reserve for normalized maintenance capital expenditures and suite make-ready costs, as determined by the Manager; (iv) vacancy costs associated with any suite upgrade program; and (v) any accrued interest costs or debt service shortfall funding provided by lenders that are deferred and payable upon maturity of the applicable loan payable. Other adjustments may be made to AFFO as determined by the Manager. AFFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important performance measure to determine the possibility and sustainability of future distributions paid to Partners (as defined below) after a provision for maintenance capital expenditures. AFFO should not be interpreted as an indicator of cash generated from operating activities, as it does not consider changes in working capital. AFFO has not been calculated in accordance with the Real Property Association of Canada (“RPAC”) definition, as SURF LP adjusts for non-cash items to better measure the possibility and sustainability of future distributions. This MD&A does not include a presentation of adjusted cash flow from operations as defined by RPAC. The most comparable IFRS measures for AFFO are cash flow from operating activities and net loss and comprehensive loss.

AMR is defined as the total in place rents divided by the total number of suites occupied as at the reporting date.

Cash provided by operating activities including interest costs, is a measure of the amount of cash generated from operating activities including interest costs, and is presented in this MD&A as the Manager considers this non-IFRS measure when determining the sustainability of future distributions paid to Partners (as defined below).

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. SURF LP considers this an important operating metric to evaluate the extent to which revenue potential is being realized. SURF LP also uses physical occupancy, which is calculated by taking the number of occupied suites as at the reporting date divided by the total number of suites owned by SURF LP as at the reporting date.

Estimated Gap to Market Versus In-Place Rents is defined as the estimated market rent for each applicable property divided by the applicable AMR for each property.

FFO is defined as net loss and comprehensive loss in accordance with IFRS, excluding fair value adjustments on investment properties, fair value adjustments on derivative instruments, distributions to Partners (as defined below) classified as equity, deferred income tax expense, realized or unrealized foreign exchange gains and losses, provisions for carried interest and any amounts allocated to the non-controlling interest. FFO is a measure of operating performance based on the funds generated from the business before reinvestment or provision for other capital needs. FFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of operating performance and is calculated in accordance with RPAC. The most comparable IFRS measures to FFO are cash flow from operating activities and net loss and comprehensive loss.

Gross Book Value is defined as the fair market value of the investment properties as determined in accordance with IFRS. Gross Book Value is presented in this MD&A as SURF LP considers this non-IFRS measure to be an important measure of SURF LP’s financial condition. The most comparable IFRS measure for Gross Book Value is investment properties.

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Indebtedness is defined as the principal amount of loans payable outstanding as at a specific reporting date. Indebtedness is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of SURF LP's financial condition. The most comparable SURF LP measure for Indebtedness is loans payable.

Indebtedness Coverage Ratio is defined as Adjusted Net Income and Comprehensive Income plus interest expense divided by interest (excluding any accrued interest costs or debt service shortfall funding provided by lenders that are deferred and payable upon maturity of the applicable loan payable) and mandatory principal payments on SURF LP's loans payable for a specific reporting period. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy SURF LP's debt service obligations. Indebtedness Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual principal and interest payments and ultimately the ability of SURF LP to make cash distributions to Partners (as defined below).

Indebtedness to Gross Book Value is defined as SURF LP's Indebtedness divided by the Gross Book Value of the Properties. Indebtedness to Gross Book Value is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of SURF LP's financial condition.

Interest Coverage Ratio is defined as Adjusted Net Income and Comprehensive Income plus interest expense divided by interest expense (excluding any accrued interest costs or debt service shortfall funding provided by lenders that are deferred and payable upon maturity of the applicable loan payable). Generally, a higher Interest Coverage Ratio indicates a lower credit risk. Interest Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual interest payments and ultimately the ability of SURF LP to make cash distributions to Partners (as defined below).

NOI, or Adjusted Income from Operations is defined as all property revenue, less direct property costs such as utilities, property taxes (International Financial Reporting Interpretations Committee Interpretation 21, Levies ("IFRIC 21") adjustment included in each reporting period), repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property-specific administrative costs. NOI Margin is defined as NOI divided by revenue from property operations. NOI and NOI Margin are presented in this MD&A as the Manager considers these non-IFRS measures to be important measures of SURF LP's operating performance and uses these measures to assess SURF LP's property operating performance on an unlevered basis. The most comparable measure to IFRS is net loss and comprehensive loss.

Same property operating results and same property NOI (revenue less property operating costs and property taxes) have been presented in this MD&A for the Properties continuously for a selected reporting period and does not take into account the impact of the operating performance of the properties acquired during or subsequent to the reporting period. Same property NOI and same property NOI Margin are presented in this MD&A as the Manager considers these non-IFRS measures to be important measures of SURF LP's operating performance.

Reconciliations of net loss and comprehensive loss to FFO and AFFO are provided herein at "Non-IFRS Financial Measures - FFO and AFFO". In addition, a reconciliation of cash provided by operating activities including interest costs to AFFO is provided herein at "Non-IFRS Financial Measures - FFO and AFFO" and a reconciliation of NOI from the financial statement presentation of revenue, property operating costs and property taxes is provided herein at "Financial and Operational Highlights".

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FUTURE OUTLOOK

Since early 2022, concerns over elevated levels of inflation have resulted in a significant increase in interest rates with the U.S. Federal Reserve raising the Federal Funds Rate by approximately 525 basis points. During 2024, the U.S. Federal Reserve reduced the Federal Funds Rate by 100 basis points and in 2025, reduced the rate by a further 75 basis points, leading to a rate of approximately 350 basis points as at the date of this MD&A. Short-term interest rate increases typically lead to increases in borrowing costs for SURF LP, reducing cash flow, given that SURF LP primarily employs a variable rate debt strategy to provide maximum flexibility upon the eventual sale of the Properties during or at the end of SURF LP's term. Similarly, as interest rates decrease, SURF LP's floating rate debt can benefit from such reductions. Historically, investments in multi-family properties have provided an effective hedge against inflation given the short-term nature of each resident lease which has been somewhat reflected in the rent growth achieved at the Properties.

Although inflation has moderated significantly from its peak, markets and the Federal Reserve continue to closely monitor inflation and unemployment figures as well as the potential impacts of anticipated changes to legislation and regulation resulting from the current U.S. administration that may impact the future outlook for interest rates. In addition, geopolitical conflicts have led to volatility in global energy markets, which may place upward pressure on oil prices and contribute to inflationary pressures. Although operating fundamentals have been favourable as evidenced by the operating results achieved by SURF LP since 2023 and although short-term rates began declining in 2024 providing some benefit to the short-term cash flow of SURF LP, long-term U.S. treasuries have continued to be volatile, increasing from approximately 3.80% as at September 30, 2024 to 4.57% as at December 31, 2024, before decreasing to 4.25% as at March 31, 2026. Capitalization rates typically correlate over time to changes in long-term interest rates with the noted increase in long-term U.S. treasury yields reducing investment transaction volumes throughout 2024 and into Q1-2026 which negatively impacted SURF LP's appraised values for the investment properties.

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 mentioned above 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 its Ventura Apartments property ("Ventura" or the "Property"), SURF LP received a maturity default notice (the "Notice") from the lender of the loan secured by Ventura (the "Lender"). The Notice received expresses 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 has 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 at the date hereof, 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 fourth quarter of 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 this MD&A, the Lender has not exercised any such remedies available and SURF LP continues to enter into good faith negotiations with such Lender.

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For two of SURF LP's three properties, the fair value reported for such 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 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 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 (see "Capital Structure and Debt Profile").

The primary markets of SURF LP, which include Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington ("Primary Markets") have seen an elevated level of new supply delivered during 2023 and 2024 which contributed to the deceleration in rent growth in the Primary Markets during late 2023, relative to levels achieved in 2022 and earlier in 2023. Interest rates also continue to remain elevated which, along with higher levels of inflation and a softening in market conditions in late 2023, has significantly disrupted active and new construction of comparable communities in the Primary Markets that would otherwise have been delivered in the second half of 2025 or 2026. This potential reduction in construction may create a temporary imbalance in the supply of comparable multi-suite residential properties in future periods. This imbalance, alongside the continued economic strength and solid fundamentals may be supportive of favourable supply and demand conditions for the Properties in future periods and could result in future increases in occupancy and rent growth.

SURF LP previously amended several of its loan agreements, deferred the payment of asset management fee, completed the reorganization of Starlight U.S. Residential Fund (the "Fund") and SURF LP and has continued to focus on maximizing NOI at the Properties to preserve as much liquidity as possible. There are no assurances that the 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. SURF LP's condensed consolidated interim financial statements for the three months ended March 31, 2026 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.

During this period of capital markets uncertainty, SURF LP may also enter into additional financing, evaluate potential asset sales to allow SURF LP to maintain sufficient liquidity or evaluate other alternatives in the best economic interests of the Partners (as defined below).

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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 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 (“Class B LP Units”) in SURF LP (“Class B LP Unitholders”) received Canadian dollar denominated 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. The registered office of SURF LP is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3.

In connection with the Reorganization, the LPA of SURF LP 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.

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: 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 C\$10.00 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 a 90% interest in Ventura Mezz LLC (the remaining 10% interest in Ventura Mezz LLC is owned by an affiliate of the Manager), which indirectly owns the Ventura, a multi-family property comprising 272 suites in Phoenix, Arizona.

SURF LP’s Investment Strategy:

SURF LP was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily comprised of income-producing residential multi-family real estate properties that demonstrate value based on pricing and local supply and demand trends to achieve SURF LP’s target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, value-add capital expenditures and active asset management, and are located in the Primary Markets, with a particular focus on the suburban areas of the primary submarkets, being Atlanta, Georgia; Austin, Texas; Boise, Idaho; Charleston, South Carolina; Charlotte, North Carolina; Dallas, Texas; Denver, Colorado; Houston, Texas; Las Vegas, Nevada; Miami, Florida; Nashville, Tennessee; Orlando, Florida; Phoenix, Arizona; Portland, Oregon; Raleigh, North Carolina; Salt Lake City, Utah; San Diego, California; Seattle, Washington; and Tampa, Florida (“Primary Submarkets”). The Manager believes the U.S. residential multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP - Q1 2026 MD&ANotes to readers | Future outlook | **Our business** | Highlights | Financial performance | Other disclosures**SURF LP's investment objectives are to:**

1. Directly or indirectly acquire, own and operate a portfolio primarily composed of income-producing residential multi-family properties that demonstrate value based on pricing and local supply and demand trends to achieve SURF LP's target metrics and are located in the Primary Markets, with a particular focus on the suburban areas of Primary Submarkets;
2. Make stable monthly cash distributions; and
3. Increase NOI through active asset management, which may include high return, value-add capital expenditures, lease up of non-stabilized properties, utilizing revenue management software to increase rental rates, revenue enhancement through ancillary income opportunities and operating expense reductions through, best-in-class property management and economies of scale, with the goal of ultimately directly or indirectly disposing of its interests in the assets.

The Manager targets acquisitions in the Primary Markets, with a particular focus on the suburban areas of the Primary Submarkets, where markets feature:

- (a) compelling employment, population, and economic growth rates;
- (b) 'landlord friendly' legal environments; and
- (c) comfortable climates and quality of life.

ACQUISITION OF U.S. RESIDENTIAL REAL ESTATE

1. Identify acquisition opportunities in the U.S. residential market through the Manager's strong pipeline of exclusive acquisition opportunities by leveraging the Manager's relationships with principals, operators, and brokers located in SURF LP's target markets and by its ability to source "off market" opportunities.
2. Target residential assets that are:
 - (a) garden and wrap-style, suburban, Class "A" institutional quality multi-family properties that demonstrate value based on pricing and local supply and demand trends to achieve SURF LP's target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, value-add capital expenditures and active asset management;
 - (b) suburban and have a vintage of 1990 or later, with no less than 200 suites to ensure economies of scale;
 - (c) strategically located properties in the Primary Markets, with a particular focus on the suburban areas of the Primary Submarkets, with strong long-term job, population and economic growth rates;
 - (d) strategically located properties within their respective suburban submarkets with barriers to new development; and
 - (e) stabilized, with the potential to benefit from an active asset management strategy or non-stabilized, with significant value upside.
3. Complete a comprehensive due diligence program, including cash flow and value-add return modeling, operating expense reviews, and, where applicable, third-party reports including market studies, structural and environmental assessments and appraisals.
4. Conduct a broad canvass of the lending community, including lenders with whom the Manager enjoys long-term relationships, to secure debt financing on competitive terms.
5. Explore, from time to time, co-investment opportunities involving SURF LP and one or more co-investors.

ASSET VALUE ENHANCEMENT THROUGH ACTIVE ASSET MANAGEMENT STRATEGY

1. Utilize the Manager's network to source attractive future acquisitions from private equity funds, operators, and other real estate asset managers.
2. Increase rental rates through value-add capital improvement programs, including:
 - (a) targeted value-add capital expenditures of \$2,500 to \$15,000 per rental suite (e.g. kitchens, bathrooms, flooring, etc.);
 - (b) \$500,000 to \$1,500,000 for common area upgrades (e.g. clubhouses and resident amenity spaces), as well as modernization improvements; and
 - (c) the use of yield management software.

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3. Implement revenue management software and seek ancillary income opportunities (e.g. ancillary fees on new leases, bulk cable, door-to-door waste pick-up service, smart home technology, pet rent, garage rent, storage rental fees, washers and dryers, implementation of identification and verification programs and package handling solutions for package delivery to residents) where achievable.
4. Reduce operating expenses such as staffing, maintenance contracts, advertising, general and administrative expenses and insurance through economies of scale.
5. Utilize reputable best-in-class U.S. based property managers.

VALUE REALIZATION THROUGH STRATEGIC DISPOSITIONS

1. Asset value increases are expected by the Manager to be realized through a combination of NOI growth, through, among other things, active asset management and capital expenditures resulting in increased rental rates, and a pricing premium on the aggregated portfolio.
2. The Manager, on behalf of SURF LP, may execute dispositions, directly or indirectly on a single asset or portfolio basis through private and public market transactions to maximize value.
3. The private real estate investment market and the public capital markets will be monitored to seek an exit strategy that can be executed with a view towards maximizing disposition proceeds.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Starlight Group and the Manager, collectively referred to as “Starlight”, are committed to adopting a comprehensive approach to environmental, social and governance (“ESG”) practices for all entities within the Starlight, embedding these principles into every aspect of Starlight’s business, with the intention of driving long-term value. Starlight’s ESG strategy and commitments are supported by its Sustainability Action Plan which outlines short-targets, programs, and performance indicators. Since its first submission in 2021, Starlight has received top ranking from the Global Real Estate Sustainability Benchmark (“GRESB”) for its sustainability efforts, including exceeding the benchmark averages in carbon emissions and resource reduction, tenant engagement, and risk management.

ESG disclosure standards

Starlight’s ESG strategy and programs are aligned with external standards and best practices, including the Global Reporting Initiative Sustainability Reporting Standards, and GRESB. Starlight has also taken guidance from the International Sustainability Standards Board’s IFRS Sustainability Standards S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures. These standards help shape SURF LP’s commitments and ensure accountability in its data, initiatives and goals.

Starlight’s commitments are aligned with the United Nations’ Sustainable Development Goals (“SDGs”) – a set of integrated goals that call on countries and industries to help end poverty, protect the planet and ensure peace and prosperity. Our ESG strategy at Starlight contributes to the following UN SDGs:



Importance of ESG

Starlight has engaged its stakeholders to determine the ESG topics that are most important to its investors, partners, affiliates and communities, and where Starlight has a significant impact. Conducting this exercise helps to determine which topics are most relevant for Starlight to address and which contribute to advancing its purpose of investing with impact. The resulting matrix is a cumulative product of extensive research, workshops, one-on-one discussions and data cross-referencing from across the real estate industry.

Environmental impact

- Carbon emissions and
- Energy efficiency
- Circularity and resources
- Low-carbon infrastructure
- Resilience
- Materials
- Biodiversity

Social Impact

- Employee well-being and
- Community well-being and engagement
- Inclusion, Diversity, Equity and Allyship (“IDEA”)
- Affordability
- Community engagement
- Partnerships
- Indigenous relations

Governance

- Cybersecurity
- Corporate governance
- Certifications and reporting standards
- Risk management
- Regulations

This matrix has assisted SURF LP to develop a strategy that embeds ESG in every aspect of its business, including operations, investment activities and corporate functions, which:

- (a) promote resource efficiency, reducing costs and minimize environmental degradation;

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- (b) increase property values, contributing to stakeholder satisfaction, and drive long-term net asset value (“NAV”) growth for Partners;
- (c) enhance the appeal of the Properties, helping to attract and retain residents and build lasting collaborative relationships; and
- (d) manage risk and comply with evolving regulations, insurance requirements, enhancing operations, management, and governance practices.

ESG commitment

Starlight’s core ESG commitments are as follows:

<u>People and Culture</u>	<u>Social Impact</u>	<u>Operations and Development</u>	<u>Transparency and Accountability</u>
To attract and retain top talent and foster a diverse and inclusive culture where individuals can thrive.	To bring value to local communities, enhance resident well-being and provide healthy and equitable living and working spaces.	To create and maintain low-carbon, resource efficient, resilient spaces and complete communities.	To demonstrate transparency in its governance practices and proactively respond to existing and future risks.

ESG AS IT RELATES TO SURF LP

Pursuant to the mandate of board of directors of SURF LP (the “Board”), in addition to specific governance matters, the Board oversees and monitors SURF LP’s general strategy, policies and initiatives related to the environmental and social matters and the alignment of the strategy with SURF LP’s overall business objectives and at least annually reviews the same. As SURF LP’s Term is not expected to continue beyond 2050, the 2050 net carbon emissions target is not applicable and as a result SURF LP has not disclosed long-term initiatives and targets surrounding ESG.

Although SURF LP has not published long-term initiatives and targets surrounding ESG, the Manager continues to evaluate ways to integrate ESG into SURF LP’s performance.

SURF LP is committed to strong governance practices. It continues to review and enhance its governance policies to align with SURF LP’s strategic direction, regulatory and ESG requirements and sound governance practices. The following are some of the highlights of its governance policies and practices:

- 1/3 of the Board are women
- Board is responsible for the oversight of the ESG strategy and ESG initiatives developed by management
- Code of business conduct and ethics that promotes honest and ethical conduct between the directors, officers and employees of SURF LP’s asset manager
- Independent directors are not overboarded
- Board mandate and committee charters are regularly reviewed to ensure they remain current

SURF LP strives to understand and address the social impact of its business. SURF LP’s initiatives extend beyond financial success to encompass the well-being of its employees, residents’ communities and the environment. SURF LP has introduced many social initiatives through Starlight including summer internship programs, ESG workshops, resident relief programs, partnerships with humanitarian aid agencies and IDEA. During 2025 and into Q1-2026, SURF LP held social events at its Properties that included holiday celebrations, nutrition events, fitness classes and monthly food socials for the residents.

Risks related to ESG

For information on detailed risks related to ESG, please refer to the “Risks and Uncertainties” section in the SURF LP’s MD&A for the year ended December 31, 2025.

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PORTFOLIO SUMMARY



SURF LP's Properties are located in suburban areas of the Primary Markets within close proximity to major employment centres and attractive resident amenities including shopping and entertainment centres. Each Property has a mix of studio, one-bedroom, two-bedroom and three-bedroom suites as well as townhomes at certain Properties with the mix of suite types typically varying to align with the local resident demographics at each Property. Further details on the Properties can be found on the website at www.starlightinvest.com under SURF LP's profile.

An overview of the Properties owned as at March 31, 2026 is presented in the table below:

Property	Address	Distance to downtown ⁽¹⁾	Primary Markets	Suites	Vintage	Rentable area ⁽²⁾	Avg. suite size ⁽²⁾	Land area (Acres)	Date acquired
Sunlake	2700 Summershine St., Land O' Lakes	32	Tampa, Florida	268	2021	271,646	1,014	20.00	11/15/2021
Indigo	100 Adelaide Cir, Morrisville	25	Raleigh, North Carolina	489	2005	400,340	819	41.30	11/15/2021
Ventura	3600 W Ray Rd, Chandler	19	Phoenix, Arizona	272	1996	262,920	967	14.70	5/25/2022
Total ownership as at March 31, 2026				1,029	2011	934,906	909	76.00	

⁽¹⁾ Represents the approximate distance in kilometers from each Property to the city centre of the applicable Primary Markets.

⁽²⁾ Area is measured in square feet.

On April 29, 2025, August 12, 2025 and October 21, 2025, SURF LP completed the dispositions of Lyric, Eight at East and Emerson, respectively.

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP - Q1 2026 MD&ANotes to readers | Future outlook | Our business | **Highlights** | Financial performance | Other disclosures**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

This section includes highlights of the financial and operating performance of SURF LP as at March 31, 2026 and for the period ended Q1-2026, including a comparison to SURF LP's financial and operational performance as at March 31, 2025 and for the period ended Q1-2025. Certain figures discussed below exclude the amounts attributable to the non-controlling interest in Ventura and include results for the operating performance of SURF LP's assets before and after the Reorganization.

SURF LP financial results for Q1-2026 include the three Properties (Q1-2025 - six Properties). As such, the variances reflected in the results of operations of SURF LP between Q1-2026 and Q1-2025 are impacted by the disposition of certain Properties. Properties disposed during the year ended December 31, 2025 have also been excluded from the same property results (see "Results of Operations - Same Property").

HIGHLIGHTS FOR Q1-2026

- Revenue from property operations for Q1-2026 was \$4,896 (Q1-2025 - \$9,798) representing a decrease of 50.0% in revenue due to SURF LP completing the dispositions of Lyric, Eight at East and Emerson in Q2-2025, Q3-2025 and Q4-2025, respectively ("Primary Variance Driver") as well as a decrease in same property revenue of 2.9% primarily as a result of decreases in AMR due to SURF LP facing heavy competition from new supply and aggressive pricing to lease new properties in Phoenix (see "Results of Operations - Same Property").
- NOI¹ for Q1-2026 was \$3,090 (Q1-2025 - \$6,052), representing a decrease of 48.9% in NOI primarily due to the Primary Variance Driver and reduction in same property NOI¹ of 1.4% relative to Q1-2025 as a result of the competition from new supply described above. Q1-2026 normalized same property NOI to exclude the impact of the Phoenix property competing with heavy new supply would have been an increase of approximately 1.5% relative to Q1-2025 (see "Results of Operations - Same Property").
- SURF LP reported a net loss and comprehensive loss attributable to Partners for Q1-2026 of \$17,100 (Q1-2025 - \$24,020), primarily due to a higher fair value loss on investment properties during Q1-2026 due to the expansion of capitalization rates used to value SURF LP's investment properties.
- SURF LP completed ten in-suite light value-add upgrades at the Properties during Q1-2026, which generated an average rental premium of \$194 and an average return on cost of approximately 22.8%.
- SURF LP achieved economic occupancy¹ of 94.2% during Q1-2026 and as at May 24, 2026, had collected approximately 99.8% of rents for Q1-2026, with further amounts expected to be collected in future periods, demonstrating SURF LP's high quality resident base and operating performance.

¹ The metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures").

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

	March 31, 2026	December 31, 2025
Key multi-family operational information		
Number of multi-family properties owned	3	3
Total multi-family suites	1,029	1,029
Economic occupancy ⁽¹⁾	94.2%	93.5%
Physical occupancy ⁽¹⁾⁽²⁾	93.2%	94.2%
AMR (in actual dollars) ⁽¹⁾	\$ 1,550	\$ 1,552
AMR per square foot (in actual dollars) ⁽¹⁾	\$ 1.71	\$ 1.71
Estimated Gap to Market Versus In-Place Rents ⁽²⁾	1.3%	(0.4)%
Selected financial information		
Gross Book Value ⁽²⁾	\$ 250,900	\$ 265,700
Indebtedness ⁽²⁾⁽³⁾	\$ 258,103	\$ 256,400
Indebtedness to Gross Book Value ⁽²⁾⁽³⁾	102.9%	96.5%
Weighted average interest rate - as at period end ⁽⁴⁾	7.76%	7.81%
Weighted average term to maturity	0.93 years	1.13 years
	Q1-2026	Q1-2025
Summarized income statement (excluding non-controlling interest)⁽⁵⁾		
Revenue from property operations	\$ 4,896	\$ 9,798
Property operating	(1,299)	(2,561)
Property taxes ⁽⁶⁾	(507)	(1,185)
Adjusted Income from Operations / NOI	3,090	6,052
Partnership expenses	(426)	(601)
Finance costs ⁽⁷⁾	(5,173)	(8,294)
Other income and expense ⁽⁸⁾	(14,591)	(21,177)
Net loss and comprehensive loss - attributable to Partners ⁽⁵⁾	\$ (17,100)	\$ (24,020)
Other selected financial information		
FFO ⁽²⁾	\$ (2,526)	\$ (1,830)
AFFO ⁽²⁾	(482)	(593)
Weighted average interest rate - average during period ⁽⁴⁾	7.74%	6.04%
Interest and Indebtedness Coverage Ratio ⁽²⁾⁽⁹⁾	0.86x	0.92x

⁽¹⁾ Economic occupancy for Q1-2026 and December 31, 2025 and physical occupancy as at the end of each applicable reporting period. The decrease in AMR from December 31, 2025 to Q1-2026 was primarily due to SURF LP focusing on maintaining high levels of occupancy at the Properties during Q1-2026 as well as SURF LP competing with new supply in certain Primary Markets (see "Results of Operations").

⁽²⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures"). The increase in AFFO from Q1-2025 to Q1-2026 is primarily due to the impact of accrued interest costs added back to AFFO, partially offset by decrease in NOI as a result of the Primary Variance Driver. The decrease in Interest and Indebtedness Coverage Ratios during Q1-2026 relative to Q1-2025 is due to Primary Variance Driver as well as decrease in same property NOI, partially offset by an increase in deferred interest costs which are payable at maturity of the loan. AFFO and Interest Coverage Ratio and Indebtedness Coverage Ratio presented herein exclude \$1,703 of interest costs or debt service shortfall funding for Q1-2026 (Q1-2025 - \$743) from applicable lenders which are payable upon maturity of the applicable loan payable (see "Financing Activities").

⁽³⁾ The maximum allowable leverage ratio under the LPA restricts SURF LP from entering into any additional indebtedness whereby at the time of entering into such indebtedness, the leverage ratio does not exceed 75% (as defined in the LPA). As of the date of issuance of this MD&A, SURF LP met the maximum leverage condition and continues to focus on managing SURF LP's capital structure, including the overall leverage. For further details on Indebtedness to Gross Book Value of 102.9%, see "Capital Structure and Debt Profile". Although the Indebtedness of SURF LP exceeded the total Gross Book Value as at March 31, 2026, two of the three properties owned by SURF LP reported fair values of the investment properties less than the value of the outstanding indebtedness with such loans being non-recourse. Refer to "Capital Structure and Debt Profile" for a breakdown of the net assets of SURF LP between those related to the two properties mentioned and the remaining net assets of SURF LP which amounted to approximately \$16,712 as at March 31, 2026.

⁽⁴⁾ The weighted average interest rate on loans payable is presented as at March 31, 2026 reflecting the prevailing index rate, 30-day New York Federal Reserve Secured Overnight Financing Rate ("NY SOFR") or one-month term Secured Overnight Financing Rate ("Term SOFR") and together with NY SOFR, "SOFR", as at that date or based on the average rate for the applicable periods as it relates to quarterly rates (see "Loans Payable"). The weighted average interest rate presented above as at March 31, 2026 included the maximum interest rate on the Unsecured Financing of 12.0% and also included the impact of deferred interest costs or deferred debt service shortfall funding. The increase in the weighted average interest rate between the comparative periods in the table above was primarily due to SURF LP extending certain higher leverage loans with no required principal repayments at higher interest rates. SURF LP continues to focus on managing these debt maturities to provide an opportunity to potentially capitalize on any improvements in the real estate investment market.

⁽⁵⁾ SURF LP acquired a 90% interest in Ventura on May 25, 2022, with the remaining non-controlling interest owned by an affiliate of the Manager (see "Related Party Transactions and Arrangements"). The summarized income statement figures presented above reflect the net loss attributable to Partners only, and excludes any amounts attributable to the non-controlling interest. For income statement figures presented in accordance with IFRS, see "Financial Performance" section.

⁽⁶⁾ Property taxes include the IFRIC 21 fair value adjustment and treats property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI.

⁽⁷⁾ Finance costs include interest expense on loans payable, non-cash amortization of deferred financing, loss on early extinguishment of debt and fair value changes in derivative financial instruments (see "Other Income and Expenses") (see "Non-IFRS Financial Measures - FFO and AFFO").

⁽⁸⁾ Includes dividends to preferred shareholders, unrealized foreign exchange gain (loss), realized foreign exchange gain (loss), fair value adjustment of investment properties and deferred income taxes. Refer to "Financial Performance" for detailed income statement information as well as "Other Income and Expenses" section for commentary on variances related to each significant variance included within other income and expense items.

⁽⁹⁾ SURF LP's Interest Coverage Ratio and Indebtedness Coverage Ratio were both 0.86x during Q1-2026, with SURF LP's operating results partially offset by increases in SURF LP's interest costs as a result of SURF LP utilizing a variable rate debt strategy which allows SURF LP to maintain maximum flexibility for the potential sale of SURF LP's Properties. These calculations exclude \$1,703 of interest costs or debt service shortfall funding for Q1-2026 as these amounts are accrued and payable only at maturity of the applicable loans payable. SURF LP also had fixed rate debt in place as at March 31, 2026 which in certain instances protect SURF LP from increases SOFR beyond stipulated levels on its mortgages at the Properties. SURF LP continues to monitor Interest Coverage Ratio and Indebtedness Coverage Ratio with the goal of preserving liquidity.

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FINANCIAL PERFORMANCE

The table below presents the financial performance of SURF LP in accordance with IFRS for Q1-2026 and the previous seven quarters:

	Q1-2026 ⁽¹⁾	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024	Q2-2024
Revenue from property operations	\$ 5,042	\$ 5,636	\$ 7,015	\$ 8,460	\$ 9,952	\$ 9,896	\$ 10,003	\$ 10,169
Property operating	(1,337)	(1,409)	(1,993)	(2,387)	(2,598)	(2,692)	(2,742)	(2,650)
Property taxes	(514)	(375)	(955)	(1,104)	(1,192)	(895)	(898)	(1,139)
Income from rental operations	3,191	3,852	4,067	4,969	6,162	6,309	6,363	6,380
Partnership expenses	(426)	(1,009)	(993)	(1,142)	(601)	(566)	(561)	(561)
Finance costs ⁽²⁾	(5,356)	(4,198)	(6,858)	(7,879)	(8,483)	(8,686)	(9,880)	(9,079)
Dividends to preferred shareholders	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Fair value adjustment of investment properties	(15,109)	(390)	3,396	(9,186)	(21,466)	(39,125)	—	—
Income tax expense								
Current	(17)	(9)	(13)	(15)	(16)	(16)	(15)	(16)
Net loss and comprehensive loss	\$ (17,721)	\$ (1,758)	\$ (405)	\$ (13,257)	\$ (24,408)	\$ (42,088)	\$ (4,097)	\$ (3,280)
Net loss and comprehensive loss attributable to:								
Partners	(17,100)	(1,647)	(208)	(12,920)	(24,020)	(41,306)	(3,994)	(3,170)
Non-controlling interests	(621)	(111)	(197)	(337)	(388)	(782)	(103)	(110)
Net loss and comprehensive loss	\$ (17,721)	\$ (1,758)	\$ (405)	\$ (13,257)	\$ (24,408)	\$ (42,088)	\$ (4,097)	\$ (3,280)
FFO	\$ (2,526)	\$ (657)	\$ (3,106)	\$ (2,674)	\$ (1,830)	\$ (2,011)	\$ (1,983)	\$ (1,112)
AFFO ⁽³⁾	(482)	303	(1,057)	(1,030)	(593)	(611)	(494)	(190)

⁽¹⁾ SURF LP acquired a 90% interest in Ventura on May 25, 2022, with the remaining Ventura non-controlling interest owned by an affiliate of the Manager. The figures presented above for all the periods reflect the net loss and comprehensive loss of SURF LP including 100% of the income and expenses of Ventura, consistent with SURF LP's basis condensed consolidated interim financial statements presented in accordance with IFRS. For figures which exclude the income and expenses attributable to the Ventura non-controlling interest which are included throughout this MD&A, see "Financial and Operational Highlights" table.

⁽²⁾ Finance costs include interest expense on loans payable as well as non-cash amortization of deferred financing costs, gain (loss) on early extinguishment of debt and fair value changes on derivative instruments (see "Other Income and Expenses").

⁽³⁾ AFFO presented herein also exclude \$1,703, \$1,866, \$1,784, \$1,295, \$743, \$964, \$1,015 and \$482 for Q1-2026, Q4-2025, Q3-2025, Q2-2025, Q1-2025, Q4-2024, Q3-2024 and Q2-2024 respectively of interest costs or debt service shortfall funding from applicable lenders which are payable upon maturity of the applicable loan payable. The reduction in AFFO from Q4 2025 to Q1 2026 was primarily as a result of the Ventura loan payable debt service having no amounts accrued and deferred with the lender after the maturity date and as a result, there were no amounts considered as deferred interest being added back to AFFO subsequent to February 9, 2026 for purposes of this calculation.

RESULTS OF OPERATIONS

The results for Q1-2026 reflected the operations for the remaining three Properties. In comparison, the results for Q1-2025 comparative periods reflected the operations for SURF LP's six Properties including Emerson, Eight at East and Lyric.

The variances reflected in the results of operations between Q1-2026 and Q1-2025 were primarily as a result of the Primary Variance Driver. Operating results have also been presented on a same property basis, which include three Properties (see "Results of Operations - Same Property").

The amounts presented throughout this section, including the applicable commentary, exclude any amounts attributable to the Ventura non-controlling interest.

	Q1-2026	Q1-2025	\$ Chg	% Chg
Revenue from property operations	\$ 4,896	\$ 9,798	\$ (4,902)	(50.0)%
Property operating	(1,299)	(2,561)	1,262	49.3%
Property taxes	(507)	(1,185)	678	57.2%
NOI	\$ 3,090	\$ 6,052	\$ (2,962)	(48.9)%
NOI Margin⁽¹⁾	63.1%	61.8%		

⁽¹⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures").

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations includes the monthly rent charges for the lease of suites or homes, other ancillary income and the reimbursement by the residents of the Properties for certain utility expenses incurred. Other ancillary income includes, but is not limited to, amounts from forfeited deposits, late fees, short notice fees, cleaning fees, lease termination fees,

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application fees and pet fees. Net rental income is the only material component of total revenue from property operations comprising approximately 90%, with other ancillary income and utility expense reimbursements comprising the remaining approximate 10%.

Revenue from property operations for Q1-2026 was \$4,896 (Q1-2025 - \$9,798), representing a decrease of \$4,902 or 50.0% relative to Q1-2025, primarily due to the impact of the Primary Variance Driver, as well as the reduction in same property revenue of 2.9% (see “Results of Operations - Same Property”).

PROPERTY OPERATING COSTS

The main components of the Properties’ operating costs are salaries and benefits (approximately 31%), administrative costs including property management fees (approximately 19%), insurance premiums (approximately 10%), repairs, maintenance and suite turnover expenses (approximately 5%) and all other operating costs (ranging from approximately 4% to 9%). The Properties typically only incur utility costs in respect of the common areas of each Property, resulting in utility cost representing approximately 5% of property operating costs. Given each component of property operating costs is not individually material, such amounts have not been separately disclosed.

Property operating costs for Q1-2026 were \$1,299 (Q1-2025 - \$2,561), representing a decrease of \$1,262 or 49.3% relative to Q1-2025, primarily due to the Primary Variance Driver, as well as a decrease in same property operating costs of 1.9% during Q1-2026 relative to Q1-2025 primarily attributable to decreases in utility costs and staffing costs due to vacant positions at the properties (see “Results of Operations - Same Property”).

PROPERTY TAXES

SURF LP actively manages the assessed values of the Properties to minimize property taxes by utilizing third party consultants in the respective markets which includes appealing against the assessed values where deemed appropriate by the Manager. Property taxes in the condensed consolidated interim financial statements for Q1-2026 have been presented under IFRS and IFRIC 21.

Property taxes for Q1-2026 were \$507 (Q1-2025 - \$1,185), representing a decrease of \$678 or 57.2% relative to Q1-2025, primarily due to the impact of Primary Variance Driver, as well as a decrease in same property taxes (see “Results of Operations - Same Property”).

NOI AND NOI MARGIN

NOI for Q1-2026 was \$3,090 (Q1-2025 - \$6,052), representing a decrease of \$2,962 or 48.9% relative to Q1-2025, primarily due to the Primary Variance Driver and reduction in same property NOI (see “Results of Operations - Same Property”).

During Q1-2026, the NOI Margin was 63.1% (Q1-2025 - 61.8%), representing an increase of 130 basis points relative to Q1-2025, primarily driven by the reasons described above.

AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as well as economic occupancy for the Properties:

Properties	Suites	AMR ⁽¹⁾			Economic occupancy ⁽¹⁾		
		Q1-2026	Q1-2025	% Chg	Q1-2026	Q1-2025	% Chg
Sunlake	268	\$ 1,883	\$ 1,869	0.7 %	95.8 %	96.5 %	(0.7)%
Indigo	489	1,311	1,313	(0.2)%	93.7 %	93.2 %	0.5 %
Ventura ⁽²⁾	272	1,653	1,730	(4.5)%	93.2 %	94.8 %	(1.6)%
Lyric ⁽³⁾	—	n/a	1,648	n/a	n/a	93.9 %	n/a
Emerson ⁽³⁾	—	n/a	1,348	n/a	n/a	91.3 %	n/a
Eight at East ⁽³⁾	—	n/a	1,794	n/a	n/a	96.6 %	n/a
Total MF Properties	1,029	\$ 1,550	\$ 1,584	(2.1)%	94.2 %	94.4 %	(0.2)%
Same property⁽³⁾	1,029	\$ 1,550	\$ 1,568	(1.1)%	94.2 %	94.5 %	(0.3)%

⁽¹⁾ Figures represent results as at the reporting period end for AMR and average during the reporting period for economic occupancy.

⁽²⁾ Figures for Ventura reflect 100% of the property’s AMR and economic occupancy.

⁽³⁾ On April 29, 2025, August 12, 2025 and October 21, 2025, SURF LP completed the disposition of Lyric, Eight at East and Emerson. Same property figures represent results for the three Properties, excluding Lyric, Eight at East and Emerson.

Total portfolio AMR for the Properties for Q1-2026 was \$1,550, or 2.1% below Q1-2025 primarily driven by the disposition of Lyric, Eight at East and Emerson and a reduction in same property AMR. Same property AMR for Q1-2026 was \$1,550, or 1.1% below Q1-2025, as a result of SURF LP focusing on maintaining high levels of occupancy as well as the impact of competition from new supply, particularly in Phoenix, which typically involve aggressive pricing to lease newer properties.

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SURF LP's economic occupancy for Q1-2026 was 94.2% (Q1-2025 - 94.4%), which decreased as compared to Q1-2025, primarily as a result of the Florida property being at a very high level in Q1-2025 but still remained very strong at 95.8% in Q1-2026. As at March 31, 2026, SURF LP continues to focus on maximizing revenue through maintaining targeted occupancy levels, ancillary income growth and continued focus on rental rates.

QUARTERLY AMR AND OCCUPANCY

The table below outlines SURF LP's quarterly AMR and economic occupancy results for Q1-2026 and the previous four quarters:

Properties	Suites	Q1-2026		Q4-2025		Q3-2025		Q2-2025		Q1-2025	
		AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾	AMR ⁽¹⁾	Econ. occ% ⁽¹⁾
Sunlake	268	\$ 1,883	95.8 %	\$ 1,873	93.4 %	\$ 1,880	92.7 %	\$ 1,876	94.1 %	\$ 1,869	96.5 %
Indigo	489	1,311	93.7 %	1,313	93.3 %	1,312	92.3 %	1,315	93.3 %	1,313	93.2 %
Ventura ⁽²⁾	272	1,653	93.2 %	1,665	93.3 %	1,689	92.2 %	1,749	91.6 %	1,730	94.8 %
Lyric ⁽³⁾	—	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,648	93.9 %
Emerson ⁽³⁾	—	n/a	n/a	n/a	n/a	1,316	94.0 %	1,330	93.2 %	1,348	91.3 %
Eight at East ⁽³⁾	—	n/a	n/a	n/a	n/a	n/a	n/a	1,803	96.9 %	1,794	96.6 %
Total portfolio	1,029	\$ 1,550	94.2 %	\$ 1,552	93.5 %	\$ 1,505	92.7 %	\$ 1,565	93.9 %	\$ 1,584	94.4 %
Same property⁽³⁾	1,029	\$ 1,550	94.2 %	\$ 1,552	93.3 %	\$ 1,560	92.4 %	\$ 1,576	93.1 %	\$ 1,568	94.5 %

⁽¹⁾ Figures represent results as at the reporting period end for AMR and average during the reporting period for economic occupancy.

⁽²⁾ Figures for Ventura reflect 100% of the property's AMR and economic occupancy.

⁽³⁾ On April 29, 2025, August 12, 2025 and October 21, 2025, SURF LP completed the dispositions of Lyric, Eight at East and Emerson. Same property figures represent results for the three Properties, excluding Lyric, Eight at East and Emerson.

SURF LP's AMR decreased to \$1,550 during Q1-2026 primarily as a result of SURF LP focusing on maintaining occupancy at the Properties as well as the impact of competition from new supply, particularly in Phoenix, which typically involves aggressive pricing to lease newer properties. SURF LP continues to focus on increasing occupancy to SURF LP's targeted range while also optimizing rent growth to maximize revenue.

Total portfolio AMR decreased during Q1-2026 from Q4-2025 due to decreases from competing with new supply in Phoenix, which typically involve aggressive pricing to lease properties. SURF LP continues to focus on maximizing revenue through maintaining targeted occupancy levels, ancillary income growth and continued focus on rental rates.

RESULTS OF OPERATIONS - SAME PROPERTY

The table below presents same property financial results for Q1-2026 and Q1-2025 and excludes any amounts attributable to the Venture non-controlling interest, as well as operating results of Lyric, Eight at East and Emerson.

	Q1-2026	Q1-2025	\$ Chg	% Chg
Revenue from property operations	\$ 4,896	\$ 5,040	\$ (144)	(2.9)%
Property operating	(1,299)	(1,324)	25	1.9 %
Property taxes	(507)	(582)	75	12.9 %
NOI	\$ 3,090	\$ 3,134	\$ (44)	(1.4)%
NOI Margin	63.1 %	62.2 %		

REVENUE FROM PROPERTY OPERATIONS – SAME PROPERTY

Same property revenue from property operations for Q1-2026 was \$4,896 (Q1-2025 - \$5,040), representing a decrease of \$144 or 2.9% relative to Q1-2025, primarily due to a reduction in same property AMR and economic occupancy (see "Average Monthly Rent and Occupancy"). The reduction in AMR and economic occupancy was primarily as a result of the impact of competition from new supply, particularly in Phoenix, which typically involve aggressive pricing to lease newer properties.

PROPERTY OPERATING COSTS – SAME PROPERTY

Same property operating costs for Q1-2026 were \$1,299 (Q1-2025 - \$1,324), representing a decrease of \$25 or 1.9% relative to Q1-2025, primarily attributable to decreases in utility costs and staffing costs due to vacant positions at the properties. Excluding these items, Q1-2026 same property operating costs would have been in line with Q1-2025.

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PROPERTY TAXES – SAME PROPERTY

Same property property taxes for Q1-2026 were \$507 (Q1-2025 - \$582), representing a decrease of \$75 or 12.9% relative to Q1-2025. Assuming Q1-2026 was adjusted to the pro-rated final property taxes for the year 2025, Q1-2026 would have decreased by 1.8% relative to the adjusted Q1-2025 same property taxes. Q1-2026 reflects management's expectation of a potential decrease in the 2025 assessed value and resulting taxes of SURF LP's Raleigh property, which remains subject to an ongoing appeal based on a four year reassessment cycle.

NOI – SAME PROPERTY

Same property NOI for Q1-2026 was \$3,090 (Q1-2025 - \$3,134), representing a decrease of \$44 or 1.4% relative to Q1-2025, primarily due to the decrease in revenues from property operations, partially offset by the decreases in operating costs and property taxes described above.

During Q1-2026, the same property NOI Margin was 63.1% (Q1-2025 - 62.2%), representing an increase of 90 basis points relative to Q1-2025, primarily driven by decreases in operating costs and property taxes as described above.

MULTI-FAMILY PROPERTIES: VALUE-ADD INITIATIVES Q1-2026
Common area and suite capital expenditures

SURF LP undertakes certain minor common area and in-suite capital projects at the Properties, which typically include preventative and deferred maintenance projects to maintain or enhance the productive capacity of the Properties as well as common area upgrades to enhance the resident experience and offered amenities at each Property. SURF LP's light value-add initiatives are expected to result in improvements to common areas, amenities and building exteriors. During Q1-2026, SURF LP completed essential updates, primarily HVAC replacements at the Properties.

SURF LP has capital expenditures required to be incurred in future periods in order to maintain the productive capacity of the Properties to sustain its rental income generating potential over its useful life with such amounts estimated to be \$300 per suite per annum. In accordance with IFRS, SURF LP capitalizes all capital improvement expenditures which enhance the service potential of the Properties and extend the useful life of the assets. These amounts may differ each period due to the seasonality and the cyclical nature of such costs and are estimated based on a combination of third party property condition assessment reports and management's expertise, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate. SURF LP continues to fund any required capital expenditures at the Properties through cash on hand and other financing sources (see "Liquidity and Capital Resources").

In-suite value-add upgrades

In-suite upgrades typically include quartz countertops, stainless steel appliances and tile backsplashes in the kitchens as well as upgraded cabinetry, kitchen sinks and faucets. The program also typically consists of the addition of framed mirrors to the bathrooms as well as plank flooring and lighting upgrades throughout the suites.

During Q1-2026, SURF LP upgraded and re-leased 10 suites, achieving average rent increases of \$194 per month per suite and an estimated average return on investment of 22.8%. Each property may have different scopes of in-suite upgrades completed and as a result, the average cost and rental premium for each property presented below will vary. The following table presents the results achieved on suite upgrades during Q1-2026:

Properties	Q1-2026		
	Number of suites upgraded and leased ⁽¹⁾	Rental premium (per suite, per month) in actual dollars	Return on investment
Sunlake	4	\$ 63	23.0 %
Indigo	6	281	20.7 %
Total portfolio	10	\$ 194	22.8 %

⁽¹⁾ Suite upgrades include installation of washers, dryers and other minor scope in-suite upgrades.

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SURF LP's finance costs for Q1-2026 compared to Q1-2025 are summarized below:

	Q1-2026	Q1-2025	\$ Chg	% Chg
Interest expense on loans payable	\$ 4,764	\$ 6,675	\$ (1,911)	(28.6)%
Amortization of financing costs	409	590	(181)	(30.7)%
Fair value change on derivative financial instruments	—	1,029	(1,029)	(100.0)%
Total finance costs	\$ 5,173	\$ 8,294	\$ (3,121)	(37.6)%
Weighted average interest rate - average during period	7.74%	6.04%	n/a	n/a
Indebtedness - average outstanding during period	\$ 257,467	\$ 459,058	\$ (201,591)	(43.9)%

Interest expense on loans payable

Interest expenses on loans payable for Q1-2026 were \$4,764 (Q1-2025 - \$6,675), representing a decrease of \$1,911 or 28.6% relative to Q1-2025, primarily due to a decrease in the weighted average outstanding debt resulting from the dispositions of Lyric, Eight at East and Emerson during 2025, partially offset by higher weighted average interest rate due to SURF LP discharging its obligation to purchase an interest rate cap for all of Properties and other amendments to SURF LP's loans payable throughout 2025.

SURF LP's weighted average interest rate during Q1-2026 was 7.74% (Q1-2025 - 6.04%), representing an increase of 170 basis points relative to Q1-2025, primarily due to SURF LP extending certain higher leverage loans with no required principal repayments at higher interest rates as well as SURF LP discharging its obligation to purchase an interest rate cap for all of SURF LP's properties. In addition, the weighted average interest rate included the impact of deferred interest costs or deferred debt service shortfall.

Amortization of financing costs

Amortization of financing costs for Q1-2026 were \$409 (Q1-2025 - \$590), representing a decrease of \$181 or 30.7% relative to Q1-2025, primarily due to the repayment of Lyric, Eight at East and Emerson loans payable as a result of disposition of these properties during 2025.

Fair value adjustment on derivative instruments

SURF LP utilizes 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. For a detailed summary of the interest rate caps in place including the strike rate, term and notional amount of each interest rate cap applicable to certain loans payable protecting SURF LP from increases in interest costs, please refer to SURF LP's condensed consolidated interim financial statements for the three months ended March 31, 2026 and December 31, 2025, which are available at www.sedarplus.ca. As at March 31, 2026, SURF LP discharged its obligation to purchase replacement interest rate caps for all of SURF LP's Properties.

For Q1-2026, SURF LP recorded a realized loss on derivative instruments of \$nil (Q1-2025 - \$1,029) (excluding the amounts attributable to the Ventura non-controlling Interest), related to the fair value loss on interest rate caps during Q1-2026 was primarily as a result of changes in market expectations for SOFR which directly impact the value of such interest rate cap instruments.

DISTRIBUTIONS TO UNITHOLDERS

SURF LP did not declare distributions during Q1-2026 (Q1-2025 - \$nil).

PARTNERSHIP EXPENSES

Partnership expenses include costs incurred by SURF LP that are not directly attributable to the Properties. These costs include items such as legal and audit fees, director fees, investor relations expenses, directors' and officers' insurance premiums, expenses relating to the administration of any distributions paid by SURF LP and other general and administrative expenses associated with the operation of SURF LP. Also included in partnership expenses are asset management fees payable to the Manager (see "Related Party Transactions and Arrangements – Arrangements with the Manager").

Partnership expenses for Q1-2026 were \$426 (Q1-2025 - \$601), representing a decrease of \$175 or 29.1% relative to Q1-2025, primarily due to decrease in asset management fees as a result of the Primary Variance Driver.

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SURF LP has selected the fair value method to account for real estate classified as investment properties. Fair values are supported by a combination of internal financial information and market data. The determination of fair value is based on, among other things, the amount of rental income from future leases reflecting current market conditions, adjusted for assumptions of future cash flows in respect of current and future leases, capitalization rates and expected occupancy rates.

Change in investment properties from January 1, 2025 to March 31, 2026:	
Balance, January 1, 2025	\$ 514,400
Additions	2,646
Dispositions	(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

Reconciliation of cost base of investment properties to their fair value:		March 31, 2026
Cost	\$	454,190
Cumulative fair value adjustments		(203,290)
Fair value	\$	250,900

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

	March 31, 2026	December 31, 2025
Capitalization rate - weighted average	5.18 %	5.10 %
Weighted average capitalization rate - 10 basis point increase ⁽¹⁾	\$ (4,752)	\$ (5,110)
Weighted average capitalization rate - 10 basis point decrease ⁽¹⁾	\$ 4,939	\$ 5,314

⁽¹⁾ The impact of change in weighted average capitalization rate to the fair value of SURF LP's investment properties.

During Q1-2026, SURF LP recorded a fair value loss on investment properties of \$15,109 (Q1-2025 - loss of \$21,466) primarily as a result of capitalization rate expansion. The capitalization rate expansion was primarily due to increases in the U.S. long-term treasury rates which typically correlate to cap rates (see "Future Outlook").

The impact of a 1% change in NOI used to value the investment properties as at March 31, 2026 would affect the fair value of Properties by approximately \$3,391 (December 31, 2025 - \$3,335).

PROVISION FOR CARRIED INTEREST

On completion of the Reorganization, the Fund and SURF LP signed an agreement with the partners of the Starlight Investment Residential Partnership ("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.

NON-CONTROLLING INTEREST

On May 25, 2022, SURF LP acquired a 90% indirect ownership interest in Ventura with the remaining Ventura non-controlling interest owned by an affiliate of the Manager. There are no ongoing contractual commitments with the affiliate of the Manager that owns the Ventura non-controlling interest. All decision making in respect of Ventura, including day-to-day and material decisions, will be proportionately made by SURF LP and owner of the Ventura non-controlling interest through established governance practices. For further information on the Ventura non-controlling interest, please refer to SURF LP's condensed consolidated interim financial statements for the three months ended March 31, 2026 and audited consolidated financial statements for the year ended December 31, 2025 available at www.sedarplus.ca.

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For Q1-2026, SURF LP recorded deferred income tax recovery of \$nil (Q1-2025 - \$nil). As at March 31, 2026, SURF LP has recorded no provision for deferred tax liabilities (December 31, 2025 - \$nil). The deferred income tax expense or recovery relates to differences between the fair value of the investment properties and their tax basis as of March 31, 2026 for both U.S. federal and state tax purposes and changes in such amounts since the beginning of each applicable reporting period. Certain subsidiaries of SURF LP have losses for U.S. tax purposes which may potentially be used to offset any income or gains generated by such subsidiaries of SURF LP, subject to certain U.S. tax rules. As at March 31, 2026, SURF LP estimated the accumulated losses for U.S. tax purposes for such applicable subsidiaries to be approximately \$59,382, whereby such amounts would be finalized at the time the final U.S. tax returns for the applicable entities are filed for the 2026 fiscal year. Deferred tax assets have not been booked for such amounts in the condensed consolidated interim financial statements of SURF LP for the three months ended March 31, 2026. See note 3 to the audited consolidated financial statements of SURF LP for the year ended December 31, 2025.

NON-IFRS FINANCIAL MEASURES - FFO AND AFFO

Non-IFRS financial measures have been presented below for Q1-2026 compared to Q1-2025.

FFO AND AFFO

A reconciliation of net loss and comprehensive loss, determined in accordance with IFRS, to FFO and AFFO is presented below for Q1-2026 compared to Q1-2025:

	Q1-2026	Q1-2025
Net loss and comprehensive loss - attributable to Partners	\$ (17,100)	\$ (24,020)
Add / (deduct):		
Dividends to preferred shareholders - U.S. REITs series A	4	4
Fair value adjustment of investment properties ⁽¹⁾	14,570	21,157
Fair value adjustment on derivative financial instruments ⁽¹⁾	—	1,029
FFO	\$ (2,526)	\$ (1,830)
Add / (deduct):		
Amortization of financing costs ⁽¹⁾	409	590
Vacancy costs associated with the suite upgrade program	8	50
Sustaining capital expenditures and suite renovation reserves	(76)	(146)
Accrued interest costs ⁽²⁾	1,703	743
AFFO	\$ (482)	\$ (593)

⁽¹⁾ SURF LP acquired a 90% interest in Ventura on May 25, 2022, with the remaining Ventura non-controlling Interest owned by an affiliate of the Manager. The figures above reflect FFO and AFFO attributable to Partners only, and excludes any amounts attributable to the Ventura non-controlling interest for each individual line item presented.

⁽²⁾ These amounts represent interest costs that are deferred and payable only at maturity of the applicable loan payable (see "Financing Activities").

FFO

Basic and diluted FFO for Q1-2026 were \$(2,526) (Q1-2025 - \$(1,830)), representing a decrease in FFO of \$696 or 38.0% relative to Q1-2025, primarily as a result of a decrease in NOI due to the Primary Variance Driver, partially offset by a decrease in financing costs due to the Primary Variance Driver as well. FFO presented herein also includes \$1,703 of accrued interest costs for Q1-2026 or debt service shortfall funding from applicable lenders which are payable upon maturity of the applicable loan payable, which amounts have been added back in AFFO presented.

AFFO

Basic and diluted AFFO for Q1-2026 were \$(482) (Q1-2025 - \$(593)), representing an increase in AFFO of \$111 or 18.7% relative to Q1-2025, primarily due to the impact of an increase in accrued interest costs added back to AFFO in Q1-2026, given SURF LP completed certain debt amendments to allow SURF LP to defer such costs in 2024 and 2025 (see "Financing Activities").

During Q1-2026, SURF LP covered any operating shortfall through cash on hand (see "Liquidity and Capital Resources") and other financing activities. SURF LP's stable operating results were offset by increases in SURF LP's interest costs as a result of SURF LP utilizing a variable rate debt strategy which allows SURF LP to maintain maximum flexibility for the potential sale of the Properties. SURF LP also continues to focus on liquidity management as it relates to the ongoing operations and any debt maturing (see "Future Outlook").

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For the purposes of calculating AFFO, SURF LP utilized a reserve for sustaining capital expenditures and suite or home renovations of \$76 for Q1-2026 (Q1-2025 - \$146). This reserve is used in the calculation of AFFO as it removes fluctuations in AFFO resulting from seasonality in actual sustaining capital expenditures and suite or home renovation costs. The use of the reserve also eliminates any potential fluctuations in AFFO due to non-recurring or less frequent sustaining capital expenditures. Sustaining capital expenditure reserves are based on third party property condition assessment reports, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate in the Primary Markets. Actual sustaining capital expenditures and suite or home renovation costs incurred during Q1-2026 were \$35 (Q1-2025 - \$94).

Cash provided by operating activities reconciliation to FFO and AFFO

Reconciliation of cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q1-2026 and Q1-2025 are provided below:

	Q1-2026	Q1-2025
Cash provided by operating activities	\$ 2,412	\$ 6,035
Less: interest costs	(4,945)	(6,863)
Cash used in operating activities - including interest costs⁽¹⁾	(2,533)	(828)
Add / (deduct):		
Change in non-cash operating working capital	1,121	569
Change in restricted cash	(785)	(1,059)
Amortization of financing costs	(329)	(512)
FFO	(2,526)	(1,830)
Add / (deduct):		
Amortization of financing costs	409	590
Vacancy costs associated with the suite upgrade program	8	50
Sustaining capital expenditures and suite renovation reserves	(76)	(146)
Accrued interest costs ⁽²⁾	1,703	743
AFFO	\$ (482)	\$ (593)

⁽¹⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "Non-IFRS Financial Measures").

⁽²⁾ These amounts represent interest costs that are deferred and payable only at maturity of the applicable loan payable.

LIQUIDITY AND CAPITAL RESOURCES**LIQUIDITY**

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, SURF LP had cash on hand of \$2,530.

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 "Future Outlook" 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

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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 June 1, 2026, fourth quarter of 2025, the Lender issued a Notice to exercise remedies available. SURF LP does not agree that an event of default has occurred and continues to dispute such Notice. 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 (see "Future Outlook"). SURF LP does not expect a material impact on its net asset value as a result of any remedies the lender may exercise. (see "Financing Activities").

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 (see "Capital Structure and Debt Profile").

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 (see "Future Outlook").

CASH FLOW

Cash provided by operating activities represents the primary source of liquidity to fund any distributions, debt service and capital improvements. SURF LP's cash flow from operating activities is dependent upon the occupancy level of its investment properties, the rental rates on its leases, the collectability of rent from its residents, ancillary revenue, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect SURF LP's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section. The following table details the changes in cash for Q1-2026 and Q1-2025:

	Q1-2026	Q1-2025
Cash provided by operating activities	\$ 2,412	\$ 6,035
Cash used in investing activity	(309)	(766)
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

Cash provided by operating activities during Q1-2026 was \$2,412 (Q1-2025 - \$6,035), which primarily consisted of the operating income generated by the Properties and changes in restricted cash which is held in escrow to fund property taxes and insurance costs and in certain instances, allow SURF LP to draw such amounts to fund eligible capital expenditures at certain properties, partially offset by changes in non-cash operating working capital.

Cash used in investing activities for Q1-2026 was \$309 (Q1-2025 - \$766), which consisted of capital additions to the Properties.

Cash used in financing activities for Q1-2026 was \$2,640, which primarily consisted of finance costs paid of \$4,340, partially offset by proceeds from draw downs on existing loans of \$1,703.

Cash used in financing activities for Q1-2025 was \$4,869, which primarily consisted of finance costs paid and repayment of existing loans payable of \$9,653, partially offset by proceeds from draw downs on existing loans of \$743 and transfers from former owner of SURF LP of \$4,125.

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CAPITAL STRUCTURE AND DEBT PROFILE
CAPITAL STRUCTURE

SURF LP's capital is the aggregate of Indebtedness and net liabilities attributable to Partners. SURF LP's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions as well as existing debt covenants (see "Liquidity and Capital Resources"). The total capital of SURF LP as at March 31, 2026 is summarized below:

	March 31, 2026	December 31, 2025
Loans payable ⁽¹⁾	\$ 258,103	\$ 256,400
Equity attributable to Partners and non-controlling interests	(9,408)	8,312
Less: non-controlling interests	2,240	1,620
Total capital attributable to Partners	\$ 250,935	\$ 266,332

⁽¹⁾ Loans payable include 100% of the loan payable for Ventura. The non-controlling interest reflects the minority ownership of 10% in Ventura owned by the holder of the non-controlling interest.

	March 31, 2026	December 31, 2025
Indebtedness to Gross Book Value	102.9%	96.5%
Weighted average interest rate - as at period end ⁽¹⁾	7.76%	7.81%
Weighted average loan term to maturity	0.93 years	1.13 years
	Q1-2026	Q1-2025
Weighted average interest rate - average during period ⁽¹⁾	7.74%	6.04%
Interest and Indebtedness Coverage Ratio ⁽²⁾	0.86x	0.92x
Indebtedness Coverage Ratio	0.86x	0.92x

⁽¹⁾ The weighted average interest rate on loans payable was presented as at March 31, 2026 reflecting the prevailing index rate, as applicable to each loan, as at that date (see "Loans Payable") and included the maximum interest rate on the Unsecured Financing of 12.0% (see "Financing Activities"). As at May 24, 2026, SURF LP had fixed rate debt in place on certain of its loans payable which protect SURF LP from increases in SOFR (see "Fair value adjustment on derivative instruments").

⁽²⁾ These calculations exclude \$1,703 of interest costs or debt service shortfall funding for Q1-2026 as these amounts are accrued and payable only at maturity of the applicable loan payable.

As at March 31, 2026, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value, was 102.9% (December 31, 2025 - 96.5%) and the weighted average term to maturity was 0.93 years (December 31, 2025 - 1.13 years).

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 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

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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.

The maximum allowable ratio under the LPA restricts SURF LP from entering into any additional indebtedness whereby at the time of entering into such indebtedness, the leverage ratio would exceed 75% (as defined in the LPA). As of the date of issuance of this MD&A, SURF LP did not exceed the maximum leverage condition and continues to focus on managing SURF LP's capital structure, including the overall leverage (see "Liquidity and Capital Resources" and "Future Outlook").

For Q1-2026, the Interest Coverage Ratio and the Indebtedness Coverage Ratio were both 0.86x (Q1-2025 - 0.92x) respectively, as there were no principal payments paid or required to be paid during the period. The decrease in both ratios during Q1-2026 relative to Q1-2025 is due to Primary Variance Driver as well as decrease in same property NOI, partially offset by an increase in deferred interest costs which are payable at maturity of the loan.

SURF LP also continues to actively monitor the interest rate environment and any associated impact this may have on SURF LP's financial performance. Any shortfall of operating income relative to interest costs is funded from cash on hand. SURF LP may also enter into additional financing, evaluate potential asset sales of remaining properties or other alternatives in the best economic interests of the Partners in the event liquidity is required to fund the ongoing operations of SURF LP (see "Future Outlook").

LOANS PAYABLE

The following table sets out scheduled principal and interest payments and amounts maturing on the loans over each of the next three fiscal years and the weighted average interest rate of maturing loans based on SURF LP's condensed consolidated interim financial statements as at March 31, 2026:

	Scheduled principal payments	Debt maturing during the year ⁽¹⁾	Total loans payable	Percentage of total loans payable	Weighted average interest rate of maturing loans ⁽²⁾	Scheduled interest payments ⁽²⁾
2026 - remainder of year	\$ —	\$ 175,136	\$ 175,136	67.9 %	7.93 %	\$ 5,698
2027	—	20,744	20,744	8.0 %	12.00 %	4,885
Thereafter	—	62,223	62,223	24.1 %	5.85 %	5,460
	\$ —	\$ 258,103	\$ 258,103	100.0 %	7.76 %	\$ 16,043
Unamortized financing costs			(776)			
Carrying value			\$ 257,327			

⁽¹⁾ Debt maturing during the year is based on initial maturity of the existing loan agreements and excludes any extension options.

⁽²⁾ Scheduled interest payments and interest rates are based on the applicable Term SOFR or NY SOFR rate as at March 31, 2026, including any interest rate caps in place and required based on the terms of existing loan agreements.

FINANCING ACTIVITIES

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 SURF LP's condensed consolidated interim statement of loss and comprehensive loss for the three months ended March 31, 2026 with an offsetting amount added to the loans payable principal outstanding which during Q1-2026 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 (see "Future Outlook"). SURF LP does not expect a material impact on its net asset value as a result of any remedies the lender may exercise.

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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. 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 for the three months ended March 31, 2026 with an offsetting amount added to the loans payable principal outstanding which during Q1-2026 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).

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 in the condensed consolidated interim statement of loss and comprehensive loss for the three months ended March 31, 2026 with an offsetting amount added to the loans payable principal outstanding which during Q1-2026 and YTD-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 Q1-2026, 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 this MD&A, the Lender has not exercised any such remedies available and SURF LP continues to enter into good faith negotiations with such Lender.

SURF LP continues to actively monitor the interest rate environment and any associated impact elevated interest rates may have on SURF LP's financial performance.

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, SURF LP may be involved in litigation and claims in relation to its investment properties. As at the date hereof, in the opinion of management, none of the litigation or claims, individually or in aggregate, would result in 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.

PARTNERS' EQUITY

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 SIRP to extinguish any further carried interest liability, SURF LP and its subsidiaries would have for any such amounts (see "Related Party Transactions and Arrangements").

For Q1-2026, SURF LP did not declare distributions to the Partners (Q1-2025 - \$nil).

STARLIGHT U.S. RESIDENTIAL (MULTI-FAMILY) INVESTMENT LP - Q1 2026 MD&ANotes to readers | Future outlook | Our business | Highlights | Financial performance | **Other disclosures****RELATED PARTY TRANSACTIONS AND ARRANGEMENTS****ARRANGEMENTS WITH THE MANAGER**

SURF LP engaged the Manager to perform certain management services, as outlined below. 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 Chief Executive Officer and a director of SURF LP. The management agreement dated November 15, 2021, as amended and restated on the Reorganization Date (the "Management Agreement") expires on the winding-up or dissolution of SURF LP, unless and until the Management Agreement is terminated in accordance with the termination provisions.

(a) **Asset management fees:** Pursuant to the Management Agreement, the Manager is to perform asset management services for fees equal to 0.35% of the sum of: (i) the historical purchase price of the Properties acquired; and (ii) the cost of any capital expenditures in respect of the Properties since the date of acquisition by SURF LP. In addition, SURF LP reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement or such other services which SURF LP and the Manager agree in writing are to be provided from time to time by the Manager.

For Q1-2026, SURF LP incurred asset management fees of \$290 (Q1-2025 - \$553), which were charged to fund and trust expenses. On January 1, 2024, the Manager agreed to defer SURF LP's obligation to pay all asset management fees until further notice. Asset management fees payable to the Manager as at March 31, 2026 was \$4,217 (December 31, 2025 - \$3,927).

(b) **Acquisition fees:** Pursuant to the Management Agreement, the Manager is entitled to receive an acquisition fee equal to 1% of the purchase price of a multi-family property acquired, directly or indirectly, by SURF LP as a result of such properties having been presented to SURF LP by the Manager.

For Q1-2026, SURF LP did not incur any acquisition fees (Q1-2025 - \$nil). Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition.

(c) **Guarantee fees:** Pursuant to the Management Agreement as assigned, 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 Properties, SURF LP and Starlight U.S. Residential (Multi-Family) REIT Inc. 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 Q1-2026, SURF LP incurred guarantee fees of \$nil (Q1-2025 - \$2). The amount payable to the Manager as at March 31, 2026 was \$nil (December 31, 2025 - \$nil).

Other related party transactions

Aggregate compensation to key management personnel was \$nil for Q1-2026, as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (Q1-2025 - \$nil).

SURF LP owns a 90% interest in Ventura Mezz LLC, an entity indirectly owning Ventura, with the remaining 10% ownership of Ventura Mezz LLC acquired by an entity 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 ("Ventura Minority Owner"). There are no ongoing contractual commitments with the Ventura Minority Owner other than typical governing legal documents for Ventura Mezz LLC which outlines that all decision making in respect of such entity, including day-to-day and material decisions, will be proportionately made by SURF LP, including its subsidiaries, and the Ventura Minority Owner through established governance practices. The purchase price of Ventura, including the 10% acquired by the Ventura Minority Owner, was determined based on the agreed upon purchase price with the third party seller and represents the fair value of the property acquired at that time.

CARRIED INTEREST

On completion of the Reorganization, the Fund and SURF LP signed an agreement with the partners of 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.

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MATERIAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the material accounting policies is provided in note 3 to the audited consolidated financial statements of SURF LP for the year ended December 31, 2025. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that it believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these condensed consolidated interim financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the condensed consolidated interim financial statements include the following:

- (a) **Accounting for acquisitions:** Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. SURF LP's acquisitions are generally determined to be asset purchases as SURF LP does not acquire an integrated set of activities that together significantly contribute to the ability to create outputs as part of the acquisition transaction. For asset acquisitions, the total cost is allocated to the identifiable assets and liabilities on the basis of their relative fair values on the acquisition date.
- (b) **Financial instruments:** Critical judgments and estimates are also made in the determination of fair value of financial instruments and include assumptions and estimates regarding future interest rates, the relative creditworthiness of SURF LP to its counterparties, the credit risk of SURF LP's counterparties relative to SURF LP, the estimated future cash flows and discount rates.
- (c) **Investment properties:** The estimates used when determining the fair value of investment properties are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property. The stabilized future cash flows of each investment property are based upon rental income from current leases and assumptions about occupancy rates and market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. SURF LP typically determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts through third-party appraisals. In addition, SURF LP obtains valuations from third-party appraisers at least once annually for each Property.
- (d) **Income taxes:** SURF LP applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each such legal subsidiary in respect of which deferred income taxes are recognized. Deferred taxes relate to temporary differences arising from its subsidiaries and are measured based on tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values. SURF LP's estimate of deferred taxes is based on the assumption that SURF LP's liquidating event occurs either through a direct sale of the investment properties or through a disposition of its ownership interests in its U.S. subsidiaries. Should SURF LP's liquidating event occur through a sale of the Partners' capital, the estimated deferred taxes would not be incurred by SURF LP.
- (e) **Carried interest:** The determination by SURF LP as at the statement of financial position date as to whether a provision for carried interest should be recognized to the partners of the SIRP is based, among other criteria, on SURF LP's analysis of the equity attributable to the Partners, distributions paid to the Partners, since the formation of the Fund and SURF LP's ability to meet the requirement to return the initial investment amount contributed from the Partners. Pursuant to the terms of the Reorganization, the Fund and SURF LP signed an agreement with the

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partners of the SIRP to extinguish any entitlements to these carried interest provisions which could have been payable by the Fund in future periods.

(f) **Leases:** SURF LP makes judgments in determining whether certain leases, in particular resident leases are accounted for under IFRS as either operating or finance leases. SURF LP has determined that all of its leases are operating leases.

(g) **Consolidation:** SURF LP has determined that it controls all of its subsidiaries, including the significant subsidiaries (as defined in the consolidated financial statements for the year ended December 31, 2025). In making this determination, it considered the relationships between SURF LP, the Manager, and the significant subsidiaries including ownership interests, voting rights and management agreements. Through this analysis, it was determined that the Manager is an agent of SURF LP.

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in SURF LP's condensed consolidated interim financial statements for the three months ended March 31, 2026 and the notes contained therein.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units of SURF LP and activities of SURF LP. Risks and uncertainties are disclosed in SURF LP's MD&A for the year ended December 31, 2025 and is available at www.sedarplus.ca. Current and prospective investors of SURF LP should carefully consider such risk factors. Other than set out or contemplated herein, management is not aware of any significant changes in the risk and uncertainties since March 24, 2026, the date of SURF LP's MD&A for the year ended December 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

SURF LP maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates that SURF LP will be continually evolving and enhancing its systems of controls and procedures.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.



*Bainbridge Sunlake –
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