

Newsletter

Starlight U.S.
Residential Fund

November 25, 2025



Bainbridge Sunlake (Tampa, FL)

Newsletter | November 2025

Starlight U.S. Residential Fund (the “Fund”) is listed on the TSX Venture Exchange (TSXV: SURF.A and SURF.U). As at September 30, 2025 the Fund owned 1,333 suites in four apartment communities in Austin, Phoenix, Raleigh, and Tampa (“MF Properties”). The Fund is asset managed by Starlight Investments US AM Group LP (the “Manager”). The Fund was established in November 2021 to acquire, own and operate a portfolio primarily comprised of income-producing Class “A”, institutional quality multi-family real estate properties constructed in 1990 or later, as well as single-family rental properties constructed in 1970 or later. The Fund targets residential assets located in Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington (the “Primary Markets”).

The Fund’s strategy is focused on achieving increases in rental rates through high return, value-add capital expenditures to rental suites, clubhouses and amenities in targeted geographic locations experiencing compelling demand increases due to population and employment growth, as well as lifestyle preferences. The value-add strategy also includes active asset management utilizing best-in-class United States (“U.S.”) based third-party property managers to generate net operating income (“NOI”)¹ growth by maximizing rental rates and ancillary revenue opportunities with operational controls to manage and reduce costs. Unless otherwise stated, dollar amounts expressed are in U.S. dollars.



Indigo Apartments (Raleigh, NC)



Bainbridge Sunlake (Tampa, FL)



The Ventura (Phoenix, AZ)



Emerson at Buda (Austin, TX)

¹This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS. See “Disclaimer” for further details on non-IFRS financial measures.

Significant Events

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

On July 17, 2025, the Bainbridge Sunlake ("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.

The Fund was pursuing good faith negotiations with the lenders of Emerson at Buda ("Emerson") loan payable to obtain a modification and extension of the loans secured respectively by the Property and by a pledge of the ownership interests ("Pledged Interests") in the entity that owns the Property. However, during Q3-2025, the Fund received a formal notice of an event of default from one of the lenders secured by the Pledged Interests, demanding the repayment of the loan. As a result, subsequent to September 30, 2025, the foreclosure proceedings were finalized through a public auction which resulted in the transfer of ownership of Emerson to a third-party.

Subsequent to September 30, 2025, the Fund entered into a reorganization agreement with Starlight Group Property Holdings Inc. ("Starlight Group"). Under the proposed reorganization all Unitholders will exchange their current Units of the Fund for limited partnership units of Starlight U.S. Residential (Multi-Family) Investment L.P ("MF Investment LP"). As part of the transaction, the Fund will be dissolved and MF Investment LP will become the successor entity with its limited partnership units listed on the TSX Venture Exchange. The reorganization is expected to be completed before the end of 2025 pending Unitholder approval, lender consents and regulatory acceptance.

U.S. Multi-Family Market Trends

The Federal Funds Rate dropped by 25 basis points in October 2025, leading to a rate of approximately 400 basis points. As of September 2025, year over year inflation was 3.0% (up from 2.4% in September 2024), and the U.S. unemployment rate was 4.4%, up from 4.1% in September 2024.

Metropolitan Market Information

The following highlights the key macroeconomic and property data in each of the Fund's cities and submarkets.

Raleigh Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the unemployment rate in the Raleigh Metropolitan Area was 3.5% in August 2025², a slight increase from 3.4% in June 2025, but remains below the national average of 4.4%.

Occupancy and Rent

According to RealPage Market Analytics, Q3-2025 occupancy in Raleigh was 94.5%. Quarter over quarter rents decreased slightly by 0.8% while year over year rents also decreased by 0.9%. The one-year forecast for occupancy suggests a decrease to 91.8%, with rental growth projected to increase by 2.4% over the next twelve months.

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Raleigh Submarkets

According to RealPage Market Analytics, the Raleigh submarket in which the Fund has invested in – North Cary/Morrisville – had a Q3-2025 occupancy rate of 94.8%, with rents decreasing 1.9% year over year. Occupancy rates in this submarket are forecasted to decrease to 91.8% over the next year.

Tampa Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the unemployment rate in the Tampa Metropolitan Area was 4.4% in August 2025², an increase from 4.0% in June 2025, and in line with the national average.

Occupancy and Rent

According to RealPage Market Analytics, Q3-2025 occupancy levels for Tampa were 94.6%. Rents decreased by 1.0% quarter over quarter, while increasing year over year by 1.2%. Occupancy is forecast to remain stable at 94.6% in Q3-2025, while rental growth is projected to be 2.6%.

Tampa Submarkets

According to RealPage Market Analytics, the Tampa submarket in which the Fund has invested in – Carrollwood/Citrus Park – had a Q3-2025 occupancy rate of 94.3%, with year over year rents increasing slightly by 0.3%. Occupancy rates in this submarket are forecasted to increase marginally to 94.8% over the next year.

Phoenix Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the unemployment rate in the Phoenix Metropolitan Area was 3.8% in August 2025², a decrease from 4.0% in June 2025 and well below the national average.

Occupancy and Rent

According to RealPage Market Analytics, Q3-2025 occupancy levels for Phoenix were 94.3%. Quarter over quarter rents decreased by 1.1%, while year over year rents decreased by 3.3%. Forecasted occupancy is expected to decrease to 93.3%, with rents projected to increase by 1.0% in Q3-2026.

Phoenix Submarkets

According to RealPage Market Analytics, the Phoenix submarket in which the Fund has invested – Chandler – had a Q3-2025 occupancy rate of 94.9%, with year over year rents decreasing by 5.9%. Occupancy rates in this submarket are expected to decrease slightly to 93.9% by Q3-2026.

Interest Rate Update

As at November 21, 2025, 10-year U.S. Treasury bonds were yielding approximately 4.06% and the Secured Overnight Financing Rate was approximately 3.93%.

²September 2025 unemployment data by market is not yet available given delays from the lapse in US federal appropriations.

Property Management

The Fund benefits from the local real estate expertise and market intelligence of best-in-class property managers. Bainbridge Management Group, a third-party manager with local market expertise in Florida provides property management for Sunlake in Tampa. Avenue5 Residential, a national third-party manager provides property management for Indigo Apartments in Raleigh. Mark-Taylor, a third-party manager with local market expertise in Phoenix provides property management for The Ventura.

Future Outlook

Subsequent to September 30, 2025, the Fund entered into a reorganization agreement with Starlight Group. Under the proposed reorganization all Unitholders will exchange their current Units of the Fund for limited partnership units of MF Investment L.P. As part of the transaction, the Fund will be dissolved and MF Investment LP will become the successor entity with its limited partnership units listed on the TSX Venture Exchange. The reorganization is expected to be completed before the end of 2025 pending Unitholder approval, lender consents and regulatory acceptance.

The Primary Markets have seen an elevated level of new supply delivered during 2023, 2024 and 2025 which has contributed to the deceleration in rent growth in the Primary Markets. 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 multisuite residential properties in future periods, however, new developments are taking longer to lease-up. This imbalance, alongside the continued economic strength and solid fundamentals may be supportive of favourable supply and demand conditions for the MF 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 MF Properties to maximize property value and to preserve as much liquidity as possible.

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Disclaimer

This Newsletter is intended for informational purposes only and is not, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities of the Fund, or investment advice to any individual. Particular investments should be evaluated relative to each individual's circumstances and individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Past performance may not be repeated and nothing in this Newsletter should be construed as an indication of future values of the Fund or future returns on any investment in the Fund.

This Newsletter is not intended for distribution in any jurisdiction that would require the filing of a prospectus, registration statement, offering memorandum or similar document under the applicable laws of such jurisdiction or would result in the Fund having any reporting or other obligation in such jurisdiction. Accordingly, neither the Fund nor the Manager has done anything that would permit the possession or distribution of this Newsletter in any jurisdiction where action for that purpose is required.

The Fund's condensed consolidated interim financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS"). Certain terms used in this Newsletter do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. Non-IFRS measures used in this presentation are identified with a footnote notation. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. However, none of the non-IFRS measures should be construed as an alternative to financial measures calculated in accordance with IFRS. Information on the most directly comparable IFRS measures, composition of the non-IFRS measures, a description of how the Fund uses these measures, and an explanation of how these non-IFRS measures provide useful information to investors, and reconciliations to the most directly comparable IFRS figures, where applicable, are set out in the Fund's Management's Discussion & Analysis in the "Non-IFRS Financial Measures" section for Q2-2025 available on the Fund's profile on SEDAR+ at www.sedarplus.ca, which is incorporated by reference into this Newsletter.

Certain statements contained in this Newsletter 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 timing of the proposed reorganization including the potential impact of any unforeseen costs of the reorganization of the Fund; 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.

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.

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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 Newsletter relates only to events or information as of the date on which the statements are made in this Newsletter. 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.