

# Starlight™

# Newsletter



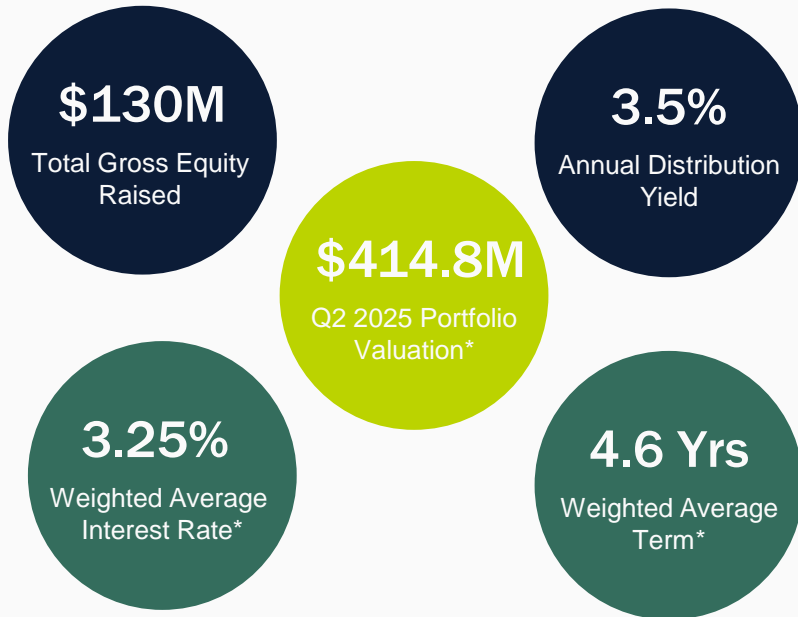
733 Goldstream Avenue, Langford, BC

## Starlight Western Canada Multi-Family (No. 2) Fund

Q2 2025 – For The Three Months Ended June 30 , 2025

# Starlight Western Canada Multi-Family (No. 2) Fund

# Starlight

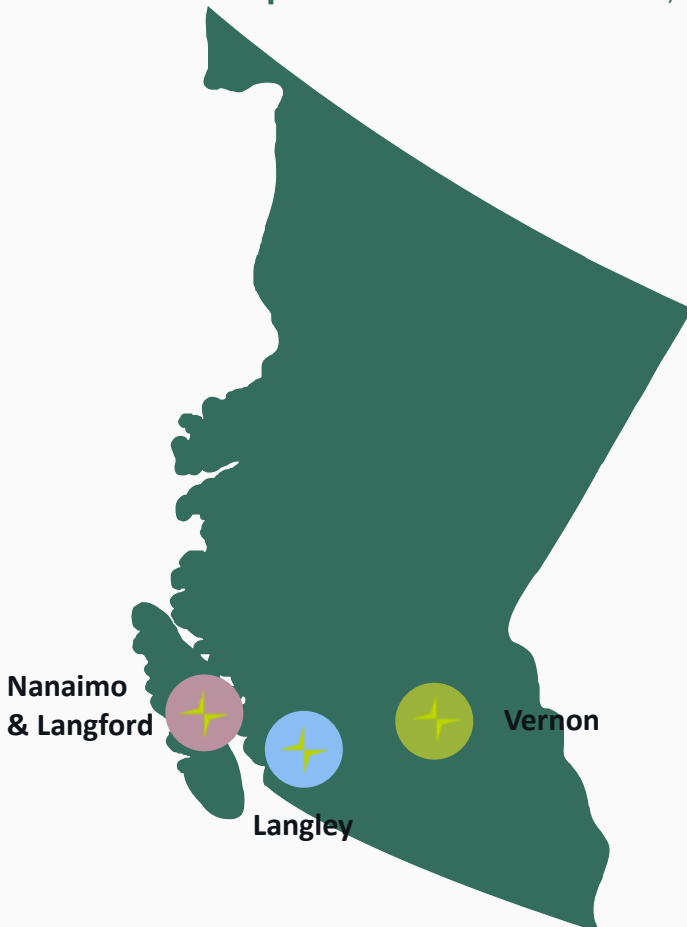


\* As of June 30<sup>th</sup>, 2025.

## Fund Management

Starlight Investments CDN AM Group LP (the “Manager”), as asset manager of Starlight Western Canada Multi-Family (No. 2) Fund (the “Fund”), is pleased to provide the Fund’s results for the three months ended June 30, 2025 (“Q2 2025”).

## Portfolio Composition as of June 30, 2025



## Investment Strategy

The Fund’s investment strategy is focused on achieving stable monthly cash distributions and enhancing earnings from its properties through active asset management. The Fund delivers value based on pricing and local supply and demand trends to achieve the Fund’s target metrics by increasing in-place rents to market rents, revenue enhancement through ancillary income opportunities and operating expense reductions as a result of active asset management.

# 9

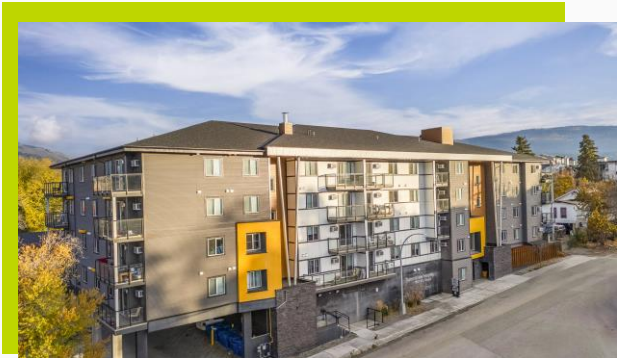
Properties

# 944

Total Suites

British Columbia Employment Trend

According to Statistics Canada, the June 2025 unemployment rate in Canada was 6.5%, as compared to an unemployment rate of 5.5% in the Province of British Columbia (“BC”), including Vancouver Island and the Coast Region. BC gained approximately 49,900 jobs between June 2024 and June 2025, demonstrating the economic strength of Vancouver Island and the mainland of BC.



1803 31A Street, Vernon, BC



4745 Ledgerwood Road, Nanaimo, BC

Monthly Distributions

The Fund expects to pay monthly distributions of not less than 3.5% on an annualized basis on each of its outstanding unit classes. The following is a summary of the monthly distribution amounts for each outstanding unit class.

CDN  
\$0.02936

Per Class A

CDN  
\$0.02846

Per Class B

CDN  
\$0.03004

Per Class C

*During 2024, the Board approved a 13.8% increase to the Fund’s monthly pre-tax distribution per unit for all Units*

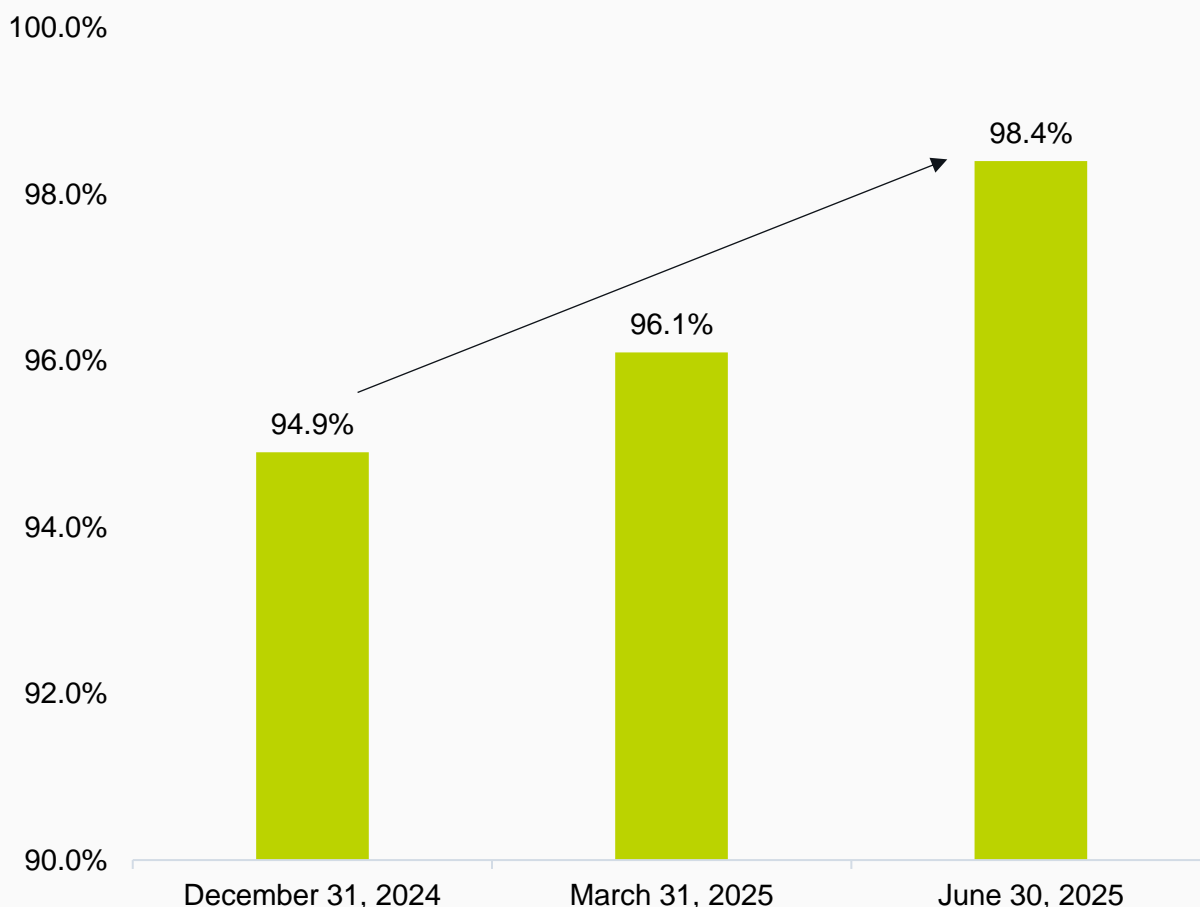
Monthly Distributions Per Unit as of June 30, 2025

## Operational Performance

The Fund executed **188** new leases during Q2 2025. The Fund also realized physical occupancy levels of **98.4%** as of June 30, 2025, in line with expectations and continues to improve compared to prior quarters.

The Fund's net operating income ("**NOI**")<sup>1</sup> margin was **70%** for Q2 2025 derived from increasing revenues year-over-year while maintaining operating expenses. The Manager continues to execute on its asset management strategy to enhance earnings by pursuing ancillary revenue opportunities and achieving operating expense reductions.

### Portfolio Physical Occupancy Trend



(1) This metric is a Non – IFRS measure. Non – IFRS financial measures do not have standardized meanings presented by IFRS (see “Forward Looking Information”).



# Highlights

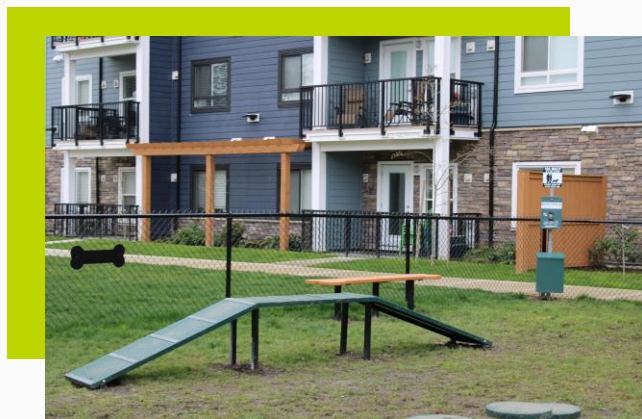
Starlight

## Q2 2025 Highlights

The Fund concluded Q2 2025 with a total of 944 multi-family suites across nine properties throughout the Province of British Columbia.

The Fund's presentation currency used in the highlights are expressed in thousands of Canadian dollars.

- In Q2 2025, the Fund generated **\$5,452** in revenue from operations, which was sourced from rental income, parking income and other ancillary income.
- The Fund continued to deliver strong rent collections of approximately **99.4%** in Q2 2025 validating the Fund's strong resident base and operating performance.
- Total NOI for Q2 2025 was **\$3,802**.
- The Manager continued to deploy its asset management strategy delivering strong monthly cash flows and monitoring market trends to yield high rents.



Dog Park



Kitchen



6035 Linley Valley Dr, Nanaimo, BC



Bedroom

# Property Spotlight

## 4745 Ledgerwood Road, Nanaimo, BC

This modern, **pet-friendly** rental complex offers a diverse range of contemporary-built units, convenient amenities (**pet spa, social room, secured parking**), and a strong location near parks, shopping, golf, and ferries. Ideal for renters seeking quality finishes, solid community features, and easy access to North Nanaimo's attractions.



Outdoor Patio – Community Garden



Club Room – Games



Club Room – Social Area



Bedroom & Ensuite



# Environmental, Social & Governance

The Manager is committed to a comprehensive approach to environmental, social and governance (“ESG”) practices for all its affiliates, embedding these principles into every aspect of the Manager’s business, with the intention of driving long-term value.

The Manager’s ESG strategy and programs are aligned with external standards and best practices, including the Global Reporting Initiative Sustainability Reporting Standards, and the Global Real Estate Sustainability Benchmark. These standards help shape the Fund’s commitments and ensure accountability in its data, initiatives and goals.

## ESG Commitment

Starlight’s core ESG commitments are as follows:

People & Culture	Social Impact	Operations & Development	Transparency & Accountability
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.

The Fund’s initiatives extend beyond the financial success to encompass the well-being of its employees, communities and the environment. During Q2 2025, some of these initiatives included social initiatives, ESG workshops, resident relief programs, partnerships with humanitarian aid agencies, and other programs.

## Resident Engagement:

Resident social engagements from Q2 2025 include:

- April 18<sup>th</sup> – Easter Event
- May 11<sup>th</sup> – Mothers Day Inspired Yoga
- June – Pride Month Events



# Contact Information



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# Forward Looking Information

This Newsletter is intended for informational purposes only and is not, and should not be construed, as 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 consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms used in this Newsletter do not have a standardized definition prescribed by IFRS such as NOI and therefore, unlikely to be comparable to similar measures presented by other reporting issuers. 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. Details on Non-IFRS Measures are set out in the Fund's Management Discussion & Analysis and are available on the Fund's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

Forward-looking information may relate to future results, the impact of inflation levels and interest rates, 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 of 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; 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; the extent to which favorable 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 realization of property value appreciation and the timing thereof; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; and the availability of debt financing. 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, risks related to the Fund and its business including inflation and changes in interest rates. 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, 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 impact of inflation, the availability of mortgage financing and the interest rates for such financing, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws.

# 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 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 ability of the Fund to benefit from any asset management initiatives 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 disposition of the Properties; availability of mortgage financing and current rates and market expectations for future interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in NOI generated from asset management 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 the Manager to manage and operate the Properties; the global and Canadian economic environment; the impact, if any, of inflation on the Fund's operating costs; and governmental regulations or tax laws. There can be no assurance regarding: (a) inflation or changes in interest rates on the Fund's business, operations or performance; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) that 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 statements relate only to events or information as of the date on which the statements are made in this newsletter. Except as specifically required by applicable law, the Fund undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed.

# Future Outlook

Since 2022, concerns over rising inflation contributed to a significant increase in interest rates with the Bank of Canada raising its target interest rate from 0.25% in early 2022 to 5.0% as of Q1-2024. Increases in target interest rates typically lead to increases in borrowing costs. Inflation in Canada has declined from its peak in June 2022 of 8.1% to 1.9% in June 2025 with improvements in global supply chains and the effects of higher interest rates moving through the economy. As a result, the Bank of Canada has reduced its target interest rate by a total of 225 basis points since June 2024, bringing it down to 2.75% as of August 14, 2025.

The Fund benefits from the availability of Canada Mortgage and Housing Corporation insured financing to the Canadian residential sector, which provided a stable, competitively priced source of financing. Operating fundamentals continue to be favorable as evidenced by the operating results achieved by the Fund and the Fund has made steady progress in mitigating the significant increases in interest rates by increasing the amount of fixed rate debt to 94.0% of its total debt as at June 30, 2025. Given the Fund was formed as a “closed-end” fund with an initial term of three years, it is the Fund’s intention to maintain its targeted annual yield of 3.0% to 4.0% across all classes of Units despite elevated interest rates. The Fund continues to actively monitor the current interest rate environment and any associated impact this may have on the Fund’s financial performance and ability to pay distributions.

According to Statistics Canada, the June 2025 unemployment rate in Canada was 6.5%, as compared to an unemployment rate of 5.5% in the Province of British Columbia (“BC”), including Vancouver Island and the Coast Region. BC gained approximately 49,900 jobs between June 2024 and June 2025, demonstrating the economic strength of Vancouver Island and the mainland of BC (the “Primary Markets”).

Each year, the Federal Department of Immigration, Refugees and Citizenship Canada (“IRCC”) releases a new Immigration Levels Plan to guide its operations. In 2024, IRCC welcomed a record of 464,000 immigrants to Canada with a target of 395,000 immigrants for 2025. Canada’s initial target was to welcome 500,000 new permanent residents each year, however, subsequent to September 2024, these targets were adjusted to 395,000 and 380,000 for the years of 2025 and 2026, respectively, with a further reduction to 365,000 for 2027. In early 2025, the United States announced certain tariffs on steel, aluminum and other imported components, with further tariffs enacted and continuing to be in effect between Canada and the U.S. and the U.S. and various other jurisdictions. These tariffs may result in increased construction or renovation costs for multi-family projects in Canada and the Primary Markets.

While recent interest rate cuts have improved borrower sentiment and affordability, further reductions by the Bank of Canada are uncertain due to relatively strong employment market and the potential impacts of any new U.S. tariffs. The Fund does not expect any significant impact to the Fund’s operating results from changes in immigration, tariffs or interest rates, as the core fundamentals of the economy remain robust. The Fund continues to closely monitor these ongoing developments.

The above factors as well as the lack of housing supply and affordability, have made it more challenging for existing residents of multi-family properties to buy homes. In addition, the construction slowdown of new homes due to elevated interest rates has also continued to result in increased demand for multi-family suites and an expected reduction in new supply. The Primary Markets, including Langford, Nanaimo, Vernon and Langley, possess attractive qualities such as some of the fastest growing populations in BC with strong demographics of highly educated young professionals and families, diverse local job sectors, desirable dwelling locations with waterfront and mountain views, as well as significant economic growth creating an environment for continued demand which drives occupancy and rent growth given the limited supply of multi-family suites. The Fund believes it is well positioned to take advantage of sustained levels of immigration and favourable market conditions that are expected to continue to persist in future periods.