



*Indigo Apartments –
Raleigh, North Carolina*

STARLIGHT U.S. RESIDENTIAL FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

August 28, 2025

STARLIGHT U.S. RESIDENTIAL FUND - Q2 2025 MD&A

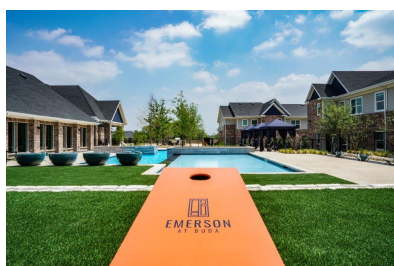
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FUND TARGETS

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

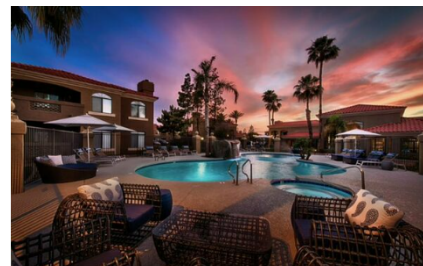
Emerson at Buda
304 suites
Austin, Texas



Eight at East
264 suites
Orlando, 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 Fund (the "Fund") dated August 28, 2025 for the three months ended June 30, 2025 ("Q2-2025") and for the six months ended June 30, 2025 ("YTD-2025") should be read in conjunction with the Fund's unaudited condensed consolidated interim financial statements for the three months ended June 30, 2024 ("Q2-2024") and the six months ended June 30, 2024 ("YTD-2024") and the Fund's audited consolidated financial statements for the year ended December 31, 2024, both of which have been prepared in accordance with IFRS Accounting Standards ("IFRS"). These documents are available on SEDAR+ at www.sedarplus.ca.

The Fund'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 trust unit of the Fund ("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 the Fund's current expectations regarding future events, including the overall financial performance of the Fund and its properties (the "Properties"), the impact of elevated levels of inflation and interest rates, uncertainty surrounding U.S. tariffs, the ability of the Fund to repay indebtedness when due, the Fund'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 the Fund and the Fund's capital management and liquidity measures. Forward-looking information is provided for the purposes of assisting the reader in understanding the Fund'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 the Fund to make and the resumption of future distributions, the trading price of the Fund's TSX Venture Exchange listed units being class A units and class U units of the Fund ("Listed Units") and the value of the Fund's unlisted units, which include all units other than the Listed Units (together with Listed Units, "Units"), acquisitions, financing, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes, and plans and objectives of or involving the Fund. Particularly, matters described in "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the extent and sustainability of potential higher levels of inflation and the potential impact on the Fund's operating costs; the impact of any tariffs and retaliatory tariffs on the economy; the pace at which and degree of any changes in interest rates that impact the Fund's weighted average interest rate may occur; the ability of the Fund to make and the resumption of future distributions; the trading price of the Listed 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 the Fund'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 the Fund's residents or rents; the Fund'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 the Fund; and the availability of debt financing or ability of the Fund to extend loans as loans payable become due during the Fund's term including any impact such extensions may have on the Fund'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 the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

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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There are numerous risks and uncertainties which include, but are not limited to, risks related to the Units and risks related to the Fund and its business. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements. Although the Fund believes the expectations reflected in such forward-looking information are reasonable and represent the Fund's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing including the ability of the Fund to refinance or extend existing loans payable on favourable terms including any impact such extensions may have on the Fund'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 the Fund 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: the impact of elevated levels of inflation on the Fund's operating costs; the impact of future interest rates on the Fund's financial performance; the availability of debt financing as loans payable become due during the Fund's term and any resulting impact on the Fund's liquidity; the trading price of the Listed Units, the applicability of any government regulation concerning the Fund's residents or rents; the realization of property value appreciation and the timing thereof; the inventory of residential real estate properties; the availability of residential properties for potential future acquisition, if any, and the price at which such properties may be acquired; the ability of the Fund to benefit from any value add program the Fund 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 the Fund 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 the Fund to realize the estimated gap in market versus in-place rents ("Estimated Gap to Market Versus In-Place Rents")¹ through future rental rate increases; the impact of any remedies exercised as a result of any default of a loan incurred by the Fund; 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) the Fund'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 the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

The forward-looking 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, the Fund 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.

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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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 the Fund, may not be comparable to similar measures as reported by other issuers or companies in similar or different industries. The Fund uses these measures to better assess the Fund'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 unitholders of the Fund ("Unitholders"), 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 Unitholders 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 the Fund 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.

AFFO payout ratio is calculated by taking distributions declared and dividing by AFFO in a given reporting period. The Fund considers this non-IFRS measure to be an important performance measure to determine the possibility and sustainability of future distributions paid to Unitholders.

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 Unitholders.

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. The Fund considers this an important operating metric to evaluate the extent to which revenue potential is being realized. The Fund 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 the Fund 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 Unitholders of Units classified as financial liabilities, 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

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accordance with RPAC. The most comparable IFRS measures to FFO are cash flow from operating activities and net loss and comprehensive loss.

FFO payout ratio is calculated by taking distributions declared and dividing by FFO in a given reporting period. The Fund considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders.

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 the Fund considers this non-IFRS measure to be an important measure of the Fund's financial condition. The most comparable IFRS measure for Gross Book Value is investment properties.

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 the Fund's financial condition. The most comparable IFRS 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 the Fund's loans payable for a specific reporting period. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy the Fund'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 the Fund to make cash distributions to Unitholders.

Indebtedness to Gross Book Value is defined as the Fund'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 the Fund'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 the Fund to make cash distributions to Unitholders.

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 the Fund's operating performance and uses these measures to assess the Fund'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 the Fund's operating performance.

Weighted Average Units Outstanding represent the class A equivalent Units outstanding, adjusted for conversion ratios applicable for each Unit class, as well as for the exchange rate achieved on the Fund's initial public offering on November 15, 2021 (the "Offering").

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".

STARLIGHT U.S. RESIDENTIAL FUND - Q2 2025 MD&ANotes to readers | **Future outlook** | Our business | Highlights | Financial performance | Other disclosures**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 the third quarter of 2024, the U.S. Federal Reserve reduced the Federal Funds Rate by 50 basis points and in November and December 2024, respectively, reduced the rate by a further 25 basis points during each such period, leading to a rate of approximately 425 basis points as at the date of this MD&A. Short-term interest rate increases typically lead to increases in borrowing costs for the Fund, reducing cash flow, given that the Fund primarily employs a variable rate debt strategy due to the Fund's initial three-year term in order to provide maximum flexibility upon the eventual sale of the Properties during or at the end of the Fund's term. Similarly, as interest rates decrease, the Fund'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 reduced 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. Although operating fundamentals have been favourable as evidenced by the operating results achieved by the Fund since 2023 and although short-term rates began declining in 2024 providing some benefit to the short-term cash flow of the Fund, 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 4.23% as at June 30, 2025. 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 Q2-2025 which negatively impacted the Fund's Q4-2024 appraised values for the investment properties and also resulted in a reduction in the reported values for the Fund's investment properties for YTD-2025 due to an expansion in capitalization rates.

The Fund strives to maintain strong and collaborative relationships with its lenders but the elevated level of interest rates and associated impact on capitalization rates mentioned above had a negative impact on the Fund's overall leverage position and debt service coverage ratios, both of which are typical financial benchmarks required to extend certain loans and as a result, these changes have impacted the Fund's ability to exercise certain extension options available under existing loans payable.

Under the terms of each applicable loan agreement, the Fund has the right to make a principal repayment towards such loan in order to achieve the extension tests that otherwise may not be achieved. Given the Fund was formed as a "closed-end" investment vehicle, the Fund is restricted from raising any additional equity, which may have otherwise assisted in making any principal repayments of the loans payable in order to meet certain extension conditions. In the event the Fund is not able to refinance the loan or if the Fund does not have sufficient liquidity or other sources of capital sufficient to make any such principal repayments required to achieve the applicable loan extension tests and the Fund is not able to otherwise negotiate an extension of such loan, the applicable lender may provide formal notice of an event of default expressing its right to demand repayment of the borrowings relating to such property. Under this scenario, the Fund may be obligated to sell such properties which may not be able to be completed on terms that are acceptable to the Fund or may be required to explore other options in the best economic interests of the Fund in order to discharge its obligations under any of the applicable loan agreements. The Fund's loans payable also do not carry cross-default provisions other than the Fund's credit facility whereby if one of the Fund's lenders associated with its loans payable declared an event of default that is not remedied by the Fund, the credit facility lender may provide formal notice of an event of default expressing its right to demand repayment of the outstanding borrowings on the credit facility.

On April 29, 2025, the Fund completed the disposition of Lyric and repaid credit facility outstanding balance amounting to \$13,605. The credit facility was fully repaid and its availability was reduced to \$2,395 as a result of the repayment.

As at June 30, 2025, \$291,856 of the Fund's loans payable (relating to four of its five properties owned) had contractual maturity dates within twelve months of June 30, 2025.

Subsequent to June 30, 2025, the Fund extended the Sunlake loan payable by one-year to June 1, 2026 and for the Eight at East loan payable, the Fund amended the loan agreement to obtain a short-term extension to September 7, 2025 and completed the disposition of the property repaying such loan in full at that time (see "Subsequent Events"). For the Emerson loan payable, the Fund was pursuing good faith negotiations with the lenders to obtain a modification and extension of the loans secured respectively by the Property and by a pledge of the ownership interests (the "Pledged Interests"), in the entity that owns the Property. However, subsequent to June 30, 2025, the Fund has received a formal notice of an event of default (the "Notice") from one of the lenders (the "Lender") of the loans payable secured by the Pledged Interests, demanding the repayment of the loan (as discussed above). The Fund does not expect a material impact on its net asset value as a result of

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any remedies the lender may exercise. The lender has indicated to the Fund that it intends to pursue a public sale of the Emerson property.

The loans secured by Ventura and Indigo mature in 2026 and beyond.

For three of the Fund's five properties, the fair value reported for such properties as at June 30, 2025 was lower than the principal outstanding for the loans payable secured by such properties and as a result, the sale of those properties may not be sufficient to repay those loans in full if such sale was required. In certain instances, the lenders also hold restricted cash as part of the security for such loans which in a liquidation event may be used to repay any indebtedness required to be repaid by the Fund. The Fund's secured loans are non-recourse subject to standard limited recourse provisions and are entered into by the subsidiaries of the Fund that own only the associated secured property. As a result, the liability for any such loan would typically be limited to the value of the associated secured property, including any restricted cash reserves or other amounts held by the applicable lenders, other than in certain instances which may obligate the Fund to incur certain costs or other amounts subject to certain performance conditions. Under the terms of the Fund's credit facility, the net proceeds from the sale of any of the Properties are required to be used towards the repayment of the credit facility, after the repayment of the associated secured loans for such property. On April 29, 2025, the credit facility was fully repaid.

The primary markets of the Fund, 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.

The Fund continues to focus on managing its liquidity position, including having extended the Fund's term to November 2026, in order to provide the Fund the opportunity to capitalize on potential improvements in the investment market that are anticipated in future periods, but may not materialize. Furthermore, the Fund continues to focus on liquidity management as the Fund previously amended several of its loan agreements, deferred the payment of asset management fees and has continued to focus on maximizing NOI at the Properties to preserve as much liquidity as possible. 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 the Fund's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2025 do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that may be necessary if the Fund were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments, if required, may be material.

During this period of capital markets uncertainty, the Fund may also enter into additional financing, evaluate potential asset sales to allow the Fund to maintain sufficient liquidity or evaluate other alternatives in the best economic interests of the Unitholders.

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INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a “closed-end” trust formed under and governed by the laws of the Province of Ontario, pursuant to an amended and restated declaration of trust dated as of October 28, 2021 (“Declaration of Trust”). The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3.

The term of the Fund is three years (the “Term”), with two one-year extensions subject to approval by the board of trustees of the Fund (the “Board”). The Fund may be extended beyond five years by special resolution of the Unitholders. On May 30, 2024, the Board approved the first one-year extension of the Term to November 15, 2025 and on February 14, 2025, approved the second one-year extension of the Term to November 15, 2026 to provide the Fund with additional flexibility to capitalize on anticipated improvements in the real estate investment market, which may not materialize.

On November 15, 2021, the Fund completed the Offering, together with a concurrent private placement of class I Units, for aggregate gross proceeds of \$249,568 by issuing Units comprised of: 3,422,689 class A Units, 3,430,000 class C Units (including 750,000 Class B Units of Starlight U.S. Residential (Multi-Family) Investment L.P. and Starlight U.S. Residential (Single-Family) Investment L.P. (together, the “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. Class A, C, D, F, I and Class B LP Units are Canadian dollar denominated Units and class E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on conversion ratios calculated consistent with the Declaration of Trust (the “Conversion Ratios”). The weighted average class A equivalent Units outstanding as at June 30, 2025 was 31,818,386 (assumes all outstanding Units are converted to class A equivalent Units based on the Conversion Ratios).

After the closing of the Offering on November 15, 2021, the Fund acquired Bainbridge Sunlake (“Sunlake”) and Indigo Apartments (“Indigo”) consisting of a combined 757 multi-family suites in Tampa, Florida and Raleigh, North Carolina, respectively, as well as 28 single-family rental homes in Atlanta, Georgia (“Initial SF Properties”; together with Indigo and Sunlake, the “Initial Properties”). The Fund subsequently acquired Lyric Apartments (“Lyric”) and Emerson at Buda (“Emerson”), consisting of 376 and 304 suites in Las Vegas, Nevada and Austin, Texas on November 16, 2021 and December 21, 2021, respectively as well as an additional 21 single-family rental homes in Atlanta, Georgia in 2021. During 2022, the Fund acquired Eight at East, comprising 264 suites in Orlando, Florida and acquired a 90% interest in Ventura Mezz LLC (the remaining 10% interest in Ventura Mezz LLC is owned by an affiliate of the Manager), which indirectly owns The Ventura (“Ventura”), comprising 272 suites in Phoenix, Arizona, as well as an additional 49 single-family rental homes in Atlanta, Georgia. During 2024, the Fund completed the disposition program of the Fund’s remaining single-family rental homes owned as at December 31, 2023. On April 29, 2025, the Fund completed the disposition of Lyric. Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (see “Subsequent Events”).

The Listed Units of the Fund are listed on the TSX Venture Exchange under the symbols SURF.A and SURF.U, respectively.

The Fund’s Investment Strategy:

The Fund 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 the Fund’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.

The Fund’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 the Fund’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

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economies of scale, with the goal of ultimately directly or indirectly disposing of its interests in the assets by the end of the Term.

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 addition to the Initial Properties 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 the Fund's target markets and by its ability to source "off market" opportunities.
2. Target residential assets that are either:

Multi-Family

- (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 the Fund'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.

Single-Family

- (a) single-family properties that demonstrate value based on pricing and local supply and demand trends to achieve the Fund's target metrics or that can achieve higher rental rates as a result of undertaking high return, value-add capital expenditures and active asset management;
 - (b) suburban and have a vintage of 1970 or later;
 - (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; and
 - (d) strategically located properties within their respective suburban submarkets.
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 the Fund 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:

Multi-Family

- (a) targeted value-add capital expenditures of \$2,500 to \$15,000 per rental suite (e.g. kitchens, bathrooms,

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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.

Single-Family

(a) targeted value-add and deferred maintenance capital expenditures of \$5,000 to \$50,000 per home (e.g. kitchens, bathrooms, flooring, etc.).

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 the Fund, may execute dispositions, directly or indirectly, throughout the Term 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 Property Holdings Inc. and the Manager, collectively referred to as “Starlight”, are committed to adopting a comprehensive approach to environmental, social and governance (“ESG”) practices for all entities within the Starlight group, embedding these principles into every aspect of Starlight’s business, with the intention of driving long-term value. Starlight’s ESG strategy and commitments are supported by its Sustainability Action Plan which outlines short-targets, programs, and performance indicators. Since its first submission in 2021, Starlight has received top ranking from the Global Real Estate Sustainability Benchmark (“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 the Fund’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 the Fund to develop a strategy that embeds ESG in every aspect of its business, including operations, investment activities and corporate functions, which:

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- (a) promote resource efficiency, reducing costs and minimize environmental degradation;
- (b) increase property values, contributing to stakeholder satisfaction, and drive long-term net asset value ("NAV") growth for Unitholders;
- (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 THE FUND

Pursuant to the Board's mandate, in addition to specific governance matters, the Board oversees and monitors the Fund's general strategy, policies and initiatives related to the environmental and social matters and the alignment of the strategy with the Fund's overall business objectives and at least annually reviews the same. As the Fund is a "closed-end" trust with the Term expiring on November 15, 2026 (unless further extended in accordance with Declaration of Trust), the 2050 net carbon emissions target is not applicable and as a result the Fund has not disclosed long-term initiatives and targets surrounding ESG.

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

The Fund is committed to strong governance practices. It continues to review and enhance its governance policies to align with the Fund'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 trustees, officers and employees of the Fund's asset manager
- Independent trustees are not overboarded
- Board mandate and committee charters are regularly reviewed to ensure they remain current

The Fund strives to understand and address the social impact of its business. The Fund's initiatives extend beyond financial success to encompass the well-being of its employees, residents' communities and the environment. The Fund has introduced many social initiatives through Starlight including summer internship programs, ESG workshops, resident relief programs, partnerships with humanitarian aid agencies and IDEA. During 2024 and into Q2-2025, the Fund 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 Fund's MD&A for the year ended December 31, 2024.

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PORTFOLIO SUMMARY



The Fund's multi-family Properties ("MF Properties") and single-family Properties ("SF 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 MF Property has a mix of studio, one-bedroom, two-bedroom and three-bedroom suites as well as townhomes at certain MF Properties with the mix of suite types typically varying to align with the local resident demographics at each MF Property. Further details on the MF Properties can be found on the website at www.starlightinvest.com under the Fund's profile.

An overview of the MF Properties owned as at June 30, 2025 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
Emerson	950 FM 2001, Buda	27	Austin, Texas	304	2021	259,609	854	16.10	12/21/2021
Eight at East ⁽³⁾	3200 Innovation Walk Loop, Orlando	26	Orlando, Florida	264	2017	275,088	1,042	32.00	4/27/2022
Ventura	3600 W Ray Rd, Chandler	19	Phoenix, Arizona	272	1996	262,920	967	14.70	5/25/2022
Total ownership as at June 30, 2025				1,597	2019	1,469,603	920	124.10	

⁽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.

⁽³⁾ Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (see "Subsequent Events")

On April 29, 2025, the Fund completed the disposition of Lyric and during 2024, the Fund completed the disposition of its SF Properties. Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (see "Subsequent Events").

STARLIGHT U.S. RESIDENTIAL FUND - Q2 2025 MD&ANotes to readers | Future outlook | Our business | **Highlights** | Financial performance | Other disclosures | Schedule A**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

This section includes highlights of the financial and operating performance of the Fund as at June 30, 2025 and for the periods ended Q2-2025 and YTD-2025 including a comparison to the Fund's financial and operational performance as at December 31, 2024 and for the period ended Q2-2024 and YTD-2024. Certain figures discussed below exclude the amounts attributable to the non-controlling interest in Ventura.

The Fund financial results for Q2-2025 and YTD-2025 include the five MF Properties (Q2-2024 and YTD-2024 - six MF Properties owned during each reporting period as well as the SF Properties owned during 2024, which were reduced through dispositions during 2023 and 2024 (see "Single-Family Properties: Overview")). As such, the variances reflected in the results of operations of the Fund between Q2-2025 and Q2-2024 are impacted by the disposition of certain MF Properties and SF Properties. The SF Properties are immaterial to the Fund's overall financial performance and same property results have been presented which exclude the SF Properties financial results during each applicable period. MF Properties disposed during Q2-2025 have also been excluded from the same property results (see "Results of Operations - Same Property").

HIGHLIGHTS FOR Q2-2025

- Revenue from property operations for Q2-2025 was \$8,311 (Q2-2024 - \$10,097) representing a decrease of 17.7% in revenue due to the Fund completing the disposition of Lyric in Q2-2025 and the remaining SF Properties during 2024 ("Primary Variance Driver") as well as a decrease in same property revenue of 3.3% primarily due to decreases in AMR in Austin and Phoenix (see "Results of Operations - Same Property").
- NOI¹ for Q2-2025 was \$4,865 (Q2-2024 - \$6,306), representing a decrease of 22.9% in NOI primarily due to the Primary Variance Driver and reduction in same property NOI primarily as a result of decreases in AMR due to the Fund competing with new supply at the Fund's Austin and Phoenix properties (see "Results of Operations - Same Property").
- Same property NOI¹ for Q2-2025 was \$4,456 (Q2-2024 - \$4,833), representing a decrease of \$377 or 7.8% relative to Q2-2024. Excluding the Fund's Austin and Phoenix properties which faced heavy competition from new supply and aggressive pricing to lease new properties as well as the impact of the anticipated property tax assessment increase in Raleigh which is based on a four year reassessment cycle, Q2-2025 normalized same property NOI would have been consistent with Q2-2024 (see "Results of Operations - Same Property").
- The Fund reported a net loss and comprehensive loss attributable to Unitholders for Q2-2025 of \$13,177 (Q2-2024 - \$3,840). The Fund reported a fair value loss on investment properties during Q2-2025 primarily due to the expansion of capitalization rates used to value the Fund's investment properties (see "Future Outlook").
- The Fund completed 41 in-suite light value-add upgrades at the MF Properties during Q2-2025, which generated an average rental premium of \$102 and an average return on cost of approximately 24.0%.
- The Fund achieved economic occupancy¹ of 93.9% during Q2-2025 and as at August 27, 2025, had collected approximately 99.6% of rents for Q2-2025, with further amounts expected to be collected in future periods, demonstrating the Fund's high quality resident base and operating performance.
- The Fund completed the disposition of Lyric on April 29, 2025 and used the proceeds to fully repay the outstanding loan payable secured by the property of \$86,697 and to fully repay the Fund's credit facility outstanding balance of \$13,605, which reduced the remaining availability on such credit facility to \$2,395. The remaining net proceeds from the sale were utilized for working capital and liquidity requirements of the Fund.
- The Eight at East loan payable matured May 7, 2025 whereby the Fund did not meet certain extension requirements. The Fund was able to obtain a short-term extension of the loan and subsequently completed the sale of the property on August 12, 2025 for proceeds of \$64,700 and fully repaid the applicable first mortgage of \$64,225 (see "Subsequent Events").
- On July 17, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026. As per the terms of the extension, the loan is subject to certain conditions during the remaining loan term and bears interest-only payments at a fixed rate of 8.56% per annum with any debt service shortfall, as defined therein, being accrued and deferred until maturity (see "Subsequent Events").

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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- The Fund was pursuing good faith negotiations with the lenders of Emerson loan payable to obtain a modification and extension of the loans secured respectively by the Property and the Pledged Interests in the entity that owns the Property. However, subsequent to June 30, 2025, the Fund has received the Notice from the Lender secured by the Pledged Interests, demanding the repayment of the loan (see “ Subsequent Events”). The Fund does not expect a material impact on its net asset value as a result of any remedies the lender may exercise.

HIGHLIGHTS FOR YTD-2025

- Revenue from property operations for YTD-2025 was \$18,109 (YTD-2024 - \$20,029), representing a decrease of 9.6% relative to YTD-2024, primarily due to the Primary Variance Driver and a decrease of 2.2% primarily as a result of decreases in AMR due to the Fund competing with new supply at the Fund’s Austin and Phoenix properties (see “Results of Operations - Same Property”).
- NOI for YTD-2025 was \$10,917 (YTD-2024 - \$12,574), representing a decrease of 13.2% relative to YTD-2024. Excluding the Fund’s Austin and Phoenix properties which faced heavy competition from new supply and aggressive pricing to lease new properties as well as the impact of the anticipated property tax assessment increase in Raleigh which is based on a four year reassessment cycle, YTD-2025 normalized same property NOI would have been consistent with YTD-2024.
- The Fund reported a net loss and comprehensive loss attributable to Unitholders for YTD-2025 of \$37,583 (YTD-2024 - \$14,280), primarily resulting from YTD-2025 reporting a higher fair value loss on investment properties than YTD-2024.
- The Fund completed 96 in-suite light value-add upgrades at the MF Properties during YTD-2025, which generated an average rental premium of \$97 and an average return on cost of approximately 24.8%.

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

	June 30, 2025	December 31, 2024		
Key multi-family operational information				
Number of multi-family properties owned ⁽¹⁾	5	6		
Total multi-family suites	1,597	1,973		
Economic occupancy ⁽²⁾	93.9%	93.3%		
Physical occupancy ⁽²⁾⁽³⁾	93.4%	93.8%		
AMR (in actual dollars) ⁽²⁾	\$ 1,565	\$ 1,591		
AMR per square foot (in actual dollars) ⁽²⁾	\$ 1.70	\$ 1.67		
Estimated Gap to Market Versus In-Place Rents ⁽³⁾	2.8%	1.2%		
Selected financial information				
Gross Book Value ⁽³⁾	\$ 381,816	\$ 514,416		
Indebtedness ⁽³⁾	\$ 373,655	\$ 470,979		
Indebtedness to Gross Book Value ⁽³⁾⁽⁴⁾	97.9%	91.6%		
Weighted average interest rate - as at period end ⁽⁵⁾	7.45%	6.10%		
Weighted average loan term to maturity ⁽⁶⁾	1.13 years	1.57 years		
	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Summarized income statement (excluding non-controlling interest) ⁽⁶⁾				
Revenue from property operations	\$ 8,311	\$ 10,097	\$ 18,109	\$ 20,029
Property operating costs	(2,350)	(2,645)	(4,911)	(5,153)
Property taxes ⁽⁷⁾	(1,096)	(1,146)	(2,281)	(2,302)
Adjusted Income from Operations / NOI	4,865	6,306	10,917	12,574
Fund and trust expenses	(1,288)	(797)	(2,033)	(1,607)
Finance costs ⁽⁸⁾	(7,783)	(9,341)	(16,314)	(18,400)
Other income and expense ⁽⁹⁾	(8,971)	(8)	(30,153)	(6,847)
Net loss and comprehensive loss - attributable to Unitholders ⁽⁶⁾	\$ (13,177)	\$ (3,840)	\$ (37,583)	\$ (14,280)
Other selected financial information				
FFO ⁽³⁾	\$ (2,917)	\$ (1,693)	\$ (5,128)	\$ (3,431)
FFO per Unit - basic and diluted	(0.09)	(0.05)	(0.16)	(0.11)
AFFO ⁽³⁾	(1,262)	(763)	(2,227)	(1,974)
AFFO per Unit - basic and diluted	(0.04)	(0.02)	(0.07)	(0.06)
Weighted average interest rate - average during period ⁽⁵⁾	7.31%	6.06%	7.23%	6.06%
Interest and Indebtedness Coverage Ratio ⁽³⁾⁽¹⁰⁾	0.78x	0.90x	0.82x	0.87x
Weighted average Units outstanding - basic and diluted (000s)	31,818	31,818	31,818	31,818

⁽¹⁾ On April 29, 2025, the Fund completed the disposition of Lyric and subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (see "Subsequent Events").

⁽²⁾ Economic occupancy for Q2-2025 and December 31, 2024 and physical occupancy as at the end of each applicable reporting period. The decrease in AMR from December 31, 2024 to Q2-2025 was primarily due to the Fund focusing on maintaining high levels of occupancy at the MF Properties during Q2-2025 as well as the Fund competing with new supply in certain Primary Markets. The increase in AMR per square foot for the same period is due to the reduction in number of suites resulting from the disposition of Lyric (see "Results of Operations").

⁽³⁾ 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 decrease in AFFO, Interest Coverage Ratio and Indebtedness Coverage Ratio from Q2-2024 to Q2-2025 is primarily due to decrease in NOI as a result of the Primary Variance Driver, partially offset by the impact of accrued interest costs added back to AFFO. The AFFO, Interest Coverage Ratio and Indebtedness Coverage Ratio presented herein exclude \$1,295 and \$2,038 of interest costs or debt service shortfall funding for Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$481 and \$481) from applicable lenders which are payable upon maturity of the applicable loan payable (see "Financing Activities").

⁽⁴⁾ The maximum allowable leverage ratio under the Declaration of Trust restricts the Fund 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 Declaration of Trust). As of the date of issuance of this MD&A, the Fund met the maximum leverage condition and continues to focus on managing the Fund's capital structure, including the overall leverage.

⁽⁵⁾ The weighted average interest rate on loans payable is presented as at June 30, 2025 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 June 30, 2025 includes the maximum interest rate on the Unsecured Financing of 12.00%. The increase in the weighted average interest rate between the comparative periods in the table above are primarily due to the Fund extending certain higher leverage loans with no required principal repayments at higher interest rates. The Fund continues to focus on managing these debt maturities to provide an opportunity to potentially capitalize on any improvements in the real estate investment market.

⁽⁶⁾ The Fund 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 Unitholders only, and excludes any amounts attributable to the non-controlling interest. For income statement figures presented in accordance with IFRS, see "Financial Performance" section.

⁽⁷⁾ 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.

⁽⁸⁾ 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").

⁽⁹⁾ 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.

⁽¹⁰⁾ The Fund's Interest Coverage Ratio and Indebtedness Coverage Ratio were both 0.78x and 0.82x during Q2-2025 and YTD-2025, with the Fund's operating results offset by increases in the Fund's interest costs as a result of the Fund utilizing a variable rate debt strategy which allows the Fund to maintain maximum flexibility for the potential sale of the Fund's properties at the end of, or during, the Fund's Term. These calculations exclude \$1,295 and \$2,038 of interest costs or debt service shortfall funding for Q2-2025 and YTD-2025 as these amounts are accrued and payable only at maturity of the applicable loan payable. The Fund also had fixed rate debt in place as at June 30, 2025 which in certain instances protect the Fund from increases SOFR beyond stipulated levels on its mortgages at the Properties. The Fund 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 the Fund in accordance with IFRS for Q2-2025 and the previous seven quarters:

	Q2-2025 ⁽¹⁾	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023
Revenue from property operations	\$ 8,460	\$ 9,952	\$ 9,896	\$ 10,005	\$ 10,255	\$ 10,090	\$ 9,961	\$ 9,855
Property operating costs	(2,387)	(2,598)	(2,697)	(2,755)	(2,682)	(2,542)	(2,717)	(2,633)
Property taxes	(1,104)	(1,192)	(902)	(910)	(1,153)	(1,164)	(1,217)	(681)
Income from rental operations	4,969	6,162	6,297	6,340	6,420	6,384	6,027	6,541
Fund and trust expenses	(1,288)	(745)	(815)	(856)	(797)	(810)	(744)	(821)
Finance costs ⁽²⁾	(7,976)	(8,720)	(8,849)	(10,251)	(9,564)	(9,272)	(10,011)	(9,358)
Dividends to preferred shareholders - U.S. REITs series A	(8)	(8)	(8)	(7)	(8)	(8)	(25)	(11)
Fair value adjustment of investment properties	(9,186)	(21,466)	(39,201)	(37)	14	(6,720)	(50,242)	(11,353)
Unrealized foreign exchange (loss) gain	(10)	(1)	2	—	3	5	(6)	—
Income tax (expense) recovery:								
Current	(15)	(16)	(16)	(17)	(18)	(16)	85	(24)
Net loss and comprehensive loss	\$ (13,514)	\$ (24,794)	\$ (42,590)	\$ (4,828)	\$ (3,950)	\$ (10,437)	\$ (54,916)	\$ (15,026)
Net loss and comprehensive loss attributable to:								
Unitholders	\$ (13,177)	\$ (24,406)	\$ (41,806)	\$ (4,727)	\$ (3,840)	\$ (10,440)	\$ (53,592)	\$ (14,563)
Non-controlling interests	\$ (337)	\$ (388)	\$ (784)	\$ (101)	\$ (110)	\$ 3	\$ (1,324)	\$ (463)
	\$ (13,514)	\$ (24,794)	\$ (42,590)	\$ (4,828)	\$ (3,950)	\$ (10,437)	\$ (54,916)	\$ (15,026)
FFO ⁽³⁾	\$ (2,917)	\$ (2,211)	\$ (2,347)	\$ (2,507)	\$ (1,693)	\$ (1,740)	\$ (1,940)	\$ (1,600)
AFFO ⁽³⁾	(1,262)	(965)	(940)	(1,013)	(763)	(1,217)	(1,418)	(1,047)
FFO per Unit - basic and diluted	(0.09)	(0.07)	(0.07)	(0.08)	(0.05)	(0.05)	(0.06)	(0.05)
AFFO per Unit - basic and diluted	(0.04)	(0.03)	(0.03)	(0.03)	(0.02)	(0.04)	(0.05)	(0.03)

⁽¹⁾ The Fund 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 the Fund including 100% of the income and expenses of Ventura, consistent with the Fund'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, loss on early extinguishment of debt and fair value changes in derivative instruments (see "Other Income and Expenses").

⁽³⁾ Distributions, FFO and AFFO per Unit for each period are based on the total distributions per weighted average Unit outstanding during the period. AFFO presented herein also exclude \$1,295, \$743, \$964, \$1,015 and \$482 for 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.

RESULTS OF OPERATIONS

The results for Q2-2025 and YTD-2025 reflect the operations for the three and six months ended June 30, 2025 for the remaining five MF Properties as well as 28 and 118 days of operating activity for Lyric. In comparison, the results for Q2-2024 and YTD-2024 comparative periods reflect the operations for the three and six months ended June 30, 2024 for the Fund's six MF Properties including Lyric and the remaining SF Properties.

The variances reflected in the results of operations between Q2-2025 and Q2-2024, as well as between YTD-2025 and YTD-2024 were primarily as a result of the Primary Variance Driver. Operating results have also been presented on a same property basis, which include five MF 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.

	Q2-2025	Q2-2024	\$ Chg	% Chg	YTD-2025	YTD-2024	\$ Chg	% Chg
Revenue from property operations	\$ 8,311	\$ 10,097	\$ (1,786)	(17.7)%	\$ 18,109	\$ 20,029	\$ (1,920)	(9.6)%
Property operating costs	(2,350)	(2,645)	295	11.2%	(4,911)	(5,153)	242	4.7%
Property taxes	(1,096)	(1,146)	50	4.4%	(2,281)	(2,302)	21	0.9%
NOI	\$ 4,865	\$ 6,306	\$ (1,441)	(22.9)%	\$ 10,917	\$ 12,574	\$ (1,657)	(13.2)%
NOI Margin⁽¹⁾	58.5%	62.5%			60.3%	62.8%		

⁽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").

STARLIGHT U.S. RESIDENTIAL FUND - Q2 2025 MD&ANotes to readers | Future outlook | Our business | Highlights | **Financial performance** | Other disclosures**REVENUE FROM PROPERTY OPERATIONS**

Revenue from property operations includes monthly rent charges for the lease of multi-family suites, other ancillary income and the reimbursement by the residents for the MF Properties for certain utility expenses incurred. Other ancillary income include, but is not limited to, amounts from forfeited deposits, late fees, short notice fees, cleaning fees, lease termination fees, application fees and pet fees. Net rental income is the only material component of total revenue from property operations comprising approximately 90% thereof, with other ancillary income and utility expense reimbursements comprising the remaining approximate 10%.

Revenue from property operations for Q2-2025 was \$8,311 (Q2-2024 - \$10,097), representing a decrease of \$1,786 or 17.7% relative to Q2-2024, primarily due to impact of the Primary Variance Driver as well as a decrease in same property revenue of 3.3% primarily due to decreases in AMR in Austin and Phoenix (see "Results of Operations - Same Property").

Revenue from property operations for YTD-2025 was \$18,109 (YTD-2024 - \$20,029), representing a decrease of \$1,920 or 9.6% relative to YTD-2024, primarily due to the impact of the Primary Variance Drive and a slight decrease in same property revenue of 2.2% (see "Results of Operations - Same Property").

PROPERTY OPERATING COSTS

The main components of the MF Properties' operating costs are salaries and benefits (approximately 30%), administrative costs including property management fees (approximately 22%), insurance premiums (approximately 11%), repairs, maintenance and suite turnover expenses (approximately 5%) and all other operating costs (ranging from approximately 4% to 9%). The MF Properties typically only incur utility costs in respect of the common areas of each Property, resulting in utility cost representing approximately 4% of property operating costs. Given each component of property operating costs is not individually material, such amounts have not been separately disclosed. The main components of the SF Properties' operating costs are typically limited to repairs and maintenance, property management fees, home owners' association dues and utility costs.

Property operating costs for Q2-2025 were \$2,350 (Q2-2024 - \$2,645), representing a decrease of \$295 or 11.2% relative to Q2-2025, primarily due to the Primary Variance Driver, partially offset by an increase in same property operating costs of 3.8% during Q2-2025 relative to Q2-2024 primarily attributable to increases in utility costs which are recoverable by the Fund and increases in staffing costs due to Q2-2024 having certain staffing positions at the properties vacant and requiring temporary staff. Excluding these items, Q2-2025 same property operating costs would have been in line with Q2-2024 (see "Results of Operations - Same Property").

Property operating costs for YTD-2025 were \$4,911 (YTD-2024 - \$5,153), representing a decrease of \$242 or 4.7% relative to YTD-2024, primarily due to the Primary Variance Driver, partially offset by an increase in same property operating costs of 2.8% during YTD-2025 relative to YTD-2024 attributable to similar reasons as described above for Q2-2025 relative to Q2-2024 (see "Results of Operations - Same Property").

PROPERTY TAXES

The Fund 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 Q2-2025 and YTD-2025 have been presented under IFRS and IFRIC 21.

Property taxes for Q2-2025 were \$1,096 (Q2-2024 - \$1,146), representing a decrease of \$50 or 4.4% relative to Q2-2024, primarily due to the impact of the Primary Variance Driver, partially offset by an increase in same property taxes (see "Results of Operations - Same Property"). Assuming Q2-2024 was adjusted to the pro-rated final property taxes for the year 2024, Q2-2025 would have increased by 6.9% relative to the adjusted Q2-2024 property taxes, which was lower than management's expectation of such increases and primarily attributable to increases in the 2025 assessed value of the Fund's Raleigh property whereby the assessed value and resulting taxes are adjusted on a four year reassessment cycle.

Property taxes for YTD-2025 were \$2,281 (YTD-2024 - \$2,302), representing a decrease of \$21 or 0.9% relative to YTD-2024, primarily due to the impact of the Primary Variance Driver, partially offset by an increase in same property taxes (see "Results of Operations - Same Property").

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NOI AND NOI MARGIN

NOI for Q2-2025 was \$4,865 (Q2-2024 - \$6,306), representing a decrease of \$1,441 or 22.9% relative to Q2-2024, primarily due to the Primary Variance Driver and reduction in Same property NOI (see "Results of Operations - Same Property"). Same property NOI for Q2-2025 was \$4,456 (Q2-2024 - \$4,833), representing a decrease of \$377 or 7.8% relative to Q2-2024. Excluding the Fund's Austin and Phoenix properties which faced heavy competition from new supply and aggressive pricing to lease new properties as well as the impact of the anticipated property tax assessment increase in Raleigh which is based on a four year reassessment cycle, Q2-2025 normalized same property NOI would have been consistent with Q2-2024 (see "Results of Operations - Same Property").

NOI for YTD-2025 was \$10,917 (YTD-2024 - \$12,574), representing a decrease of \$1,657 or 13.2% relative to YTD-2024, primarily due to the same reasons as noted above for Q2-2025.

During Q2-2025 and YTD-2025, the NOI Margin was 58.5% and 60.3% (Q2-2024 and YTD-2024 - 62.5% and 62.8%), representing a decrease of 400 and 250 basis points relative to Q2-2024 and YTD-2024, respectively, 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 MF Properties, as the rents generated from SF Properties are immaterial to the Fund's overall performance (see "Single-Family Properties: Overview"):

Properties	Suites	AMR ⁽¹⁾			Economic occupancy ⁽¹⁾					
		Q2-2025	Q2-2024	% Chg	Q2-2025	Q2-2024	% Chg	YTD-2025	YTD-2024	% Chg
Sunlake	268	\$ 1,876	\$ 1,875	0.1 %	94.1 %	95.0 %	(0.9)%	95.3 %	95.3 %	— %
Indigo	489	1,315	1,348	(2.4)%	93.3 %	92.5 %	0.8 %	93.2 %	92.1 %	1.1 %
Lyric ⁽²⁾	—	—	1,645	n/a	95.0 %	93.5 %	1.5 %	94.1 %	93.0 %	1.1 %
Emerson	304	1,330	1,420	(6.3)%	93.2 %	93.5 %	(0.3)%	92.3 %	94.0 %	(1.7)%
Eight at East ⁽³⁾	264	1,803	1,766	2.1 %	96.9 %	95.3 %	1.6 %	96.8 %	95.0 %	1.8 %
Ventura ⁽⁴⁾	272	1,749	1,794	(2.5)%	91.6 %	94.3 %	(2.7)%	93.2 %	94.2 %	(1.0)%
Total MF properties	1,597	\$ 1,565	\$ 1,607	(2.6)%	93.9 %	93.9 %	— %	94.2 %	93.8 %	0.4 %
Same property⁽²⁾	1,597	\$ 1,565	\$ 1,595	(1.9)%	93.7 %	93.9 %	(0.2)%	94.0 %	93.8 %	0.1 %

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

⁽²⁾ On April 29, 2025, the Fund completed the disposition of Lyric. Same property figures represent results for the five MF Properties, excluding Lyric.

⁽³⁾ Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (see "Subsequent Events").

⁽⁴⁾ Figures for Ventura reflect 100% of the property's AMR and economic occupancy.

Total portfolio AMR for the MF Properties for Q2-2025 was \$1,565, or 2.6% below Q2-2024 primarily driven by the disposition of Lyric and a reduction in same property AMR. Same property AMR for Q2-2025 was \$1,565, or 1.9% below Q2-2024, as a result of the Fund focusing on maintaining high levels of occupancy as well as the impact of competition from new supply, particularly in Austin, which typically involve aggressive pricing to lease newer properties.

The Fund's economic occupancy for Q2-2025 and YTD-2025 was 93.9% and 94.2% (Q2-2024 and YTD-2024 - 93.9% and 93.8%), respectively, remained consistent relative to Q2-2024 and YTD-2024, primarily as a result of the Fund focusing on maintaining high occupancy and optimizing revenues while competing with new supply and softening market conditions in certain of the Primary Markets. As at June 30, 2025, the The Fund continues to focus on maximizing revenue through maintaining targeted occupancy levels, ancillary income growth and continued focus on rental rates.

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QUARTERLY AMR AND OCCUPANCY

The table below outlines the Fund's quarterly AMR and economic occupancy results for Q2-2025 and the previous four quarters:

Properties	Suites	Q2-2025		Q1-2025		Q4-2024		Q3-2024		Q2-2024	
		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	\$ 1,876	94.1 %	\$ 1,869	96.5 %	\$ 1,867	96.1 %	\$ 1,869	95.0 %	\$ 1,875	95.0 %
Indigo	489	1,315	93.3 %	1,313	93.2 %	1,330	91.2 %	1,342	91.7 %	1,348	92.5 %
Lyric ⁽²⁾	—	—	n/a	1,648	93.9 %	1,642	94.1 %	1,647	92.4 %	1,645	93.5 %
Emerson	304	1,330	93.2 %	1,348	91.3 %	1,367	90.9 %	1,392	90.9 %	1,420	93.5 %
Eight at East ⁽³⁾	264	1,803	96.9 %	1,794	96.6 %	1,789	94.8 %	1,774	95.3 %	1,766	95.3 %
Ventura ⁽⁴⁾	272	1,749	91.6 %	1,730	94.8 %	1,750	92.9 %	1,783	92.5 %	1,794	94.3 %
Total portfolio	1,597	\$ 1,565	93.9 %	\$ 1,584	94.4 %	\$ 1,591	93.3 %	\$ 1,600	92.9 %	\$ 1,607	93.9 %
Same property⁽²⁾	1,597	\$ 1,565	93.7 %	\$ 1,564	94.2 %	\$ 1,575	92.8 %	\$ 1,586	92.8 %	\$ 1,595	93.9 %

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

⁽²⁾ On April 29, 2025, the Fund completed the disposition of Lyric. Same property figures represent results for the five MF Properties, excluding Lyric.

⁽³⁾ Subsequent to June 30, 2025, the Fund completed the disposition of Eight at East (see "Subsequent Events").

⁽⁴⁾ Figures for Ventura reflect 100% of the property's AMR and economic occupancy.

Total portfolio AMR increased during Q2-2025 from Q1-2025 due to increases in certain properties as noted in the table above. In addition, the Fund competed with new supply in certain markets, particularly Austin, which typically involve aggressive pricing to lease properties. The Fund 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 Q2-2025, Q2-2024, YTD-2025 and YTD-2024 and excludes any amounts attributable to the Venture non-controlling interest, as well as operating results of Lyric and SF Properties (see "Single-Family Properties: Overview").

	Q2-2025	Q2-2024	\$ Chg	% Chg	YTD-2025	YTD-2024	\$ Chg	% Chg
Revenue from property operations	\$ 7,678	\$ 7,941	\$ (263)	(3.3)%	\$ 15,453	\$ 15,807	\$ (354)	(2.2)%
Property operating costs	(2,170)	(2,090)	(80)	(3.8)%	(4,214)	(4,100)	(114)	(2.8)%
Property taxes	(1,052)	(1,018)	(34)	(3.3)%	(2,105)	(2,037)	(68)	(3.3)%
NOI	\$ 4,456	\$ 4,833	\$ (377)	(7.8)%	\$ 9,134	\$ 9,670	\$ (536)	(5.5)%
NOI Margin	58.0 %	60.9 %			59.1 %	61.2 %		

REVENUE FROM PROPERTY OPERATIONS – SAME PROPERTY

Same property revenue from property operations for Q2-2025 was \$7,678 (Q2-2024 - \$7,941), representing a decrease of \$263 or 3.3% relative to Q2-2024, primarily due to a reduction in same property AMR (see "Average Monthly Rent and Occupancy"). The reduction in AMR was primarily as a result of the impact of competition from new supply, particularly in Austin and Phoenix, which typically involve aggressive pricing to lease newer properties.

Same property revenue from property operations for YTD-2025 was \$15,453 (YTD-2024 - \$15,807), representing a decrease of \$354 or 2.2% relative to YTD-2024 due to the same reasons as noted above for Q2-2025.

PROPERTY OPERATING COSTS – SAME PROPERTY

Same property operating costs for Q2-2025 were \$2,170 (Q2-2024 - \$2,090), representing an increase of \$80 or 3.8% relative to Q2-2024, primarily attributable to increases in utility costs which are recoverable by the Fund and increases in staffing costs due to Q2-2024 having certain staffing positions at the properties vacant and requiring temporary staff. Excluding these items, Q2-2025 same property operating costs would have been in line with Q2-2024.

Same property operating costs for YTD-2025 were \$4,214 (YTD-2024 - \$4,100), representing an increase of \$114 or 2.8% relative to YTD-2024, due to the same reasons as noted above for Q2-2025.

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Same property property taxes for Q2-2025 were \$1,052 (Q2-2024 - \$1,018), representing an increase of \$34 or 3.3% relative to Q2-2024, primarily due to an increase in the assessed values of certain Properties. Assuming Q2-2024 was adjusted to the pro-rated final property taxes for the year 2024, Q2-2025 would have increased by 18.5% relative to the adjusted Q2-2024 same property taxes, which was lower than management's expectation of such increases and primarily due to increases in the 2025 assessed value of the Fund's Raleigh property whereby the assessed value and resulting taxes are adjusted on a four year reassessment cycle.

Same property property taxes for YTD-2025 were \$2,105 (YTD-2024 - \$2,037), representing an increase of \$68 or 3.3% relative to YTD-2024, primarily due to an increase in the assessed values of certain Properties. Assuming YTD-2024 was adjusted to the pro-rated final property taxes for the year 2024, YTD-2025 would have increased by 18.5% relative to the adjusted YTD-2024 same property taxes, due to the same reasons as noted above for Q2-2025.

NOI – SAME PROPERTY

Same property NOI for Q2-2025 was \$4,456 (Q2-2024 - \$4,833), representing a decrease of \$377 or 7.8% relative to Q2-2024, primarily due to the decrease in revenues from property operations and the increases operating costs and property taxes described above. Excluding the Fund's Austin and Phoenix properties which faced heavy competition from new supply and aggressive pricing to lease new properties as well as the impact of the anticipated property tax assessment increase in Raleigh which is based on a four year reassessment cycle, Q2-2025 normalized same property NOI would have been consistent with Q2-2024.

Same property NOI for YTD-2025 was \$9,134 (YTD-2024 - \$9,670), representing a decrease of \$536 or 5.5% relative to YTD-2024, due to the same reasons as noted above for Q2-2025.

During Q2-2025 and YTD-2025, the same property NOI Margin was 58.0% and 59.1% (Q2-2024 and YTD-2024 - 60.9% and 61.2%), respectively, representing a decrease of 290 and 210 basis points relative to Q2-2024 and YTD-2024, primarily driven by the increase in operating costs and property taxes described above.

SINGLE-FAMILY PROPERTIES: OVERVIEW

During 2024, the Fund completed the disposition program of the Fund's remaining SF Properties owned as at December 31, 2023 for an aggregate sales price of \$6,845.

MULTI-FAMILY PROPERTIES: VALUE-ADD INITIATIVES Q2-2025*Common area and suite capital expenditures*

The Fund undertakes certain minor common area and in-suite capital projects at the MF 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. The Fund's light value-add initiatives are expected to result in improvements to common areas, amenities and building exteriors. During Q2-2025, the Fund completed essential updates, primarily HVAC replacements at the MF Properties.

The Fund has capital expenditures required to be incurred in future periods in order to maintain the productive capacity of the MF 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, the Fund 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. The Fund 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.

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During Q2-2025, the Fund upgraded and re-leased 41 suites, achieving average rent increases of \$102 per month per suite and an estimated average return on investment of 24.0%. 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 Q2-2025 and YTD-2025:

Properties	Q2-2025			YTD-2025		
	Number of suites upgraded and leased ⁽¹⁾	Rental premium (per suite, per month) in actual dollars	Return on investment	Number of suites upgraded and leased	Rental premium (per suite, per month) in actual dollars	Return on investment
Sunlake	2	\$ 62	80.0 %	7	\$ 71	66.8 %
Indigo	4	330	20.0 %	8	338	20.4 %
Emerson	35	78	25.6 %	79	74	25.8 %
Ventura	—	—	— %	2	130	27.4 %
Total Portfolio	41	\$ 102	24.0 %	96	\$ 97	24.8 %

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

OTHER INCOME AND EXPENSES
FINANCE COSTS

The Fund's finance costs for Q2-2025 and YTD-2025 compared to Q2-2024 and YTD-2024 are summarized below:

	Q2-2025 ⁽¹⁾	Q2-2024	\$ Chg	% Chg	YTD-2025	YTD-2024	\$ Chg	% Chg
Interest expense on loans payable	\$ 6,691	\$ 6,701	\$ (10)	(0.1)%	\$ 13,594	\$ 13,338	\$ 256	1.9 %
Amortization of financing costs	439	491	(52)	(10.6)%	1,038	1,155	(117)	(10.1)%
Loss on early extinguishment of debt	—	94	(94)	(100.0)%	—	94	(94)	(100.0)%
Fair value change on derivative financial instruments	653	2,055	(1,402)	(68.2)%	1,682	3,813	(2,131)	(55.9)%
Total finance costs	\$ 7,783	\$ 9,341	\$ (1,558)	(16.7)%	\$ 16,314	\$ 18,400	\$ (2,086)	(11.3)%
Weighted average interest rate - average during period	7.31%	6.06%	n/a	n/a	7.23%	6.06%	n/a	n/a
Indebtedness - average outstanding during period	\$ 404,579	\$ 462,628	\$ (58,049)	(12.5)%	\$ 437,415	\$ 462,581	\$ (25,166)	(5.4)%

⁽¹⁾ Amounts included in all periods exclude any amounts relating to Ventura non-controlling interest.

Interest expense on loans payable

Interest expenses on loans payable for Q2-2025 were \$6,691 (Q2-2024 - \$6,701), representing a decrease of \$10 or 0.1% relative to Q2-2024, primarily due to a decrease in the weighted average outstanding debt resulting from the disposition of Lyric and full repayment of the Fund's credit facility during Q2-2025, partially offset by higher weighted average interest rate due to the Fund discharging its obligation to purchase an interest rate cap for all of the Fund's properties and other amendments to the Fund's loans payable throughout 2024 and 2025.

Interest expenses on loans payable for YTD-2025 were \$13,594 (YTD-2024 - \$13,338), representing an increase of \$256 or 1.9% relative to YTD-2024, primarily resulting from an increase in weighted average interest rate due to the Fund discharging its obligation to purchase an interest rate cap for all of the Fund's properties, partially offset by the lower weighted average outstanding debt due to the disposition of Lyric and full repayment of the Fund's credit facility.

The Fund's weighted average interest rate during Q2-2025 and YTD-2025 was 7.31% and 7.23% (Q2-2024 and YTD-2024 - 6.06% and 6.06%), representing an increase of 125 and 117 basis points relative to Q2-2024 and YTD-2024 respectively, primarily due to the Fund entering into the Unsecured Financing in the third quarter of 2024, the Fund extending certain higher leverage loans with no required principal repayments at higher interest rates as well as the Fund discharging its obligation to purchase an interest rate cap for all of the Fund's properties, partially offset by decreases in SOFR and the impact of settlements received under interest rate caps owned or swaps entered into, which protect the Fund from increases in SOFR above stipulated levels on all of the Fund's floating rate debt (see "Fair value adjustment on derivative instruments" below).

Amortization of financing costs

Amortization of financing costs for Q2-2025 were \$439 (Q2-2024 - \$491), representing a decrease of \$52 or 10.6% relative to Q2-2024, primarily due to increases in amortization periods as a result of certain loan term extensions, partially offset by financing costs associated with the refinancing of Indigo in Q2-2024.

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Amortization of financing costs for YTD-2025 were \$1,038 (YTD-2024 - \$1,155), representing a decrease of \$117 or 10.1% relative to YTD-2024, primarily due to the same reason as noted above for Q2-2025.

Fair value adjustment on derivative instruments

The Fund 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 the Fund from increases in interest costs, please refer to the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and June 30, 2024, which are available at www.sedarplus.ca. As at June 30, 2024, the Fund discharged its obligation to purchase replacement interest rate caps for all of the Fund's properties.

For Q2-2025 and YTD-2025, the Fund recorded a realized loss on derivative instruments of \$653 and \$1,682 (Q2-2024 and YTD-2024 - \$2,055 and \$3,813), respectively (excluding the amounts attributable to the Ventura non-controlling Interest), related to the fair value loss on interest rate caps. The loss on the interest rate caps during Q2-2025 and YTD-2025 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

The Fund did not declare distributions during Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$nil). The Fund previously announced that the most prudent course of action was to pause the Fund's monthly distributions commencing with the November 2022 distribution, which would have been payable on December 15, 2022. The reduction in distributions amounts to approximately \$9,600 per annum and is expected to provide the Fund with additional flexibility during this period of capital markets uncertainty (see "Liquidity and Capital Resources").

FUND AND TRUST EXPENSES

Fund and trust expenses include costs incurred by the Fund 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 the Fund and other general and administrative expenses associated with the operation of the Fund. Also included in fund and trust expenses are asset management fees payable to the Manager (see "Related Party Transactions and Arrangements – Arrangements with the Manager").

Fund and trust expenses for Q2-2025 were \$1,288 (Q2-2024 - \$797), representing an increase of \$491 or 61.6% relative to Q2-2024, primarily due to transaction costs incurred in Q2-2025 related to the disposition of Lyric and inflationary increases in general and administrative expenses, partially offset by a decrease in asset management fees due to the Primary Variance Driver.

Fund and trust expenses for YTD-2025 were \$2,033 (YTD-2024 - \$1,607), representing an increase of \$426 or 26.5% relative to YTD-2024, primarily due to the same reason as noted above for Q2-2025.

INVESTMENT PROPERTIES

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

⁽¹⁾ On April 29, 2025, the Fund completed the disposition of Lyric.

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Reconciliation of cost base of investment properties to their fair value:		MF Properties
Cost	\$	537,056
Cumulative fair value adjustment		(155,240)
Fair value	\$	381,816

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

	June 30, 2025	December 31, 2024
	MF Properties	MF Properties
Capitalization rate - weighted average	5.12 %	5.08 %
Weighted average capitalization rate - 10 basis point increase ⁽¹⁾	\$ (7,314)	\$ (9,931)
Weighted average capitalization rate - 10 basis point decrease ⁽¹⁾	\$ 7,606	\$ 10,330

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

During Q2-2025 and YTD-2025, the Fund recorded a fair value loss on investment properties of \$9,186 and \$30,652 (Q2-2024 and YTD-2024 - gain of \$14 and loss of \$6,706), primarily as a result of cap rate expansion. The cap rate expansion was primarily due to increases in 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 June 30, 2025 would affect the fair value of MF Properties by approximately \$5,446 (December 31, 2024 - \$6,391).

PROVISION FOR CARRIED INTEREST

As at June 30, 2025, the Fund had not recognized a provision for carried interest and as a result, there was no expense recorded in the condensed consolidated interim statement of loss and comprehensive loss for Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$nil) (see "Related Party Transactions and Arrangements - Carried Interest").

NON-CONTROLLING INTEREST

On May 25, 2022, the Fund 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 the Fund and owner of the Ventura non-controlling interest through established governance practices. For further information on the Ventura non-controlling interest, please refer to the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and audited consolidated financial statements for the year ended December 31, 2024 available at www.sedarplus.ca.

DISTRIBUTIONS TO UNITHOLDERS RELATIVE TO NET INCOME AND COMPREHENSIVE INCOME ATTRIBUTABLE TO UNITHOLDERS

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Net loss and comprehensive loss - attributable to Unitholders	\$ (13,177)	\$ (3,840)	\$ (37,583)	\$ (14,280)
Add / (deduct): non-cash or one-time items and distributions ⁽¹⁾	10,040	2,621	32,826	11,861
Adjusted net loss and comprehensive loss ⁽²⁾	(3,137)	(1,219)	(4,757)	(2,419)
Shortfall of adjusted net loss and comprehensive loss over distributions to Unitholders	n/a	n/a	n/a	n/a

⁽¹⁾ Comprised of unrealized foreign exchange gain (loss), deferred income taxes, amortization of financing costs, loss on early extinguishment of debt, fair value adjustment on derivative instruments and fair value adjustment on investment properties.

⁽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 Fund was formed as a "closed-end" trust with an initial term of three years, a targeted yield of 4.0% and a pre-tax targeted annual total return of 11% across all classes of Units. The Fund continues to actively monitor liquidity to ensure appropriate level of capital is available to fund the ongoing operations of the Fund as well as any debt maturing in 2025 (see "Future Outlook"). On November 25, 2022, the Fund announced the pausing of monthly distributions for all classes of Units, commencing with the November 2022 distribution, which would have been payable on December 15, 2022 resulting in annual cash savings of \$9,600 (see "Distributions to Unitholders") and also amended certain of the Fund's debt agreements to enhance liquidity (see "Financing activities"). On May 30, 2024, the Board approved the second one-year extension of the Term to November 15, 2026, which along with the Fund's continued focus on managing liquidity including certain property sales completed, is targeted at providing the Fund with the opportunity to capitalize on anticipated improvements in the real estate investment market (see "Future Outlook" and "Liquidity and Capital Resources").

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NON-IFRS FINANCIAL MEASURES - FFO AND AFFO

Non-IFRS financial measures have been presented below for Q2-2025 and YTD-2025 compared to Q2-2024 and YTD-2024.

FFO AND AFFO

A reconciliation of net loss and comprehensive loss, determined in accordance with IFRS, to FFO and AFFO is presented below for Q2-2025 and YTD-2025 compared to Q2-2024 and YTD-2024:

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Net loss and comprehensive loss - attributable to Unitholders	\$ (13,177)	\$ (3,840)	\$ (37,583)	\$ (14,280)
Add / (deduct):				
Dividends to preferred shareholders - U.S. REITs series A	8	8	16	16
Unrealized foreign exchange loss (gain)	11	(3)	11	(8)
Fair value adjustment on derivative financial instruments ⁽¹⁾	653	2,055	1,682	3,813
Fair value adjustment of investment properties ⁽¹⁾	8,937	(14)	30,095	6,807
Transaction costs	651	101	651	221
FFO	\$ (2,917)	\$ (1,693)	\$ (5,128)	\$ (3,431)
Add / (deduct):				
Amortization of financing costs ⁽¹⁾	439	491	1,038	1,155
Vacancy costs associated with the suite upgrade program	49	10	99	20
Loss on early extinguishment of debt	—	94	—	94
Sustaining capital expenditures and suite renovation reserves	(128)	(147)	(274)	(294)
Accrued interest costs ⁽²⁾	1,295	482	2,038	482
AFFO	\$ (1,262)	\$ (763)	\$ (2,227)	\$ (1,974)
FFO per Unit - basic and diluted	\$ (0.09)	\$ (0.05)	\$ (0.16)	\$ (0.11)
FFO payout ratio	n/a	n/a	n/a	n/a
AFFO per Unit - basic and diluted	\$ (0.04)	\$ (0.02)	\$ (0.07)	\$ (0.06)
AFFO payout ratio	n/a	n/a	n/a	n/a
Weighted average Units outstanding - basic and diluted (000s)	31,818	31,818	31,818	31,818

⁽¹⁾ The Fund 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 Unitholders 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 and FFO per Unit for Q2-2025 were \$(2,917) and \$(0.09) (Q2-2024 - \$(1,693) and \$(0.05)), respectively, representing a decrease in FFO of \$1,224 or 72.3% and a decrease in FFO per Unit of \$0.04 relative to Q2-2024, primarily as a result of a reduction in NOI due to the Primary Variance Driver. FFO presented herein also includes \$1,295 of accrued interest costs for Q2-2025 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.

Basic and diluted FFO and FFO per Unit for YTD-2025 were \$(5,128) and \$(0.16) (YTD-2024 - \$(3,431) and \$(0.11)), respectively, representing a decrease in FFO of \$1,697 or 49.5% and a decrease in FFO per Unit of \$0.05 relative to YTD-2024, primarily as a result of a reduction in NOI due to the Primary Variance Driver. FFO presented herein also includes \$2,038 of accrued interest costs for YTD-2025 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 and AFFO per Unit for Q2-2025 were \$(1,262) and \$(0.04) (Q2-2024 - \$(763) and \$(0.02)), respectively, representing a decrease in AFFO of \$499 or 65.4% and a decrease in AFFO per Unit of \$0.02 relative to Q2-2024, primarily as a result of the reasons described above for the decrease in FFO, partially offset by the impact of an increase in accrued interest costs added back to AFFO in Q2-2025, given the Fund completed certain debt amendments to allow the Fund to defer such costs in 2024 and 2025 (see "Financing Activities").

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Basic and diluted AFFO and AFFO per Unit for YTD-2025 were \$(2,227) and \$(0.07) (YTD-2024 - \$(1,974) and \$(0.06)), respectively, representing a decrease in AFFO of \$253 or 12.8% and a decrease in AFFO per Unit of \$0.01 relative to YTD-2024, primarily as a result of the reasons described above for FFO, partially offset by the impact of an increase in accrued interest costs added back to AFFO in YTD-2025 relative to YTD-2024, given the Fund completed certain debt amendments to allow the Fund to defer such costs in 2024 and 2025 (see “Financing Activities”).

For Q2-2025 and YTD-2025, the Fund has not presented an FFO and AFFO payout ratio as the Fund paused distributions commencing November 2022. For Q2-2025 and YTD-2025, the FFO and AFFO were impacted by the elevated interest rate environment as described above. During Q2-2025 and YTD-2025, the Fund covered any operating shortfall through cash on hand (see “Liquidity and Capital Resources”) and other financing activities. The Fund’s stable operating results were offset by increases in the Fund’s interest costs as a result of the Fund utilizing a variable rate debt strategy which allows the Fund to maintain maximum flexibility for the potential sale of the Properties at the end of, or during, the Fund’s Term. The Fund also continues to focus on liquidity management as it relates to the ongoing operations and any debt maturing during the Fund’s Term (see “Future Outlook”).

Sustaining capital expenditures

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite or home renovations of \$128 and \$274 for Q2-2025 and YTD-2025 (Q2-2024 and YTD-2024 - \$147 and \$294), respectively. 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 Q2-2025 and YTD-2025 were \$91 and \$185 (Q2-2024 and YTD-2024 - \$108 and \$136), respectively.

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 Q2-2025, YTD-2025, Q2-2024 and YTD-2024 are provided below:

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Cash provided by operating activities	\$ 5,191	\$ 6,093	\$ 11,159	\$ 11,194
Less: interest costs	(6,882)	(6,877)	(13,973)	(13,678)
Cash used in operating activities - including interest costs⁽¹⁾	(1,691)	(784)	(2,814)	(2,484)
Add / (deduct):				
Change in non-cash operating working capital	(1,488)	(2,010)	(996)	(1,424)
Loss on early extinguishment of debt	—	(94)	—	(94)
Transaction costs	651	101	651	221
Change in restricted cash	(37)	1,522	(1,096)	1,393
Net loss attributable to non-controlling interests	337	110	725	107
Amortization of financing costs	(689)	(538)	(1,598)	(1,150)
FFO	(2,917)	(1,693)	(5,128)	(3,431)
Add / (deduct):				
Amortization of financing costs	439	491	1,038	1,155
Vacancy costs associated with the suite upgrade program	49	10	99	20
Loss on early extinguishment of debt	—	94	—	94
Sustaining capital expenditures and suite renovation reserves	(128)	(147)	(274)	(294)
Accrued interest costs ⁽²⁾	1,295	482	2,038	482
AFFO	\$ (1,262)	\$ (763)	\$ (2,227)	\$ (1,974)

⁽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.

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LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Fund's first mortgages are subject to a minimum net worth covenants ranging from approximately \$40,000 to \$75,000 as defined in each applicable loan agreement. As at June 30, 2025, the Fund did not achieve the minimum net worth covenant for certain of the Fund's first mortgage loan agreements. The Fund's loans payable typically carry consolidated Fund minimum net worth and minimum liquidity covenants and typically have no specific financial covenants tied to the ongoing operations of the Property. As at June 30, 2025, the Fund was in compliance with all of its financial covenants other than the minimum net worth covenant as mentioned above. Certain of the Fund's loans also carry certain performance conditions which if not satisfied, may reduce the Fund's ability to defer a portion of any debt service amounts that the Fund otherwise may defer. As at June 30, 2025, the Fund had cash on hand of \$6,407.

The Fund strives to maintain strong and collaborative relationships with its lenders but the elevated level of interest rates and associated impact on capitalization rates described in "Future Outlook" had a negative impact on the Fund's overall leverage position and debt service coverage ratios, both of which are typical financial benchmarks required to extend certain loans and as a result, these changes have impacted the Fund's ability to exercise certain extension options available under existing loans payable. Under the terms of each applicable loan agreement, the Fund has the right to make a principal repayment towards such loan in order to achieve the extension tests that otherwise may not be achieved. Given the Fund was formed as a "closed-end" investment vehicle, the Fund is restricted from raising any additional equity, which may have otherwise assisted in making any principal repayments of the loans payable in order to meet certain extension conditions. In the event the Fund is not able to refinance the loan or if the Fund does not have sufficient liquidity or other sources of capital sufficient to make any such principal repayments required to achieve the applicable loan extension tests and the Fund is not able to otherwise negotiate an extension of such loan, the applicable lender may provide formal notice of an event of default expressing its right to demand repayment of the borrowings relating to such property. Under this scenario, the Fund may be obligated to sell such properties which may not be able to be completed on terms that are acceptable to the Fund or may be required to explore other options in the best economic interests of the Fund in order to discharge its obligations under any of the applicable loan agreements. The Fund's loans payable also do not carry cross-default provisions other than the Fund's credit facility whereby if one of the Fund's lenders associated with its loans payable declared an event of default that is not remedied by the Fund, the credit facility lender may provide formal notice of an event of default expressing its right to demand repayment of the outstanding borrowings on the credit facility. On April 29, 2025, the Fund completed the disposition of Lyric and fully repaid the credit facility outstanding balance amounting to \$13,605 and its availability was reduced to \$2,395 as a result of the repayment (see "Financing Activities"). Subsequent to June 30, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026 and for the Eight at East loan payable, the Fund amended the loan agreement to obtain a short-term extension to September 7, 2025 and completed the disposition of the Property repaying such loan in full at that time (see "Subsequent Events").

The Fund continues to focus on managing its liquidity position, including having extended the Term to November 2026, in order to provide the Fund the opportunity to capitalize on potential improvements in the investment market that are anticipated in future periods, but may not materialize. Furthermore, the Fund continues to focus on liquidity management as the Fund previously amended several of its loan agreements, deferred the payment of asset management fees and has continued to focus on maximizing NOI at the Properties to preserve as much liquidity as possible (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. The Fund'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 the Fund'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 Q2-2025, YTD-2025, Q2-2024 and YTD-2024:

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Cash provided by operating activities	\$ 5,191	\$ 6,093	\$ 11,159	\$ 11,194
Cash provided by investing activities	102,714	909	101,948	1,924
Cash used in financing activities	(104,091)	(7,135)	(109,083)	(13,141)
Increase (decrease) in cash	3,814	(133)	4,024	(23)
Cash, beginning of period	2,603	3,055	2,394	2,940
Change in cash due to foreign exchange	(10)	3	(11)	8
Cash, end of period	\$ 6,407	\$ 2,925	\$ 6,407	\$ 2,925

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Cash provided by operating activities during Q2-2025 and YTD-2025 was \$5,191 and \$11,159 respectively, which primarily consisted of the operating income generated by the Properties, changes in non-cash operating working capital and changes in restricted cash which is held in escrow to fund property taxes and insurance costs and in certain instances, allow the Fund to draw such amounts to fund eligible capital expenditures at certain properties.

Cash provided by operating activities during Q2-2024 and YTD-2024 was \$6,093 and \$11,194 respectively, which primarily consisted of the operating income generated by the Properties and changes in non-cash operating working capital, partially offset by changes in restricted cash which is held in escrow to fund property taxes and insurance costs and in certain instances, allow the Fund to draw such amounts to fund eligible capital expenditures at certain properties.

Cash provided by investing activities for Q2-2025 and YTD-2025 was \$102,714 and \$101,948, consisting of \$103,500 from the disposition of Lyric, partially offset by capital additions to the Properties of \$786 and \$1,552 for Q2-2025 and YTD-2025, respectively.

Cash provided by investing activities for Q2-2024 and YTD-2024 was \$909 and \$1,924, respectively, consisting of proceeds from the disposition of SF Properties of \$1,760 and \$3,619, partially offset by capital additions to the Properties of \$851 and \$1,695, respectively.

Cash used in financing activities for Q2-2025 and YTD-2025 was \$104,091 and \$109,083, respectively, which primarily consisted of the repayment of existing loans payable of \$100,602 and \$103,602 and finance costs paid of \$4,882 and \$11,767, partially offset by proceeds from draw downs on existing loans of \$1,295 and \$6,276, respectively.

Cash used in financing activities for Q2-2024 and YTD-2024 was \$7,135 and \$13,141, respectively, which primarily consisted of the repayment of existing loans payable of \$76,314 and finance costs paid of \$11,853 and \$19,212 for Q2-2024 and YTD-2024, respectively. Cash used was partially offset by proceeds from refinancing of \$62,223, new financings of \$18,277 and draw downs on existing loans of \$482 and \$1,843 for Q2-2024 and YTD-2024, respectively.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Fund's capital is the aggregate of Indebtedness and net liabilities attributable to Unitholders. The Fund'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 the Fund as at June 30, 2025 is summarized below:

	June 30, 2025	December 31, 2024
Loans payable ⁽¹⁾	\$ 373,655	\$ 470,979
Net liabilities attributable to Unitholders and non-controlling interests	10,678	48,959
Less: non-controlling interests	1,312	614
Total capital attributable to Unitholders	\$ 385,645	\$ 520,552

⁽¹⁾ Loans payable includes 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.

	June 30, 2025	December 31, 2024
Indebtedness to Gross Book Value	97.9%	91.6%
Weighted average interest rate - as at period end ⁽¹⁾	7.45%	6.10%
Weighted average loan term to maturity ⁽²⁾	1.13 years	1.57 years

	Q2-2025	Q2-2024	YTD-2025	YTD-2024
Weighted average interest rate - average during period ⁽¹⁾	7.31%	6.06%	7.23%	6.06%
Interest and Indebtedness Coverage Ratio ⁽³⁾	0.78x	0.90x	0.82x	0.87x

⁽¹⁾ The weighted average interest rate on loans payable is presented as at June 30, 2025 reflecting the prevailing index rate, as applicable to each loan, as at that date (see "Loans Payable") and includes the maximum interest rate on the Unsecured Financing of 12.0% (see "Financing Activities"). As at August 27, 2025, the Fund had fixed rate debt in place on certain of its loans payable which protect the Fund from increases in SOFR (see "Fair value adjustment on derivative instruments").

⁽²⁾ The weighted average term to maturity assumes that certain extension options have been utilized by the Fund. Such extension options available to the Fund are outlined on the condensed consolidated interim financial statements of the Fund for the three and six months ended June 30, 2025 and are subject to certain conditions.

⁽³⁾ These calculations exclude \$1,295 and \$2,038 of interest costs or debt service shortfall funding for Q2-2025 and YTD-2025 as these amounts are accrued and payable only at maturity of the applicable loan payable.

As at June 30, 2025, the Fund's weighted average NAV per Class A Equivalent Unit rounded to the nearest dollar and calculated in accordance with the Fund's constating documents is approximately C\$1.00.

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As at June 30, 2025, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value, was 97.9% (December 31, 2024 - 91.6%) and the weighted average term to maturity was 1.13 years (December 31, 2024 - 1.57 years). The maximum allowable leverage ratio under the Declaration of Trust restricts the Fund 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 Declaration of Trust). As of the date of issuance of this MD&A, the Fund did not exceed the maximum leverage condition and continues to focus on managing the Fund's capital structure, including the overall leverage (see "Liquidity and Capital Resources" and "Future Outlook").

For Q2-2025 and YTD-2025, the Interest Coverage Ratio and the Indebtedness Coverage Ratio were both 0.78x and 0.82x (Q2-2024 and YTD-2024 - 0.90x and 0.87x) respectively, as there were no principal payments paid or required to be paid during the period. The decrease in both ratios is due to the reduction in NOI as a result of the Primary Variance Driver. The principal repayment amount paid under the Lyric loan payable has been excluded from this calculation as a result of it being related to the sale of the property.

The Fund also continues to actively monitor the interest rate environment and any associated impact this may have on the Fund's financial performance. Any shortfall of operating income relative to interest costs is funded from cash on hand. The Fund may also enter into additional financing, evaluate potential asset sales of remaining properties or other alternatives in the best economic interests of the Unitholders in the event liquidity is required to fund the ongoing operations of the Fund (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 the Fund's condensed consolidated interim financial statements as at June 30, 2025:

	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⁾
2025 - reminder of year ⁽³⁾	\$ —	\$ 120,906	\$ 120,906	32.4 %	6.36 %	\$ 9,862
2026	—	170,950	170,950	45.8 %	8.29 %	5,910
2027	—	19,576	19,576	5.2 %	4.00 %	4,032
Thereafter	—	62,223	62,223	16.6 %	5.85 %	5,460
	\$ —	\$ 373,655	\$ 373,655	100.0 %	7.04 %	\$ 25,264
Unamortized financing costs			(1,632)			
Carrying value			\$ 372,023			

⁽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 June 30, 2025, including any interest rate caps in place and required based on the terms of existing loan agreements. Weighted average interest rate of maturing loans assumes interest rate of 4.00% for unsecured financing maturing in 2027 as \$1,299 of deferred debt service costs are included in the principal balance outstanding balance as at the reporting date.

⁽³⁾ The Fund has shown the principal payments herein based on the initial maturity date of such loan. As no extension options are available as of the date of this MD&A, the balloon payments are based on the subsequent repayment of the Fund's loans payable as a result of subsequent disposition of Eight at East.

FINANCING ACTIVITIES

On May 1, 2024, the Fund amended the Ventura loan payable to extend the term to February 9, 2026, discharged its obligation to purchase a replacement interest rate cap and defer a portion of the debt service at the property, whereby the Fund can defer up to certain amounts per month subject to certain terms. The outstanding balance on any deferred amounts bears interest at 12.0% per annum, compounded monthly, which is accrued and payable at the time of repayment of such loan. Any accrued debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan are included in interest expense within the Fund's condensed consolidated interim statement of loss and comprehensive loss for the three and six months ended June 30, 2025 with an offsetting amount added to the loans payable principal outstanding which during Q2-2025 and YTD-2025 amounted to \$933 and \$1,327. As at June 30, 2025 the Fund had accrued and deferred a total of \$3,200 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2024 - \$1,873), whereby such amounts bear interest at 12.0% per annum and the remaining principal outstanding on the Ventura loan payable at that time of \$92,750 bears interest at Term SOFR + 3.50%. On June 9, 2025, the Fund finalized the modification of the Ventura loan payable to reduce the Fund's monthly funding obligation for any debt service shortfall of the property to \$75 per month, effective retroactively as of February 9, 2025.

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On June 28, 2024, a subsidiary of the Fund entered into an unsecured financing of \$18,277 for a three-year term, bearing monthly interest only payments at a minimum of 4.0% per annum. To the extent there is sufficient operating cash flow from the Fund's Indigo property after payment of any associated debt servicing costs for the first mortgage and the minimum 4.0% payment required under the unsecured financing, the monthly interest payment may increase up to a maximum of 12.0% per annum. To the extent the minimum monthly payment is less than the maximum 12.0% interest rate, the excess up to the maximum 12.0% interest rate is accrued and deferred to be payable upon maturity of the unsecured financing. Any accrued debt service costs or debt service shortfall funding which have been deferred and are payable upon maturity of the loan are included in interest expense within the condensed consolidated interim statement of loss and comprehensive loss for the three and six months ended June 30, 2025 with an offsetting amount added to the loans payable principal outstanding which during Q2-2025 and YTD-2025, amounted to \$362 and \$711. As at June 30, 2025 the Fund had accrued and deferred a total of \$1,299 of debt service costs which are included in the principal balance outstanding reported at such date (December 31, 2024 - \$588).

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

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

The Eight at East loan payable matured on May 7, 2025 and the Fund was unable to meet the conditions required to extend the term under the loan agreement. The loan maturity was further extended to September 7, 2025 and the Fund subsequently completed the disposition of Eight at East on August 12, 2025 for \$63,000 using the proceeds to repay the outstanding first mortgage of \$64,225 (see "Subsequent Events").

On July 17, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026. As per the terms of the extension, the loan is subject to certain 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 (see "Subsequent Events").

The loans secured by Ventura and Indigo mature in 2026 and beyond.

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

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the Fund 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 the Fund. The Fund has agreed to indemnify, in certain circumstances, the directors and officers of the Fund and its subsidiaries.

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NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The Fund is authorized to issue an unlimited number of Units. The beneficial interest in the net loss and comprehensive loss of the Fund is divided into nine classes of Units: A, C, D, E, F, G, I, U, and Class B LP Units. The Class B LP Units are exchangeable into, and economically equivalent to, class C Units. Below is a summary by class of the net liabilities attributable to Unitholders for the period from January 1, 2024 to June 30, 2025:

	Class A	Class C	Class D	Class E	Class F	Class G	Class I	Class U	Class B LP	Total
Net liabilities attributable to Unitholders, January 1, 2024	\$ 7,067	\$ 9,815	\$ 43,560	\$ 3,079	\$ 22,617	\$ 6,158	\$ 12,820	\$ 2,524	\$ 2,746	\$110,386
Re-allocation due to Unit conversions	1,328	(11)	(53)	(54)	(1,264)	115	—	(61)	—	—
Net loss and comprehensive loss	(4,623)	(5,406)	(23,968)	(1,666)	(11,764)	(3,456)	(7,059)	(1,358)	(1,513)	(60,813)
Net liabilities attributable to Unitholders, December 31, 2024	3,772	4,398	19,539	1,359	9,589	2,817	5,761	1,105	1,233	49,573
Re-allocation due to Unit conversions	47	—	132	(4)	(179)	135	—	(131)	—	—
Net loss and comprehensive loss	(2,893)	(3,335)	(14,915)	(1,026)	(7,137)	(2,239)	(4,364)	(739)	(935)	(37,583)
Net liabilities attributable to Unitholders, June 30, 2025	926	1,063	4,756	329	2,273	713	1,397	235	298	11,990

The following table summarizes the changes in Units outstanding for Q2-2025:

(in thousands of Units)	Class A	Class C	Class D	Class E	Class F	Class G	Class I	Class U	Class B LP	Total
Outstanding as at January 1, 2025	2,421	2,676	12,543	676	5,966	1,446	3,500	568	750	30,546
Units reallocated due to conversions	37	—	85	(2)	(118)	68	—	(66)	—	4
Outstanding as at June 30, 2025	2,458	2,676	12,628	674	5,848	1,514	3,500	502	750	30,550

Classes A, B, C, D, F and I are Canadian dollar denominated Units and classes E, G and U are U.S. dollar denominated Units. Conversions can be made between certain classes of Units based on the Conversion Ratios. The weighted average class A equivalent Units outstanding during Q2-2025 was 31,818,386 (assumes all outstanding Units are converted to class A equivalent Units based on the Conversion Ratios).

STARLIGHT U.S. RESIDENTIAL FUND - Q2 2025 MD&ANotes to readers | Future outlook | Our business | Highlights | Financial performance | **Other disclosures****RELATED PARTY TRANSACTIONS AND ARRANGEMENTS****ARRANGEMENTS WITH THE MANAGER**

The Fund engaged the Manager to perform certain management services, as outlined below. The Manager is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer, a director and President and Chief Executive Officer of Starlight Group and a trustee, Chief Executive Officer and a Unitholder of the Fund. The management agreement dated November 15, 2021 (the "Management Agreement") expires on the winding-up or dissolution of the Fund, 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 the Fund. In addition, the Fund 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 the Fund and the Manager agree in writing are to be provided from time to time by the Manager.

For Q2-2025 and YTD-2025, the Fund incurred asset management fees of \$473 and \$1,026 (Q2-2024 and YTD-2024 - \$554 and \$1,107), which were charged to fund and trust expenses. On January 1, 2024, the Manager agreed to defer the Fund's obligation to pay all asset management fees until further notice. Asset management fees payable to the Manager as at June 30, 2025 was \$3,220 (December 31, 2024 - \$2,194).

(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 and 2% of the purchase price of a single-family rental home acquired, directly or indirectly, by the Fund as a result of such properties having been presented to the Fund by the Manager.

For Q2-2025 and YTD-2025, the Fund did not incur any acquisition fees (Q2-2024 and YTD-2024 - \$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 the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its wholly owned subsidiaries to indirectly acquire an interest in the Properties, the Fund, Starlight U.S. Residential (Multi-Family) REIT Inc. and Starlight U.S. Residential (Single-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 Q2-2025 and YTD-2025, the Fund incurred guarantee fees of \$2 and \$6 (Q2-2024 and YTD-2024 - \$nil and \$nil). The amount payable to the Manager as at June 30, 2025 was \$7 (December 31, 2024 - \$4).

Other related party transactions

Aggregate compensation to key management personnel was \$nil for Q2-2025 and YTD-2025, as compensation of these individuals is paid by the Manager pursuant to the Management Agreement (Q2-2024 and YTD-2024 - \$nil).

The Fund 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 trustee and Chief Executive Officer and a Unitholder of the Fund ("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 the Fund, 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

The partners of Starlight Investment Residential Partnership ("SIRP") (currently being Starlight Group and the President of the Fund), through SIRP's indirect interest in Starlight U.S. Residential (Multi-Family) Holding L.P. (the "MF Holding LP") and Starlight U.S. Residential (Single-Family) Holding L.P. (together with MF Holding LP, the "Holding LPs"), are entitled to the

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carried interest, being an aggregate amount equal to 25% of the total of all amounts each of which is the amount, if any, by which (i) the aggregate amount of distributions which would have been paid on all Units of the Fund (assuming all Class B LP Units were exchanged for class C Units) of a particular class if all distributable cash of the Holding LPs were received by the Fund (through Starlight U.S. Residential (Multi-Family) Investment L.P. and Starlight U.S. Residential (Single-Family) Investment L.P. (collectively, "Investment LPs"), Starlight U.S. Residential (Multi-Family) Investment GP, Inc., and Starlight U.S. Residential (Single-Family) Investment GP, Inc.), together with all other amounts distributable by the Fund (including distributable cash generated by investees of the Fund not held through the Holding LPs, if any), and distributed by the Fund (net of any amounts required to provide for expenses and determined without reference to any applicable U.S. taxes payable by or on behalf of the Fund, the Investment LPs or any other investee partnership that is treated as a corporation for U.S. federal income tax purposes) to Unitholders in accordance with the Declaration of Trust, exceeds (ii) the aggregate minimum return, (as defined in the Fund's final long form prospectus dated October 28, 2021 (the "Prospectus")) ("Minimum Return"), in respect of such class of Units (including, in the case of class C Units, the class C Units issuable upon exchange of Class B LP Units) of the Fund (the calculation of which includes the amount of the investors capital return base), each such excess, if any, to be calculated in U.S. dollars and, in the case of Canadian dollar Units, based on the applicable exchange rate on the date of distribution for actual distributions paid by the Fund and otherwise on the date of the applicable distribution by any relevant investee to the Fund, provided that, to the extent that the aggregate amount of distributions which would have been paid on all Units (assuming all Class B LP Units were exchanged for class C Units) of the Fund of a particular class pursuant to the foregoing exceeds the minimum return for such class, the partners of SIRP, through SIRP's indirect interest in the Holding LPs, will be entitled to an aggregate amount equal to 50% of each such excess amount (i.e., a catch-up) until the amounts, if any, distributable to Unitholders in excess of the investors capital return base is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the partners of SIRP in respect of such class. Pursuant to a side letter to be entered into between the partners of SIRP and the holders of class I Units, the partners of SIRP will pay a percentage of the carried interest received to the holders of class I Units in an amount that is intended to result in the carried interest retained by the partners of SIRP being reduced to 20% in respect of the class I Units, with no catch-up amount (see "Other Income and Expenses" for discussion of the amounts presented for provision for carried interest).

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 the Fund for the year ended December 31, 2024. 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. The Fund's acquisitions are generally determined to be asset purchases as the Fund 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.

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(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 the Fund to its counterparties, the credit risk of the Fund's counterparties relative to the Fund, 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. The Fund 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, the Fund obtains valuations from third-party appraisers at least once annually for each Property.

(d) **Income taxes:** The Fund 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. The Fund's estimate of deferred taxes is based on the assumption that the Fund'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 the Fund's liquidating event occur through a sale of the Units, the estimated deferred taxes would not be incurred by the Fund.

(e) **Carried interest:** The determination by the Fund as at each statement of financial position date as to whether a provision for carried interest should be recognized to the partners of SIRP is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders, distributions paid to Unitholders since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed from the Unitholders of the Fund and the Minimum Return.

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

(g) **Consolidation:** The Fund 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, 2024). In making this determination, it considered the relationships between the Fund, 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 the Fund.

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and the notes contained therein.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units of the Fund and activities of the Fund. Risks and uncertainties are disclosed in the Fund's MD&A for the year ended December 31, 2024 and is available at www.sedarplus.ca. Current and prospective investors of the Fund 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 February 14, 2025, the date of the Fund's MD&A for the year ended December 31, 2024.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Fund 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

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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 the Fund 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.

SUBSEQUENT EVENTS

On July 17, 2025, the Sunlake loan payable was extended by one-year to June 1, 2026. As per the terms of the extension, the loan is subject to certain conditions during the remaining loan term and bears interest-only payments at a fixed rate of 8.56% per annum with any debt service shortfall, as defined therein, being accrued and deferred until maturity.

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

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

Additional information relating to the Fund can be found on SEDAR+ at www.sedarplus.ca.

Dated: August 28, 2025

Toronto, Ontario, Canada



*Bainbridge Sunlake –
Tampa, Florida*

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