

Starlight U.S. Residential Fund Announces Proposed Reorganization Transaction

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Toronto – October 10, 2025 – Starlight U.S. Residential Fund (TSXV: SURF.A) (TSXV: SURF.U) (the “**Fund**”) today announced that it has entered into a reorganization agreement (the “**Agreement**”) with Starlight Group Property Holdings Inc. (“**Starlight Group**”), an affiliate of the Fund’s asset manager, to implement a reorganization transaction (the “**Reorganization**”). The Reorganization is expected to close before the end of 2025, subject to the satisfaction or waiver of certain closing conditions, including approval of the holders of units of the Fund (“**Unitholders**”) of the Reorganization, as described below, the receipt of certain Fund lender consents, acceptance of the Reorganization from the TSX Venture Exchange, approval for listing of the Class A limited partnership units and, if applicable, Class U limited partnership units, as described below, and certain other customary closing conditions.

Pursuant to the Reorganization, among other steps, (i) Unitholders will receive limited partnership units of Starlight U.S. Residential Fund (Multi-Family) Investment LP (“**SURF LP**”), whose limited partnership agreement will be amended and restated to reflect the terms of the existing declaration of trust of the Fund to the extent possible, subject to necessary modification and certain other differences described in the Agreement, (ii) provided the foreclosure of the Fund’s Emerson at Buda property has not been completed, Buda Mezz LLC, the indirect owner of Emerson at Buda, will be distributed to Starlight Group, subject to the consent and other rights of the lender, (iii) the “carried interest” entitlements of Starlight Group and the President of the Fund in the Fund structure will be cancelled, (iv) the legacy entities from the Fund’s former single-family residential holding structure which currently does not own any assets and does not generate any revenue will be distributed to Starlight Group, and (v) the Fund will be dissolved and terminated. In addition, the term of SURF LP will expire on November 2029, being three years from the current expiry of the Fund in November 2026.

Emerson at Buda is currently valued by the Fund at less than the associated loans. As disclosed previously, Emerson at Buda was unable to satisfy the loan extension conditions in respect of its outstanding loans and, accordingly, is in default in respect of the obligation to repay the associated loans at maturity. As noted above, foreclosure proceedings have been commenced in respect of Emerson at Buda.

All Unitholders will receive either Class A limited partnership units of SURF LP denominated in Canadian-dollars or, if the USD Class Vote (as defined below) fails to achieve the requisite majority, holders of trust units of the Fund denominated in U.S. dollars will receive Class U limited partnership units of SURF LP denominated in U.S. dollars. Unitholders will receive Class A or Class U limited partnership units based on the existing entitlements and exchange ratios applicable to each Unitholder’s current class of units.

The purposes of the Reorganization are, among other things, to simplify the Fund’s capital structure, including by reducing the number of classes of units from nine to one (or, depending on the result of the USD Class Vote, two), increasing liquidity for investors by having all of the resulting units listed on



a stock exchange, eliminating compliance associated with the Fund being a trust and with the maintenance of the legacy entities within the former single-family residential holding structure, and eliminating potential for Starlight Group and the President of the Fund to receive any “carried interest”.

It is a condition of closing of the Reorganization that the Class A and, if applicable, Class U limited partnership units of SURF LP be listed and posted for trading on the TSX Venture Exchange. Listing is subject to the approval of the TSX Venture Exchange in accordance with its applicable listing requirements.

Required Approvals and Voting Support

The Fund will be holding a special meeting of Unitholders (the “**Meeting**”) to seek, among other things, approval of the Reorganization. The Fund will deliver a management information circular and certain related documents to Unitholders in connection with the Meeting, copies of which will be filed on SEDAR+ at www.sedarplus.ca. It is anticipated that the Meeting will take place in late-November or early December, 2025.

Unitholders must approve the Reorganization by at least (i) 66 2/3rds percent of the votes cast by Unitholders present or represented by proxy, voting as a single class, at the Meeting, and (ii) subject to receipt of exemptive relief from the Canadian Securities Administrators (“**CSA**”), a majority of the votes attached to the units held by Unitholders present or represented by proxy, voting as a single class, at the Meeting, excluding for this purpose votes cast by Unitholders that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), provided that if such exemptive relief is not obtained, the Unitholders will vote on a class by class basis in respect of (ii). Votes cast by Daniel Drimmer, the senior officers of the Fund, the holder of Class I Units of the Fund and the senior officers and directors of Starlight Group, will be excluded for purposes of the majority of the minority vote described above. In addition, as noted above, holders of U.S. dollar-denominated units of the Fund will have a separate vote, as a class, on whether to receive Class A or Class U limited partnership units of SURF LP (the “**USD Class Vote**”).

MI 61-101 requires approval of the Reorganization to be received from a majority of the votes attached to the units voted by disinterested Unitholders voting separately on a class-by-class basis at the Meeting. However, the Fund has applied to the CSA for exemptive relief from the requirement that the Fund obtain approval separately for each class of units on the basis that, among other reasons: (i) the Fund’s amended and restated declaration of trust provides that Unitholders vote as a single class unless the nature of the business to be transacted at the meeting affects holders of one class of units in a manner materially different from its effect on holders of another class of units, and the Fund’s manager and the Fund have determined that, in light of the separate vote for U.S. dollar-denominated units of the Fund, the Reorganization does not affect holders of one class of units in a manner materially different from its effect on holders of another class of units; (ii) since the relative economic entitlements as between classes within the Fund are to be determined in accordance with the formulas established in the amended and restated declaration of trust of the Fund that were set at the time of the Fund’s initial public offering when investors selected their preferred class and purchased their units, the economic impact of the Reorganization will be determined pursuant to such formulas and, other than the potential for holders of U.S. dollar-denominated units to receive Class A limited partnership units (which will be subject to the USD Class Vote), the Reorganization will not alter such entitlements or otherwise provide for the payment of cash or assets to Unitholders in a manner that



differs from the pre-established entitlements in the amended and restated declaration of trust; (iii) negotiation of the Reorganization was overseen by a special committee of independent trustees (the “**Special Committee**”) of the board of trustees of the Fund (the “**Board**”); (iv) both the Special Committee and the Board have received the Fairness Opinion (as defined herein); (v) the Board believes that providing a class vote would provide disproportionate power to a potentially small number of Unitholders; and (vi) to the best of the knowledge of the manager of the Fund and the Fund, there is no reason to believe that the Unitholders of any particular class would not approve the Reorganization. There can be no assurance that the requested relief will be granted by the CSA.

Board Process and Recommendation

The Board constituted the Special Committee to oversee negotiation of the Reorganization for the Fund.

In connection with such process, Evans & Evans, Inc. has provided an opinion (the “**Fairness Opinion**”) to the Special Committee and the Board to the effect that, as of the date of such opinion and based upon and subject to the limitations, qualifications, assumptions and other matters set out therein, the Reorganization is fair, from a financial point of view, to the Unitholders (other than interested Unitholders). Based on the Fairness Opinion, certain reasons set out above and as will be described more fulsomely in the management information circular and other considerations, the Special Committee concluded that the Reorganization is in the best interests of the Fund and, accordingly, unanimously recommended that the Board approve the Reorganization and related matters.

Based on the Fairness Opinion, the reasons set out above and other considerations, the Board unanimously concluded (with Daniel Drimmer declaring his interest and recusing himself from consideration and voting) that the Reorganization is in the best interests of the Fund and, accordingly, unanimously approved the Reorganization and related matters and unanimously recommends that Unitholders vote **IN FAVOUR** of the Reorganization and related matters.

Transaction Advisors

Evans & Evans, Inc. has provided a fairness opinion to the Special Committee and the Board in connection with the Reorganization. Blake, Cassels & Graydon LLP is counsel to the Fund and Wildeboer Dellelce LLP is counsel to the Special Committee.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws and which reflect the Fund’s current expectations regarding future events, including statements relating to the Reorganization, the outcome of the foreclosure of the Emerson at Buda property, the expected timing for the Unitholder vote, the expected closing date for the Reorganization, and the benefits of the Reorganization to Unitholders generally. 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 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, but are not limited to: the occurrence of any event, change or other circumstances that could give rise to the termination of the Agreement; the outcome of any legal proceedings that may be instituted against the Fund related to the Agreement; the inability to complete the Reorganization due to the failure to satisfy the conditions to closing of the Reorganization (including the failure to obtain the required vote of the Unitholders, the failure to obtain the required consents from the Fund's lenders or the failure to obtain required regulatory consents); the possibility of not receiving the requested relief from the CSA; the disruption of management's attention from the Fund's ongoing business operations due to the Reorganization; the effect of the announcement of the Reorganization on the Fund's relationships with its customers, lenders, operating results and business generally; unexpected expenses that arise prior to closing of the Reorganization; the effects of local and national economic, credit and capital market conditions, including changes in interest rates, foreign exchange rates, government regulations or in tax laws; and other risk factors described in the Fund's continuous disclosure materials from time to time, available on SEDAR+ at www.sedarplus.ca.

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.

The forward-looking information included in this press release relates only to events or information as of the date on which the statements are made in this press release. 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.

ABOUT STARLIGHT U.S. RESIDENTIAL FUND

The Fund is a trust formed under the laws of Ontario for the primary purpose of indirectly acquiring, owning, and operating a portfolio of income producing multi-family and single family residential rental properties in the U.S. residential real estate market located primarily in Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington. The Fund currently has interests in and operates a portfolio comprising interests in 1,333, Class "A" stabilized, income producing multi-family residential suites located in Tampa, Florida, Austin, Texas, Phoenix, Arizona and Raleigh, North Carolina.

ABOUT STARLIGHT INVESTMENTS

The Fund is a "closed-end" fund formed under and governed by the laws of the Province of Ontario, pursuant to a declaration of trust dated September 23, 2021, as amended and restated. The Fund was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily composed of income-producing residential properties in 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. The Fund currently owns interests in four multi-family properties consisting 1,333 suites.



Please visit us at www.starlightinvest.com and connect with us on LinkedIn at www.linkedin.com/company/starlight-investments-ltd-.

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