Indigo Apartments – Raleigh, North Carolina

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

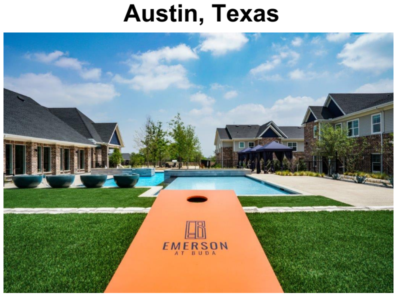
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

August 9, 2022

FUND TARGETS

- **TARGETED DISTRIBUTION YIELD: 4.0%**
- **PRE-TAX TARGETED ANNUAL RETURN: 11%**

Emerson at Buda
304 suites
Austin, Texas



Eight at East
264 suites
Orlando, Florida

Lyric Apartments
376 suites
Las Vegas, Nevada

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 9, 2022 for the three months ended June 30, 2022 ("Q2-2022") and for the six months ended June 30, 2022 ("YTD-2022") should be read in conjunction with the Fund's audited consolidated financial statements for the period from September 23, 2021 (date of formation) to December 31, 2021 ("Q4-2021") and accompanying notes for the same period, both of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on SEDAR at www.sedar.com.

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 rents ("AMR") information. 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 ("Properties"), including the impact of the coronavirus (SARS – CoV2) and its variants ("COVID-19") global pandemic, inflation and interest rates on the business and operations of the Fund. 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 COVID-19 on the Properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's TSX Venture Exchange ("TSX-V") listed and unlisted Units, inflation, 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 "COVID-19" and "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 impact of COVID-19 on the Properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Units and unlisted Units; inflation; 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 applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof, and the availability of residential properties (including single-family rental homes) for acquisition; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; the availability of debt financing; and availability and the price at which properties may be acquired. 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, and any risks related to the uncertainties surrounding COVID-19 and the potential adverse effect or the perception of its effects, on the Fund and its Units. 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 impact of COVID-19, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing, and general economic and market factors, including interest rates, business competition 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. The Fund is actively monitoring COVID-19 closely and has proactively raised its level of preparedness and planning to adapt more quickly should risk levels rise.

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 COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof; the inventory of residential real estate properties (including single-family rental homes); the availability of residential properties for acquisition 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 Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of Properties; the availability of mortgage financing and current interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in net operating income ("NOI") generated from 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; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Given this unprecedented period of uncertainty, there can be no assurance regarding: (a) the impact of COVID-19 on the Fund's business, 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) 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 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.

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, estimated gap in market versus in-place rents ("Estimated Gap in 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") 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 income and comprehensive income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. AFFO, AMR, cash provided by operating activities including interest costs, economic occupancy, Estimated Gap in Market Versus In-Place Rents, FFO, Gross Book Value, Indebtedness, Indebtedness Coverage Ratio, Interest Coverage Ratio and NOI as computed by the Fund may not be comparable to similar measures as reported by other trusts 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 income and comprehensive income 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; and (iv) vacancy costs associated with any suite upgrade program or the restoration of any single-family properties at the time such property is acquired. 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 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 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 income (loss) and comprehensive income (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 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.

Estimated Gap in 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 income and comprehensive income in accordance with IFRS, excluding fair value adjustments of the investment properties, fair value adjustments on derivative instruments, distributions to Unitholders of Units classified as financial liabilities, International Financial Reporting Interpretations Committee 21 – Levies ("IFRIC 21") adjustment for property taxes, deferred income tax expense, realized or unrealized foreign exchange gains and losses, provisions for carried interest and any amounts allocated to the non-controlling interest. FFO is a measure of operating performance based on the funds generated from the business before reinvestment or provision for other capital needs. FFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of operating performance and is calculated in accordance with RPAC. The most comparable IFRS measures for FFO are cash flow from operating activities and net income (loss) and comprehensive income (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 and mandatory principal payments on the Fund's loans payable for a specified 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. 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 (adjusted to normalize for the IFRIC 21 impact 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 is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's operating performance and uses this measure to assess the Fund's property operating performance on an unlevered basis. The most comparable measure to IFRS is net income (loss) and comprehensive income (loss).

Same property operating results and NOI (revenue less property operating costs and realty taxes) have not been presented in this MD&A given the Properties had no comparable results in prior years under the Fund's ownership.

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 income and comprehensive income 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".

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. Although COVID-19 has resulted in a volatile economy, the Fund believes it is well positioned to navigate through this challenging time and continues to undertake proactive measures at the Properties to combat the spread of COVID-19, assist tenants where needed and implement other measures to minimize business interruption.

The Fund intends to actively monitor any continued impact COVID-19 may have on the Fund's operating results in future periods specifically as they relate to rent collections, occupancy, rent growth, ancillary fees and expenses incurred for preventative measures in response to COVID-19 (see "Future Outlook").

Although positive U.S. employment and economic growth statistics, as well as strengthening rent growth, collections and occupancy statistics for multi-family properties operating in 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 been published in recent months, the extent to which COVID-19 impacts the Fund's operations, financial condition and financial results will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Such future developments include the severity and duration of COVID-19, any intensification of COVID-19, the actions by federal, state and local governments and others taken to contain COVID-19 or mitigate its impact, changes in the preferences of tenants and prospective tenants, and the direct and indirect economic effects of COVID-19 and containment measures, among others. The rapid development and fluidity of this situation impedes the Manager's ability to predict the ultimate adverse impact of COVID-19. COVID-19 and the current financial, economic and capital markets environment, and future developments in these and other areas, present material uncertainty and risk with respect to the Fund's performance, financial condition, results of operations and cash flows.

Preventative measures and risks related to COVID-19

The Fund has undertaken actions to mitigate the effect on the operations of the Fund including various preventative measures and ongoing coordination with on-site property management teams to mitigate the spread of COVID-19. This includes moving leasing to electronic platforms where possible, reduced access and increased sanitization of the common areas. The Fund is also following the directions provided by federal, state and local governments as well as public health authorities.

Notwithstanding COVID-19, such measures are not expected to have a material impact on the Fund, and management believes that the operating metrics within the Properties will continue to be stable or strengthen in the foreseeable future and over the longer term. Nonetheless, given the unpredictable nature of COVID-19, any continuation or intensification of COVID-19 or related government measures, and any changes in levels of government financial support to individuals affected by COVID-19 or economic downturn, could in the future have an adverse material effect on the Fund's financial condition, results of operations and cash flows (see "Risks and Uncertainties").

Collections and rent relief

As at August 8, 2022, the Fund collected approximately 98.2% of rents for Q2-2022 with further amounts expected to be collected in future periods. A nationwide eviction moratorium extension expired on October 3, 2021 and will no longer halt evictions in the markets in which the Fund operates (see "Governmental Intervention and Legislation").

Liquidity

As at June 30, 2022, the Fund had cash on hand of $14,836 as well as $18,127 of additional liquidity available. The additional liquidity available includes $7,017 in available credit under the capital lines associated with the loans payable at Indigo Apartments ("Indigo"), Lyric Apartments ("Lyric"), and Emerson at Buda ("Emerson") to fund future eligible capital expenditures at such properties and $11,110 of available credit remaining from a $25,000 credit facility to fund the acquisition of single-family rental homes ("SFR Credit Facility") (see "Liquidity and Capital Resources").

Although economic growth and employment in the U.S. have strengthened significantly in recent months, the Fund will implement and closely monitor various measures to ensure the liquidity and capital resources of the Fund are sufficient during this ongoing period of uncertainty.

Governmental Intervention and Legislation

From the onset of COVID-19, the U.S government has introduced a series of relief programs including the Coronavirus Aid, Relief and Economic Security Act on March 27, 2020 as well as a $900 billion stimulus package which provided further economic stimulus to assist in the recovery from the impact of COVID-19. A nationwide eviction moratorium was also implemented in 2020 that prevented evictions of tenants hurt by job loss during COVID-19. As of November 22, 2021, the nationwide eviction moratorium that was previously extended to October 3, 2021 expired. The Fund intends to closely monitor the applicability of future moratoriums to its Properties and Primary Markets.

On March 12, 2021, the U.S. government passed and signed into law the American Rescue Plan which will provide approximately an additional $1.9 trillion for qualified individuals, families, large and small businesses and state and local governments, including but not limited to, stimulus payments, unemployment aid, rental assistance, education and child care assistance and subsidies for health insurance premiums. In connection with the aforementioned eviction moratorium extension expiry, the extension announcement has been paired with a number of eviction mitigating measures to help keep renters stably housed, including an expedited distribution of $46 billion in emergency rental assistance appropriated by the government to residents and housing providers. Government stimulus plans are expected to assist in mitigating risk, however there is a risk that any sustained economic hardship COVID-19 has on the Fund's tenant base may impact future collections and delinquency rates.

COVID-19 vaccination programs continue across the U.S., but in the event the vaccination program across the U.S., and globally, does not contain the spread of COVID-19 or if there are delays in the timely administration of further vaccines or shortages in the vaccine supply chain, there is the potential to cause an economic slowdown and increased volatility in financial markets. Although the U.S. Federal Government has introduced monetary and fiscal interventions aimed at stabilizing the economy and devoted significant resources to the mass vaccination program, uncertainty remains as to the overall impact and timing of these interventions on the U.S. debt and equity markets as well as the economies of both the U.S. and the markets in which the Fund operates. In addition, these uncertain economic conditions resulting from COVID-19 may adversely impact the demand for residential housing.

Capital work

There is a risk that should COVID-19 be sustained, it may lead to an inability for the Fund to acquire materials required or labour disruptions may occur that impact the Fund's ability to complete capital work as intended by the Fund in future periods (see "Single-Family Properties: Overview" and "Multi-Family Properties: Value-Add Initiatives Q2-2022").

Distributions

Distribution payments are expected to be based on the targeted 4.0% distribution yield for the Fund in the foreseeable future however the Manager will continue to monitor the potential impact COVID-19 may have on future distribution payments.

FUTURE OUTLOOK

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. COVID-19 vaccination programs continue across the U.S. to varying degrees in different states and jurisdictions with the immunization efforts widely considered to have been successful to date relative to other countries globally and the approval of a third and fourth COVID-19 dose by the U.S. Food and Drug Administration to help further advance immunization efforts in preventing the spread of COVID-19. However, there is a risk that delays in the timely administration of vaccination programs, changing strains of the virus, including the occurrence of new variants of COVID-19, or reluctance to receive vaccinations could prolong the impacts of COVID-19 and have the potential to cause further adverse economic conditions. According to the U.S. Department of Labor, unemployment rates for June 2022 remained consistent with March 2022 at 3.6% and down from a peak of approximately 15% in April 2020. The employment gains during that period were broadly diversified across many industries and driven by the continued economic reopening linked to the successful vaccination program across the U.S. The sustained rollout of the vaccination program is expected to continue to improve economic growth and employment throughout the U.S., although there can be no certainty with respect to the timing of these improvements.

Throughout 2021 and into 2022, key multi-family fundamentals improved significantly including strengthening occupancy, rent growth and collection rates which translated into favourable operating results of various owners of multi-family properties, including those in the Primary Markets. These trends, in conjunction with the Primary Markets exhibiting sustained job and population growth historically as a result of lifestyle choices as well as positive net migration, should continue to support further demand for multi-family apartments in future periods. In addition, previous economic downturns have typically been followed by periods of above market rent growth for multi-family properties in the U.S. Consistent with this trend, the Properties achieved rent growth on new leases in excess of 10% during Q2-2022.

COVID-19 has also significantly disrupted active and new construction of comparable product in the Primary Markets which may create a temporary imbalance in supply of comparable, multi-suite residential properties and single-family rental homes. This imbalance, alongside the continued economic recovery and improving fundamental statistics, could be supportive of favourable supply and demand conditions for the Properties and could result in future increases in occupancy and rent growth. The Fund believes it is well positioned to take advantage of these conditions should they transpire given the quality of its Properties and the benefit of having a tenant pool employed across a diverse job base. Since the COVID-19 outbreak commenced, based on available investment sales information, capitalization rates in the Primary Markets have compressed on average by approximately 100-150 basis points.

Since the earlier parts of 2022, concerns over inflation have resulted in a significant increase in interest rates with the U.S. Federal Reserve raising the overnight rate by 225 basis points, with further increases anticipated for the duration of 2022. These increases in interest rates typically lead to increases in borrowing costs for the Fund given the Fund employs a variable rate debt strategy in order to provide maximum flexibility upon the eventual sale of the Fund's Properties. In the event increases in NOI generated by the Properties are not sufficient to offset the increases in interest costs potentially incurred by the Fund, the operating cash flow and AFFO generated by the Fund may decline. However, the Fund's were formed as a "closed-end" fund with an initial term of three years with the Fund continuing to focus on managing liquidity during the Fund's term, including maintaining the targeted yield of 4.0% across all classes of Units even during these potential periods of increasing interest rates. Furthermore, the Fund does have certain interest rate caps in place which protect the Fund from increases in interest rates beyond stipulated levels and for stipulated terms as described in the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and for the period from September 23, 2021 to December 31, 2021 that is available at www.sedar.com.

INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a "closed-end fund" 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 Fund may be extended beyond five years by special resolution of the Unitholders.

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, 2022 was 31,819,936 (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 (collectively, the "Forecast Properties") 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 the Forecast Properties, the "Initial Properties"). The Fund subsequently acquired Lyric and 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 YTD-2022, the Fund acquired Eight at East, comprising 264 suites in Orlando, Florida and acquired a 90% interest in Ventura Mezz LLC, 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 (see "Portfolio Overview"). The remaining 10% interest in Ventura Mezz LLC is owned by an affiliate of the Manager.

The class A Units and class U Units of the Fund are listed on the TSX-V 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 composed of income-producing residential 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 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 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 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 Primary 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 US$2,500 to US$15,000 per rental suite (e.g. kitchens, bathrooms, flooring, etc.);
b) US$500,000 to US$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

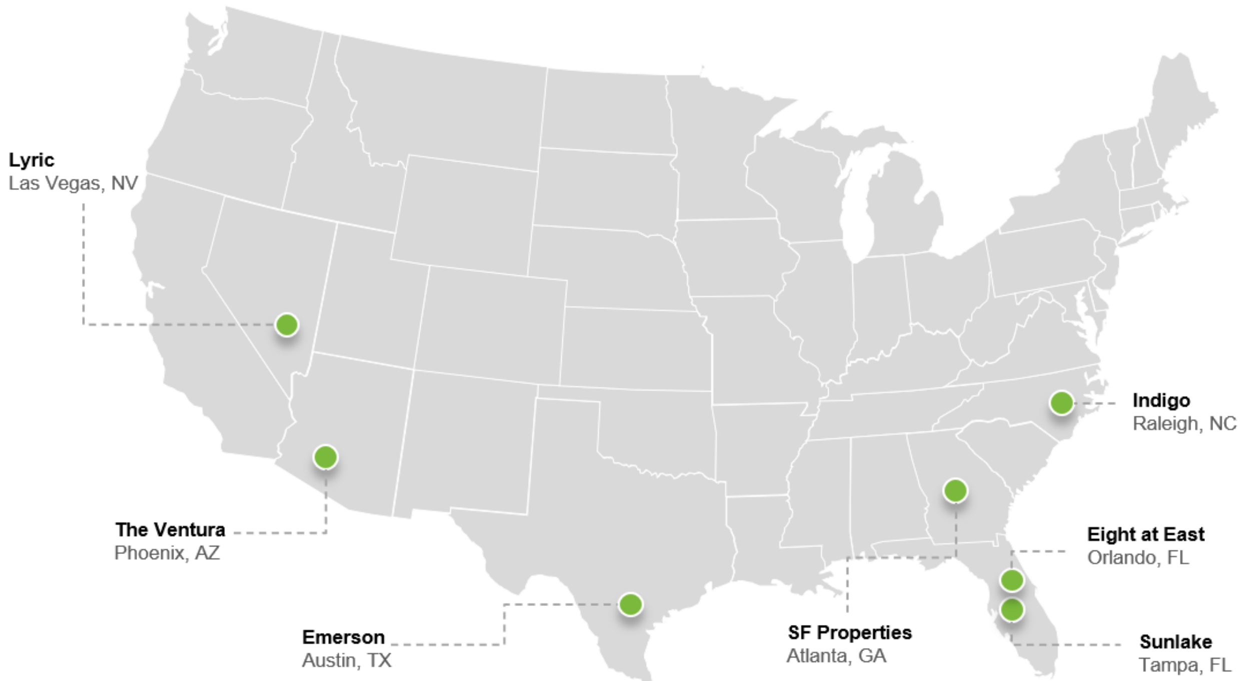
a) targeted value-add and deferred maintenance capital expenditures of US$5,000 to US$50,000 per home (e.g. kitchens, bathrooms, flooring, etc.).

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 tenants) 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.

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 tenant 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 tenant demographics at each MF Property. Further details on the MF Properties can be found on the website at www.starlightus.com under the Fund's profile.

An overview of the MF Properties owned is presented in the table below:

Property	Address	Distance to Downtown (1)	Primary Market	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	20.0	11/15/2021
Indigo	100 Adelaide Cir, Morrisville	25	Raleigh, North Carolina	489	2005	400,340	819	41.3	11/15/2021
Lyric	304 East Silverado Ranch Blvd, Las Vegas	17	Las Vegas, Nevada	376	2014	407,462	1,084	18.1	11/16/2021
Emerson	950 FM 2001, Buda	27	Austin, Texas	304	2021	259,609	854	16.1	12/21/2021
Eight at East	3200 Innovation Walk Loop, Orlando	26	Orlando, Florida	264	2017	275,088	1,042	32.0	4/27/2022
Ventura	3600 W Ray Rd, Chandler	19	Phoenix, Arizona	272	1996	262,920	967	14.7	5/25/2022
Total Ownership as at June 30, 2022				**1,973**	**2012**	**1,877,065**	**951**	**127.4**	

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

(2) Area is measured in square feet.

An overview of the SF Properties owned as at June 30, 2022 is presented in the table below:

Primary Market	Number of Homes Owned	Rentable Area (1)	Avg. Home Size (1)	AMR (2)
Atlanta, Georgia	98	150,880	1,540	$ 1,804

(1) Area is measured in square feet.

(2) AMR for SF Properties represents the AMR in place as at the applicable reporting date for leased homes.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operating performance of the Fund as at June 30, 2022 and for Q2-2022 and YTD-2022.

Given the Offering was completed on November 15, 2021 and there are no comparative operational results, the Fund has included a comparison of the results for Q2-2022 and YTD-2022 to the financial forecast (the "Forecast") included in the Fund's final long form prospectus dated October 28, 2021 (the "Prospectus"). The Forecast included financial results for Indigo and Sunlake. All of the Fund's remaining properties, including the SF Properties, Lyric, Emerson, Eight at East, and Ventura were not included in the Forecast (the "Non-Forecast Properties"). The Forecast was prepared in accordance with IFRS and was based on management's estimates and using assumptions that reflected management's intended course of action for the periods presented, given management's judgment as to the most probable set of economic conditions. The Forecast was not, when made, a historical fact, but a forward-looking statement about, among other things, the financial conditions, results of operations and business of the Fund and is subject to important risks, uncertainties and assumptions that can be found in the Prospectus.

HIGHLIGHTS FOR Q2-2022

- During Q2-2022, the Fund acquired Eight at East and a 90% partial interest in Ventura, adding interests in an additional 536 multi-family suites in Orlando, Florida and Phoenix, Arizona. The acquisitions were financed through cash on hand, first mortgage financing at each of Eight at East, Ventura and Emerson as well as the net proceeds from the refinancing of Sunlake (see "Capital Structure and Debt Summary").
- During Q2-2022, the Fund acquired 11 single-family rental homes in Atlanta, Georgia for a total of $2,495 and as at August 8, 2022, had completed capital upgrades since the date of acquisition on 89 of the Fund's 98 single-family rental homes (see "Single-Family Properties: Overview").
- The Fund completed the deployment of the proceeds from the Offering, having assembled a portfolio of 1,973 multi-family suites across six markets and 98 single-family rental homes.
- For the Forecast Properties, Q2-2022 revenue and NOI were $3,279 and $$2,119, in line with the Forecast. Q2-2022 total portfolio revenue and NOI were $8,212 and $5,067, respectively, representing a 150.2% and 139.2% increase relative to the Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast (see "Results of Operations").
- During Q2-2022, the Fund achieved significant increases in rent growth with in-place rents as at June 30, 2022 ahead of Forecast by 4.7% for the Forecast Properties and reported 13.9% annualized rent growth excluding the Properties acquired by the Fund during the quarter. The strong rent growth continued to be driven by growth in demand for multi-family suites due to the economic strength in the U.S. and the Primary Markets. In addition, the Fund reported an Estimated Gap in Market Versus In-Place Rents of 14.6% as at June 30, 2022 providing further opportunity for rental increases in future periods (see "Average Monthly Rent and Occupancy").
- As at August 8, 2022, the Fund had collected approximately 98.2% of rents for Q2-2022, with further amounts expected to be collected in future periods, demonstrating the Fund's strong resident base and operating performance.
- Q2-2022 net loss and comprehensive loss was $1,692 (Forecast - loss of $272).
- AFFO for Q2-2022 was $1,435, representing an increase of $326 relative to the Forecast primarily due to the Non-Forecast Properties not being included in the Forecast and higher than forecasted NOI at the Forecast Properties, partially offset by higher fund and trust expenses and finance costs related to the Forecast Properties.
- On May 12, 2022, the Fund entered into a new variable rate collar contract which enhanced the previously existing contract to protect against the potential impact of any weakening of the U.S. dollar on the amount required to pay the Fund's monthly Canadian dollar distributions. This new contract allows the Fund to establish a guaranteed monthly exchange rate between C$1.2700 and C$1.3400 for the conversion of U.S. dollar funds to Canadian dollar funds amounting to C$930 per month from June 10, 2022 to November 10, 2022 and C$465 per month from December 10, 2022 to May 10, 2023.

HIGHLIGHTS FOR YTD-2022

- During YTD-2022, the Fund acquired Eight at East and a 90% partial interest in Ventura, adding interests in an additional 536 multi-family suites in Orlando, Florida and Phoenix, Arizona. The acquisitions were financed through cash on hand, first mortgage financing at each of Eight at East, Ventura and Emerson as well as net proceeds from the refinancing of Sunlake (see “Capital Structure and Debt Summary”).
- During YTD-2022, the Fund acquired 49 single-family rental homes in Atlanta, Georgia for a total of $11,042 and as at August 8, 2022, had completed capital upgrades since the date of acquisition on 89 of the Fund’s 98 single-family rental homes (see “Single-Family Properties: Overview”).
- Following the acquisitions described above, the Fund has successfully deployed the proceeds from the Offering, having assembled a portfolio of 1,973 multi-family suites across six markets and 98 single-family rental homes.
- During YTD-2022, the Fund recorded a fair value gain on its Properties of $20,573, a 3.5% increase over the aggregate purchase price since the Properties were acquired by the Fund (see “Other Income and Expenses”). The fair value gain during YTD-2022 was primarily driven by NOI growth.
- For the Forecast Properties, YTD-2022 revenue and NOI were $6,519 and $4,235, ahead of Forecast by 1.6% and 3.4%, respectively, primarily due to higher than forecasted AMR and ancillary income as well as strong cost management. YTD-2022 total portfolio revenue and NOI were $14,788 and $9,174, respectively, representing a 130.4% and 123.9% increase relative to the Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast (see “Results of Operations”).
- YTD-2022 net income and comprehensive income was $8,608 (Forecast - loss of $665). The variance relative to the Forecast was primarily driven by the fair value gain on investment properties net of deferred income taxes.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	June 30, 2022	December 31, 2021
Key Multi-Family Operational Information (1)		
Number of multi-family properties owned (1)	6	4
Total multi-family suites	1,973	1,437
Economic occupancy (2)	93.7 %	95.6 %
AMR (in actual dollars)	$ 1,541	$ 1,412
AMR per square foot (in actual dollars)	$ 1.62	$ 1.49
Estimated Gap in Market Versus In-Place Rents	14.6 %	n/a
Number of Single-Family Rental Homes (1)	98	49

			June 30, 2022	December 31, 2021
Selected Financial Information	**Single-Family**	**Multi-Family**	**Total**	**Total**
Selected Financial Information				
Gross Book Value	$ 25,126	$ 683,667	$ 708,793	$ 449,539
Indebtedness	$ 13,890	$ 453,772	$ 467,662	$ 221,646
Indebtedness to Gross Book Value	55.3 %	66.4 %	66.0 %	49.3 %
Weighted average interest rate - as at period end (3)	4.54 %	4.16 %	4.17 %	1.97 %
Weighted average loan term to maturity	0.33 years	2.25 years	2.2 years	2.84 years

	Q2-2022	Forecast Q2-2022 (4)	YTD-2022	Forecast YTD-2022(4)
Summarized Income Statement (Excluding Non-Controlling Interest) (5)				
Revenue from property operations	$ 8,212	$ 3,282	$ 14,788	$ 6,419
Property operating costs	(1,958)	(716)	$ (3,482)	$ (1,426)
Property taxes (6)	(1,187)	(448)	$ (2,132)	$ (896)
Adjusted Income from Operations / NOI	$ 5,067	$ 2,118	$ 9,174	$ 4,097
Fund and trust expenses	(612)	(271)	$ (1,155)	$ (542)
Finance costs (7)	(3,630)	(760)	$ (4,635)	$ (1,504)
Other income and expenses (8)	(2,517)	(1,359)	$ 5,224	$ (2,716)
Net income (loss) and comprehensive income (loss) - attributable to Unitholders (5)	$ (1,692)	$ (272)	$ 8,608	$ (665)
Other Selected Financial Information				
FFO	$ 267	$ 1,087	$ 2,346	$ 2,051
FFO per Unit - basic and diluted	$ 0.01	$ 0.09	$ 0.07	$ 0.16
AFFO	$ 1,435	$ 1,109	$ 3,934	$ 2,151
AFFO per Unit - basic and diluted	$ 0.05	$ 0.09	$ 0.12	$ 0.17
Weighted average interest rate - average during period (9)	3.24 %	2.12 %	2.75 %	2.12 %
Interest and Indebtedness coverage ratio	1.44 x	2.71 x	1.88 x	2.64 x
Distributions to Unitholders	$ 2,438	$ 993	$ 4,900	$ 1,986
FFO payout ratio(7)	913.4 %	91.5 %	208.8 %	96.9 %
AFFO payout ratio	169.9 %	89.5 %	124.5 %	92.3 %
Weighted average Units outstanding (000s) - basic/diluted	31,820	12,520	31,820	12,520

(1) The Fund commenced operations following the acquisition of the Forecast Properties and Initial SF Properties on November 15, 2021. The number of MF Properties and SF Properties presented is as at each reporting date above (see "Single-Family Properties: Overview" section for further information relating to SF Properties).

(2) Economic occupancy for Q2-2022 and Q4-2021.

(3) The weighted average interest rate on loans payable is presented as at June 30, 2022 reflecting the prevailing index rate, U.S. 30-day London Interbank Offered Rate ("LIBOR"), 30-day New York Federal Reserve Secured Overnight Financing Rate ("NY SOFR"), or one-month term Secured Overnight Financing Rate ("Term SOFR"), as at that date or based on the average rate for the applicable periods as it relates to quarterly rates (see "Loans Payable").

(4) Forecast Q2-2022 and Forecast YTD-2022 only include results related to the Forecast Properties.

(5) 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"). The summarized income statement figures presented above reflect the net income (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.

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

(7) Finance costs include interest expense on loans payable, non-cash amortization of deferred financing costs, loss on early extinguishment of debt as well as fair value changes in derivative financial instruments (see "Other Income and Expenses"). The FFO figure reported above for Q2-2022 and YTD-2022 includes the loss on early extinguishment of debt incurred by the Fund which is a non-cash charge amounting to $620 during Q2-2022 and YTD-2022 where such amount is added back for the purposes of calculating AFFO (Forecast - $nil for Q2-2022 and YTD-2022) (see "Non-IFRS Financial Measures - FFO and AFFO").

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

(9) The weighted average interest rate on loans payable reflects the average prevailing index rate applicable to each of the loans payable throughout each period presented.

FINANCIAL PERFORMANCE

The Fund does not, as a matter of course, publish its business plans, budgets, strategies or make external projections or forecasts, including its anticipated financial position and results of operations. Pursuant to applicable Canadian securities laws, the Fund is required to update the Forecast set out in its Prospectus during the relevant period by identifying any material changes from the Forecast resulting from events that have occurred since it was issued and by comparing the Forecast with actual results for the periods covered.

The Fund is also required to discuss events and circumstances that occurred during the period from January 1, 2022 to June 30, 2022 that are reasonably likely to cause actual results to differ materially from the Forecast for periods that are not yet complete and their expected differences, if any. The Forecast includes only the Forecast Properties for the three months and six months ended June 30, 2022. As a result, there may continue to be material differences between actual and Forecast results for the remaining Forecast periods consistent with such explanations throughout this MD&A.

The table below presents the financial performance of the Fund in accordance with IFRS for Q2-2022 and all other quarterly reporting periods since inception as well as YTD-2022:

	Q2-2022 (1)	Q1-2022	Q4-2021 (2)	YTD-2022
Revenue from property operations	$ 8,270	$ 6,577	$ 2,692	14,847
Property operating costs	(1,969)	(1,524)	(561)	(3,493)
Property taxes (3)	—	(3,778)	—	(3,778)
Income from property operations	**$ 6,301**	**$ 1,275**	**$ 2,131**	**$ 7,576**
Fund and trust expenses	(612)	(543)	(378)	(1,155)
Finance costs (4)	(3,670)	(1,005)	(750)	(4,675)
Distributions to Unitholders	(2,438)	(2,462)	(1,224)	(4,900)
Distributions to preferred shareholders	(8)	(8)	—	(16)
Fair value adjustment IFRIC 21 (3)	(1,190)	2,834	(161)	1,644
Unrealized foreign exchange gain (loss)	(6)	6	(45)	—
Realized foreign exchange loss	2	(14)	—	(12)
Fair value adjustment on investment properties	—	20,573	—	20,573
Provision for carried interest	—	(2,995)	—	(2,995)
Income taxes: - current	(24)	(20)	(82)	(44)
- deferred	(42)	(7,341)	(476)	(7,383)
Net income (loss) and comprehensive income (loss)	**$ (1,687)**	**$ 10,300**	**$ (985)**	**$ 8,613**
Net income (loss) and comprehensive income (loss) attributable to:				
Unitholders	(1,692)	10,300	(985)	8,608
Non-controlling interest	5	—	—	5
NOI / Adjusted Income from Operations (5)	5,111	4,109	1,970	9,220
FFO	267	2,077	808	2,346
AFFO	1,435	2,497	1,009	3,934
FFO per Unit - basic and diluted	0.01	0.07	0.03	0.07
AFFO per Unit - basic and diluted	0.05	0.08	0.03	0.12
Distributions per Unit (6)	0.08	0.08	0.04	0.15

(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 the net income (loss) and comprehensive income (loss) of the Fund including 100% of the income and expenses of Ventura, consistent with the Fund's basis condensed interim consolidated 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) Figures represent the actual results of 47 days of operating activity in Q4-2021.

(3) For Q4-2021, as a result of the IFRIC 21 treatment of property taxes, the property tax expense line item of the Fund would normally include property taxes for the full fiscal year as an expense during the reporting periods due to the obligating event of ownership requiring annual property taxes to be expensed January 1, 2021. However, since the Properties were acquired subsequent to January 1, 2021, IFRIC 21 requires $nil expense in the property tax expense line item of the Fund for the full fiscal year and the actual property tax expenses are reflected in the fair value adjustment IFRIC 21 line item. For Q2-2022 and YTD-2022, per IFRIC 21 the property tax expense line item of the Fund includes the full fiscal year as an expense during Q1-2022, with the remainder of the 2022 expenses as an offset in fair value adjustment IFRIC 21.

(4) Finance costs include interest expense on loans payable as well as non-cash amortization of deferred financing costs and fair value changes in derivative financial instruments (see "Other Income and Expenses").

(5) Adjusted Income from Operations is shown to exclude the impact of IFRIC 21 for property taxes by taking the sum of income from property operations and the Fair value adjustment IFRIC 21 amounts and includes the 10% non-controlling interest in Ventura.

(6) Distributions per Unit for each period are based on the total distributions per weighted average Unit outstanding during the period.

RESULTS OF OPERATIONS

The results of the Fund and variance commentary are presented below. Such amounts and commentary exclude any amounts attributable to the Ventura non-controlling interest.

	Forecast Properties Q2-2022 (2)	Non-Forecast Properties Q2-2022 (2)	Q2-2022 (2)	Forecast Q2-2022 (3)	$ Chg	% Chg
Revenue from property operations	$ 3,279	$ 4,933	$ 8,212	$ 3,282	$ 4,930	150.2%
Property operating costs	(745)	(1,213)	(1,958)	(716)	(1,241)	(173.5)%
Property taxes (1)	(415)	(772)	(1,187)	(448)	(739)	(165.0)%
Adjusted Income from Operations / NOI	**$ 2,119**	**$ 2,948**	**$ 5,067**	**$ 2,118**	**$ 2,950**	**139.2%**
NOI Margin	64.6 %	59.8 %	61.7 %	64.5 %		

(1) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

(2) Figures for Q2-2022 are the sum of: (i) Forecast Properties Q2-2022; and (ii) Non-Forecast Properties Q2-2022. These figures exclude the Ventura non-controlling interest.

(3) Forecast Q2-2022 only includes results related to the Forecast Properties.

	Forecast Properties YTD-2022 (2)	Non-Forecast Properties YTD-2022 (2)	YTD-2022 (2)	Forecast YTD-2022 (3)	$ Chg	% Chg
Revenue from property operations	$ 6,519	$ 8,269	$ 14,788	$ 6,419	$ 8,369	130.4%
Property operating costs	(1,422)	(2,060)	(3,482)	(1,426)	(2,055)	(144.2)%
Property taxes (1)	(862)	(1,269)	(2,132)	(896)	(1,235)	(137.9)%
Adjusted Income from Operations / NOI	**$ 4,235**	**$ 4,940**	**$ 9,174**	**$ 4,097**	**$ 5,079**	**123.9%**
NOI Margin	65.0 %	59.7 %	62.0 %	63.8 %		

(1) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

(2) Figures for YTD-2022 are the sum of: (i) Forecast Properties YTD-2022; and (ii) Non-Forecast Properties YTD-2022. These figures exclude the Ventura non-controlling interest.

(3) Forecast YTD-2022 only includes results related to the Forecast Properties.

REVENUE FROM PROPERTY OPERATIONS

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

Revenue from property operations for Q2-2022 was $8,212 (Forecast - $3,282), above the Forecast by $4,930 or 150.2%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, Q2-2022 revenue from property operations was $3,279, consistent with the Forecast as a result of higher than forecasted AMR as at June 30, 2022 ($1,451 and 4.7% ahead of Forecast) and ancillary income offset by lower than forecasted occupancy (see "Average Monthly Rent and Occupancy").

Revenue from property operations for YTD-2022 was $14,788 (Forecast - $6,419), above the Forecast by $8,369 or 130.4%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, YTD-2022 revenue from property operations was $6,519, above the Forecast by $100 or 1.6% due to higher than forecasted AMR and ancillary income, partially offset by slightly lower than forecasted occupancy (see "Average Monthly Rent and Occupancy").

PROPERTY OPERATING COSTS

The main components of the MF Properties' operating costs are salaries and benefits (approximately 34%), administrative costs including property management fees (approximately 23%), repairs, maintenance and suite turnover expenses (approximately 7%) and all other operating costs (ranging from approximately 0.1% to 11.1%). The MF Properties typically only incur utility costs in respect of the common areas of each Property, resulting in utility costs only representing approximately 8% 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 Q2-2022 were $1,958, higher than Forecast by $1,241 or 173.5%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, Q2-2022 property operating costs were $745, higher than Forecast by $29 or 4.0% primarily due to higher than forecasted property insurance premiums at the Fund's Sunlake property.

Property operating costs for YTD-2022 were $3,482, higher than Forecast by $2,055 or 144.2%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, YTD-2022 property operating costs were $1,422, slightly lower than Forecast by $5 or 0.3% primarily due to lower than forecasted staffing and repairs and maintenance costs, partially offset by higher than forecasted property insurance premiums.

PROPERTY TAXES

Property taxes for Q2-2022 were $1,187, higher than Forecast by $739 or 165.0%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, property taxes were $415, lower than Forecast by $34 or approximately 7% as a result of a reduction in the estimated assessed values for 2022 for the Forecast Properties.

Property taxes for YTD-2022 were $2,132, higher than Forecast by 1,235 or 137.9%, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, property taxes were $862, lower than Forecast by $34 or approximately 4% as a result of a reduction in the estimated assessed values for 2022 for the Forecast Properties.

The Fund actively manages the assessed values of its 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 Q2-2022 and YTD-2022 have been presented under IFRS and IFRIC 21.

NOI AND NOI MARGIN

NOI for Q2-2022 was $5,067 (Forecast - $2,118), representing an increase of $2,950 or 139.2% compared to the Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, Q2-2022 NOI was $2,120 and in line with Forecast.

During Q2-2022, the NOI Margin was 64.6% for the Forecast Properties and slightly above Forecast of 64.5%. The total portfolio NOI Margin was 61.7%, slightly below Forecast as a result of the Non-Forecast Properties having a lower NOI Margin on average, relative to the Forecast Properties. The relatively lower NOI Margin on the Non-Forecast Properties is due to higher property tax levels in the states where those properties are located.

NOI for YTD-2022 was $9,174 (Forecast - $4,097), representing an increase of $5,079 or 123.9% compared to the Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, YTD-2022 NOI was $4,235 and ahead of the Forecast by $139 or 3.4% primarily driven by higher than forecasted revenue and lower than forecasted operating costs and property taxes.

During YTD-2022, the NOI Margin was 65.0% for the Forecast Properties and ahead of Forecast of 63.8%. The total portfolio NOI Margin was 62.0%, slightly below Forecast as a result of the Non-Forecast Properties having a lower NOI Margin on average, relative to the Forecast Properties. The relatively lower NOI Margin on the Non-Forecast Properties is due to higher property tax levels in the states where those properties are located.

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"):

		AMR(1)				Economic Occupancy(1)					
Properties	**Suites**	**Q2-2022**	**Forecast Q2-2022 (2)**	**% Chg**	**Q2-2022**	**Forecast Q2-2022 (2)**	**% Chg**	**YTD-2022**	**Forecast YTD-2022 (2)**	**% Chg**	
Sunlake	268	$ 1,866	$ 1,778	4.9 %	91.3 %	96.0 %	(4.8)%	92.1 %	94.9 %	(2.9)%	
Indigo	489	$ 1,224	$ 1,171	4.5 %	92.9 %	97.0 %	(4.4)%	93.9 %	96.0 %	(2.2)%	
Lyric	376	$ 1,642	$ —	— %	92.5 %	— %	— %	92.4 %	— %	— %	
Emerson	304	$ 1,453	$ —	— %	96.7 %	— %	— %	97.8 %	— %	— %	
Eight at East	264	$ 1,572	$ —	— %	96.0 %	— %	— %	96.0 %	— %	— %	
Ventura (3)	272	$ 1,722	$ —	— %	96.6 %	— %	— %	96.6 %	— %	— %	
Total MF Properties	**1,973**	**$ 1,541**	**$ 1,386**	**11.2 %**	**93.7 %**	**96.6 %**	**(2.9)%**	**94.1 %**	**95.5 %**	**(1.4)%**	
Forecast Properties	**757**	**$ 1,451**	**$ 1,386**	**4.7 %**	**92.1 %**	**96.6 %**	**(4.6)%**	**93.1 %**	**95.5 %**	**(2.5)%**	

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

(2) Forecast Q2-2022 and Forecast YTD-2022 only include results related to the Forecast Properties.

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

Q2-2022 AMR for the MF Properties was 11.2% above the Forecast, primarily as a result of higher than forecasted AMR for the Forecast Properties. For the Forecast Properties, Q2-2022 AMR was 4.7% above the Forecast with the increases driven by overall demand for multi-family suites in the Primary Markets in which the Fund operates. In addition, the Fund reported an Estimated Gap in Market Versus In-Place Rents of 14.6% as at June 30, 2022 providing further opportunity for rental increases in future periods.

The Fund's Q2-2022 economic occupancy was 93.7%, below the Forecast by 290 basis points, primarily due to lower than forecasted occupancy for Sunlake and Indigo as the Fund focused on achieving strong rent growth during the quarter at both properties with Sunlake and Indigo each achieving 10.8% and 14.2% annualized increases in AMR, respectively (see "Quarterly AMR and Occupancy"). The Fund continues to focus on maximizing revenue at the Properties through optimizing rent growth while maintaining occupancy levels within the Fund's targeted range.

The Fund's YTD-2022 economic occupancy was 94.1% for the total portfolio and 93.1% for the Forecast Properties, below the Forecast by 2.5%, reflecting the same reasons noted above for Q2-2022.

QUARTERLY AMR AND OCCUPANCY

The table below outlines the Fund's quarterly AMR and economic occupancy results:

		Q2-2022		Q1-2022		Q4-2021	
Properties	**Suites**	**AMR (1)**	**Econ. Occ % (1)**	**AMR (1)**	**Econ. Occ % (1)**	**AMR (1)**	**Econ. Occ % (1)**
Sunlake	268	$ 1,866	91.3 %	$ 1,817	93.0 %	$ 1,811	94.5 %
Indigo	489	$ 1,224	92.9 %	$ 1,182	94.9 %	$ 1,152	95.6 %
Lyric	376	$ 1,642	92.5 %	$ 1,580	92.4 %	$ 1,474	96.8 %
Emerson	304	$ 1,453	96.7 %	$ 1,414	98.9 %	$ 1,409	94.6 %
Eight at East	264	$ 1,572	96.0 %	$ —	— %	$ —	— %
Ventura (2)	272	$ 1,722	96.6 %	$ —	— %	$ —	— %
Total Portfolio	**1,973**	**$ 1,541**	**93.7 %**	**$ 1,451**	**94.6 %**	**$ 1,412**	**95.6 %**

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

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

Total portfolio AMR increased to $1,541 during Q2-2022 primarily as a result of strong rent growth achieved during the quarter and a higher average AMR for the Properties acquired by the Fund during Q2-2022, relative to the AMR for the remaining properties. Excluding the Properties the Fund acquired in Q2-2022, the Fund's AMR would have been $1,502, representing a 13.9% annualized increase in AMR during Q2-2022. Economic occupancy for Q2-2022 was 93.7%, a decrease from the prior quarter primarily driven by decreases in occupancy at Sunlake and Indigo. The Fund continues to focus on maximizing revenue at the Properties through continued rent growth and optimal occupancy levels.

SINGLE-FAMILY PROPERTIES: OVERVIEW

Business Update

During Q2-2022, the Fund completed the assembly of its single-family portfolio which consists of 98 single-family rental homes concentrated in Atlanta, Georgia (see "Key Financial Information" for details). The SF Properties' ongoing operations are managed by a third party property manager with overall investment and asset management services being conducted by the Manager. For each rental home acquired, the Fund conducted a detailed diligence process including the development of a capital plan and asset management strategy for the property. Once a home is acquired by the Fund, the typical process included the completion of capital upgrades which are focused on maximizing revenue potential at the property. Such capital upgrades typically included interior painting, new flooring, landscaping, new lighting, new appliances and other items dependent on each specific home acquired. Once the renovations were completed, the home was leased to a prospective tenant where thereafter, the Fund's primary focus was on execution of the asset management strategy including maximizing occupancy and revenue, managing operating costs and providing an attractive experience for our tenants.

The Fund has capital expenditures required to be incurred in future periods in order to maintain the productive capacity of the SF Properties to sustain its rental income generating potential over its useful life with such amounts estimated to be $350 per home per annum.

Key Financial Information

The SF Properties represent approximately 4% of the total fair market value of the Properties as at June 30, 2022. Given the Initial SF Properties were anticipated to generate less than 1% of the Fund's NOI, the Fund did not provide a forecast of the revenue, operating costs and property taxes specifically attributable to the SF Properties. Similarly, no segregated financial results for the SF Properties have been presented in this MD&A for each applicable reporting period. The following table provides an overview of the key operational information relating to the SF Properties:

Key Operating Information: SF Properties	Q2-2022	Q1-2022	Q4-2021
Total Number of Single-Family Rental Homes Owned(1)	98	87	49
Single-Family Rental Homes with Capital Upgrades Completed(2)	89	41	19
Single-Family Rental Homes with Capital Upgrades in Progress(2)	9	46	30
Additional Single-Family Rental Homes Under Contract to Acquire(3)	—	5	5
Total Acquisition Cost(4)	$ 22,704	$ 20,209	$ 11,662
Total Gross Book Value - as at the reporting date(4)	$ 25,126	$ 21,866	$ 12,534
% Increase in Gross Book Value since acquisition	10.67 %	8.20 %	7.48 %
Weighted Average Capitalization Rate(5)	5.25 %	5.21 %	5.27 %
Average Monthly Rent(6)	$ 1,804	$ 1,806	$ 1,795

(1) The number of homes owned represents the ownership of SF Properties owned by the Fund as at the end of each applicable quarter above.

(2) At the time of acquisition, the Fund conducts cosmetic upgrades aimed at maximizing revenue potential of the Property. Such upgrades typically include interior painting, new flooring, landscaping, new lighting, new appliances and other items dependent on each specific home acquired. Homes with Capital Upgrades Completed includes the number of homes where such renovations have been fully completed as at the end of each applicable quarter for Q1-2022 and Q4-2021 and as at August 8, 2022 for Q2-2022. Homes with Capital Upgrades in Progress indicate the number of homes where such capital improvements are underway, but not yet completed as at the end of each applicable quarter above.

(3) Additional Single-Family Rental Homes Under Contract to Acquire includes the number of homes acquired between the reporting period presented and the date of issuance of the MD&A for such reporting period as well as the number of homes under contract to acquire as of the date of issuance of the MD&A for such reporting period.

(4) The Total Acquisition Cost represents the purchase price, including closing costs, of all single-family rental homes owned as at the end of each applicable quarter above. The Gross Book Value would include any capital expenditures incurred subsequent to the acquisition of the single-family rental home to improve the property.

(5) The Weighted Average Capitalization Rate is based on the average for all homes owned as at the end of each applicable quarter above. The Weighted Average Capitalization Rate is determined based on either actual or anticipated income generated for each home using the best available information to the Fund. Please refer to the "Investment Properties" section for sensitivities of the capitalization rates and the impact to the gross book value of the Single-Family Properties.

(6) AMR for SF Properties represents the AMR in place as at the end of each applicable quarter above for leased homes. The decrease in the average monthly rent from Q1-2022 to Q2-2022 was due to the the homes leased during the quarter, and homes acquired in Q2-2022, having a lower average AMR relative to the remaining homes owned by the Fund as at the end of Q1-2022.

During Q2-2022, the Fund acquired 11 single-family rental homes in Atlanta, Georgia for a total of $2,495.

MULTI-FAMILY PROPERTIES: VALUE-ADD INITIATIVES Q2-2022

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 tenant 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. In Q2-2022, the Fund commenced in-suite upgrades at Lyric in certain suites, including smart home systems, plank flooring installations and suite upgrade testing to determine the optimal scope of work, as well as commenced the in-suite upgrade program at Indigo with several suites in progress. Despite Emerson, Ventura, Eight at East and Sunlake having recent and modern vintages, the Fund's capital projects may still include targeted light rental suite upgrades or enhancements to generate rent premiums at these Properties. The capital expenditure projects completed during Q2-2022 are presented in the table below:

Property	Completed during Q2-2022
Indigo	• HVAC system upgrades • Landscaping improvements
Lyric	• Installation of new fencing and gates • Smart home systems installed in all suites of property
Emerson	• Pool resurfacing
Eight at East	• Installation of garbage compactor • Landscaping improvements

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 has financing sources to fulfill its commitments including cash flow from its operating activities and loan payables secured by investment properties.

OTHER INCOME AND EXPENSES

FINANCE COSTS

The Fund's finance costs for Q2-2022 in comparison to the Forecast are summarized below:

	Q2-2022	Forecast Q2-2022 (1)	YTD-2022	Forecast YTD-2022 (1)
Interest expense on loans payable	$ 3,064	$ 681	$ 4,236	$ 1,347
Amortization of financing costs	483	79	764	157
Fair value adjustment on derivative instruments	(535)	—	(983)	—
Loss on early extinguishment of debt	618	—	618	—
Total finance costs	**$ 3,630**	**$ 760**	**$ 4,635**	**$ 1,504**
Weighted average interest rate - average during period	3.24 %	2.12 %	2.75 %	2.12 %
Indebtedness - average outstanding during period	$ 383,395	$ 127,812	$ 307,002	$ 127,812

(1) Forecast Q2-2022 and Forecast YTD-2022 only include results related to the Forecast Properties.

Interest expense on loans payable

Interest expense on loans payable for Q2-2022 was $3,064 (Forecast - $681), representing an increase of $2,383 relative to the Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, interest expense on loans payable for Q2-2022 of $1,038 was higher than the Forecast as a result of higher than forecasted increases in LIBOR and SOFR, as well as the refinancing of Sunlake completed during Q2-2022.

The Fund's weighted average interest rate during Q2-2022 and YTD-2022 was 2.75% and 3.24%, respectively, higher than the forecasted rate of 2.12% primarily as a result of a higher than forecasted increases in LIBOR and SOFR as well as a market wide increase in credit spreads which also impacted the interest rate achieved on the financing of the Non-Forecast Properties.

Interest expense on loans payable for was $4,236 (Forecast - $1,347), representing an increase of $2,889 relative to Forecast primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Forecast Properties, interest expense on loans payable for YTD-2022 of $1,727 was higher than Forecast as a result of higher than forecasted increases in LIBOR and SOFR, as well as the refinancing of Sunlake completed during Q2-2022.

The Fund also utilizes interest rate caps to limit the potential impact of significant increases in LIBOR and SOFR on the Fund's financial performance (see "Fair value adjustment on derivative instruments"). The Fund also continues to actively monitor the current and potential interest rate environment and any associated impact this may have on the Fund's financial performance.

Amortization of financing costs

Amortization of financing costs for Q2-2022 and YTD-2022 were $483 and $764, respectively (Forecast - $79 and $157), representing an increase of $404 and $607 relative to the Forecast primarily due to the additional costs incurred in financing the Non-Forecast Properties as well as the refinancing of Sunlake during Q2-2022.

Fair value adjustment on derivative instruments

The Fund entered into a variable rate collar contract on December 15, 2021, which allowed the Fund to establish a guaranteed monthly exchange rate between C$1.2575 and C$1.3200 for the conversion of U.S. dollar funds to Canadian dollar funds amounting to C$930 per month from February 10, 2022 to July 12, 2022 and C$465 per month from August 10, 2022 to November 14, 2022. The contract was entered into to protect against the potential impact of any weakening of the U.S. dollar on the amount required to pay the Fund's monthly Canadian dollar distributions and ensure a more favorable exchange rate for conversion of these funds when compared to the rate used to convert the proceeds from the Offering into U.S. dollars of C$1.2502. On May 12, 2022, the Fund entered into a new variable rate collar contract which replaced and enhanced the provisions in the remaining term of the previously existing contract. This new contract allows the Fund to establish a guaranteed monthly exchange rate between C$1.2700 and C$1.3400 for the conversion of U.S. dollar funds to Canadian dollar funds amounting to C$930 per month from June 10, 2022 to November 10, 2022 and C$465 per month from December 10, 2022 to May 10, 2023.

Under the terms of the new contract, the first monthly settlement occurred on June 10, 2022, with each successive month settling on or about the tenth day of each month until May 11, 2023. The monthly exchange rate is determined based on the Canadian to U.S. dollar spot exchange rate on the date of settlement but provides for a minimum exchange rate of C$1.2700 and a maximum exchange rate of C$1.3400.

Part of the fair value adjustment on derivative instruments relates to the non-cash fair value change in the Fund's variable rate collar as a result of the change in the underlying foreign currency exchange rate since the date the Fund entered into the contract. The fair value of the variable rate collar contract reflects the impact of the prevailing Canadian dollar to U.S. dollar exchange rate on the underlying contract through a non-cash mark to market adjustment at each reporting date. The actual gain or loss recognized, if any, is determined at the time each monthly settlement under the contract occurs.

The fair value adjustment on derivative instruments also relates to the Fund utilizing interest rate cap agreements to provide some level of protection against rising interest rates on its variable rate loans as required by the applicable lenders. For certain loans payable, the Fund is required to purchase an interest rate cap if LIBOR, Term SOFR, or NY SOFR index rates increase above certain levels in accordance with terms in the loan agreements. The interest rate cap carries a notional loan amount equal to the amount of the loan outstanding at inception and a maturity date which generally coincides with the maturity of the loan (see "Loans Payable"). For a detailed summary of the interest rate caps in place, please refer to the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and for the period from September 23, 2021 to December 31, 2021 that is available at www.sedar.com.

For Q2-2022 and YTD-2022, the Fund recorded unrealized gains on derivative instruments of $535 and $983, respectively, related to the fair value gain on interest rate caps and fair value gain on the variable rate collar. The Forecast did not contemplate the use of derivative instruments and as a result, there are no comparable amounts in the Forecast. The significant increase in the unrealized gain on the interest rate caps during Q2-2022 and YTD-2022 was primarily as a result of market expectations for SOFR and LIBOR which directly impact the value of such interest rate cap instruments.

DISTRIBUTIONS TO UNITHOLDERS

The Fund declared its first distribution on December 31, 2021, which represents the targeted 4% distribution yield for the Fund on the gross subscription proceeds of the Offering for the period from November 15, 2021 to December 31, 2021, following the Fund's first full month of operations in December 2021. The Fund intends to declare monthly cash distributions no later than seven business days prior to the end of each month, payable within 15 days following the end of the month (or the next business day if not a business day) in which the distribution is declared. During Q2-2022, the Fund declared distributions as follows:

Class A (C$)	Class C (C$)	Class D (C$)	Class E	Class F (C$)	Class G	Class I (C$)	Class U	Class B LP (C$)
$0.098040	$0.103500	$0.098040	$0.101160	$0.101160	$0.098040	$0.103500	$0.098040	$0.103500

For Q2-2022, the Fund declared distributions totaling $2,438 (Forecast - $993), representing an increase of $1,445 relative to the Forecast primarily due to higher gross subscription proceeds achieved under the Offering relative to the gross subscription proceeds assumed in the Forecast.

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 the Fund's distributions 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 Q2-2022 and YTD-2022 were $612 and $1,155 (Forecast - $271 and $543), representing an increase of $341 and $612 relative to the Forecast primarily due to higher than forecasted asset management fees as a result of asset management fees for the Non-Forecast Properties which were not included in the Forecast, as well as the Forecast being based on lower gross subscription proceeds resulting in lower forecasted general and administrative costs.

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 for Q4-2021 and YTD-2022:	**Single-Family**	**Multi-Family**	**Total**
Balance, September 23, 2021	$ —	$ —	$ —
Acquisition of investment properties	11,662	436,957	448,619
Capital additions	872	48	920
Fair value adjustment	—	—	—
Balance, December 31, 2021	**$ 12,534**	**$ 437,005**	**$ 449,539**
Acquisition of investment properties	11,042	224,864	235,906
Capital additions	1,550	1,225	2,775
Fair value adjustment	—	20,573	20,573
Balance, June 30, 2022	**$ 25,126**	**$ 683,667**	**$ 708,793**

Reconciliation of cost base of investment properties to their fair value:	**Single-Family**	**Multi-Family**	**Total**
Cost	$ 12,534	$ 437,005	$ 449,539
Cumulative fair value adjustment	—	—	—
Balance, December 31, 2021	**$ 12,534**	**$ 437,005**	**$ 449,539**
Cost	$ 25,126	$ 663,094	$ 688,220
Cumulative fair value adjustment	—	20,573	20,573
Balance, June 30, 2022	**$ 25,126**	**$ 683,667**	**$ 708,793**

Key assumptions for the investment properties:

	June 30, 2022		**December 31, 2021**	
	Single-Family	**Multi-Family**	**Single-Family**	**Multi-Family**
Capitalization rate - weighted average	5.25%	3.70%	5.27%	3.70%
Weighted average capitalization rate - 10 basis point increase(1)	$ (470)	$ (18,005)	$ (233)	$ (11,499)
Weighted average capitalization rate - 10 basis point decrease(1)	$ 488	$ 19,006	$ 242	$ 12,138

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

During Q2-2022 and YTD-2022, the Fund recorded a fair value gain on its Properties of $nil and $20,573 (Forecast - $nil). The fair value gain during YTD-2022 was primarily as a result of NOI growth.

The impact of a 1% change in NOI used to value the investment properties as at June 30, 2022 would affect the fair value of MF Properties by approximately $9,013 (December 31, 2021 - $7,163) and the fair value of SF Properties by approximately $396 (December 31, 2021 - $197).

PROVISION FOR CARRIED INTEREST

As at June 30, 2022, the Fund had recognized a provision for carried interest of $2,995, resulting in an expense of $nil and $2,995 for Q2-2022 and YTD-2022, respectively (see "Related Party Transactions and Arrangements"). The Forecast did not contemplate or include a provision for 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, 2022 and for the period from September 23, 2021 to December 31, 2021 that is available at www.sedar.com.

INCOME TAXES - DEFERRED

For Q2-2022, the Fund recorded deferred income tax expense of $42 (Forecast - $366), representing a decrease of $324 relative to Forecast due timing differences resulting primarily from depreciation of the Fund's Properties for U.S. tax purposes during the quarter.

For YTD-2022, the Fund recorded a deferred income tax expense of $7,383 (Forecast - $366), representing an increase of $7,017 compared to the Forecast primarily due to the Non-Forecast Properties not being included in the Forecast and the Forecast not contemplating fair value gains on the Properties.

The deferred income tax expense relates to differences between the fair value of the investment properties and their tax basis as of June 30, 2022 for both U.S federal and state tax purposes.

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

	Q2-2022	Forecast Q2-2022(1)	YTD-2022	Forecast YTD-2022(1)
Net income (loss) and comprehensive income (loss) attributable to Unitholders	$ (1,692)	$ (272)	$ 8,608	$ (667)
(Deduct) / Add: non-cash or one-time items and distributions	3,052	1,438	(4,896)	2,873
Adjusted Net Income and Comprehensive Income	1,360	1,166	$ 3,712	$ 2,206
Distributions to Unitholders	2,438	993	$ 4,900	$ 1,986
(Shortfall) Excess of Adjusted Net Income and Comprehensive Income over distributions to Unitholders	**$ (1,078)**	**$ 173**	**$ (1,188)**	**$ 220**

(1) Forecast Q2-2022 and Forecast YTD-2022 only include results related to the Forecast Properties.

The shortfall between adjusted net income and comprehensive income and distributions to Unitholders reflects the Fund electing to pay a 4.0% annualized distribution on the total proceeds of the Offering and was funded through the Fund's cash on hand.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been presented below for Q2-2022 and YTD-2022 with a comparison to the Forecast.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of net income (loss) and comprehensive income (loss), determined in accordance with IFRS, to FFO and AFFO is presented below for Q2-2022 and YTD-2022 with a comparison to the Forecast:

	Q2-2022	Forecast Q2-2022 (1)	YTD-2022	Forecast YTD-2022(1)
Net income (loss) and comprehensive income (loss) to Unitholders	$ (1,692)	$ (272)	$ 8,608	$ (665)
Add / (Deduct):				
Distributions to Unitholders	2,438	993	4,900	1,986
Dividends to preferred shareholders	8	—	16	—
Deferred taxes (2)	42	366	7,383	730
Unrealized foreign exchange gain	6	—	—	—
Fair value adjustment on derivative financial instruments	(535)	—	(983)	—
Fair value gain on investment properties (2)	—	—	(20,573)	—
Provision for carried interest	—	—	2,995	—
FFO	**$ 267**	**$ 1,087**	**$ 2,346**	**$ 2,051**
Add / (Deduct):				
Amortization of financing costs (2)	483	79	$ 764	$ 157
Vacancy costs associated with the SF home upgrade program	221	—	$ 474	$ —
Loss on early extinguishment of debt	618	—	618	—
Sustaining capital expenditures and suite or home renovation reserves	(154)	(57)	(268)	(57)
AFFO	**$ 1,435**	**$ 1,109**	**$ 3,934**	**$ 2,151**
FFO per Unit - basic and diluted	$ 0.01	$ 0.09	$ 0.07	$ 0.16
FFO payout ratio	913.4 %	91.5 %	208.8 %	96.9 %
AFFO per Unit - basic and diluted	$ 0.05	$ 0.09	$ 0.12	$ 0.17
AFFO payout ratio	169.9 %	89.5 %	124.5 %	92.3 %
Distributions declared (3)	$ 2,438	$ 993	$ 4,900	$ 1,986
Weighted average Units outstanding: basic and diluted - (000s)	31,820	12,520	31,820	12,520

(1) Forecast Q2-2022 and Forecast YTD-2022 only include results related to the Forecast Properties.

(2) 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.

(3) Distributions declared are calculated based on the monthly distribution per Unit. The Forecast amounts for Q2-2022 and YTD-2022 are based on the assumptions included in the Forecast and do not reflect the final proceeds of the Offering.

Funds from operations

Basic and diluted FFO and FFO per Unit for Q2-2022 were $267 and $0.01, respectively (Forecast - $1,087 and $0.09), representing a decrease of $821 and $0.08 relative to Forecast primarily due to higher than forecasted finance costs at the Properties including significant non-cash financing costs, partially offset by higher than forecasted NOI.

The Fund's FFO payout ratio for Q2-2022 was 913.4% (Forecast - 91.5%), with the increase over the Forecast for Q2-2022 primarily due to the reasons noted above as well as the loss on early extinguishment of debt incurred during Q2-2022 with no comparable amounts included in the Forecast. The loss on early extinguishment of debt is a non-cash charge deducted against FFO during the quarter which is added back for the purposes of calculating AFFO.

Basic and diluted FFO and FFO per Unit for YTD-2022 were $2,346 and $0.07, respectively (Forecast - $2,051 and $0.16), representing an increase of $294 and $0.09 relative to Forecast primarily due to higher than forecasted NOI partially offset by higher than forecast finance costs at the Properties.

The Fund's FFO payout ratio for YTD-2022 was 208.8% (Forecast - 96.9%), with the increase over the Forecast for YTD-2022 due to higher than forecasted NOI partially offset by higher than forecast finance costs at the Properties including significant non-cash financing costs. The loss on early extinguishment of debt is a non-cash charge deducted against FFO during the quarter which is added back for the purposes of calculating AFFO.

Adjusted funds from operations

Basic and diluted AFFO and AFFO per Unit for Q2-2022 were $1,435 and $0.05, respectively (Forecast - $1,109 and $0.09), representing an increase of $326 primarily due to the Non-Forecast Properties not being included in the Forecast and higher than forecasted NOI at the Forecast Properties, partially offset by higher fund and trust expenses and finance costs related to the Forecast Properties.

The Fund's AFFO payout ratio for Q2-2022 was 169.9% (Forecast - 89.5%), with the increase relative to Forecast primarily due to the reasons noted above in basic and diluted AFFO and AFFO per Unit for Q2-2022.

Basic and diluted AFFO and AFFO per Unit for YTD-2022 were $3,934 and $0.12, respectively (Forecast - $2,151 and $0.17), representing an increase of $1,783, primarily due to the Non-Forecast Properties not being included in the Forecast and higher than forecasted NOI at the Forecast Properties, partially offset by higher fund and trust expenses and finance costs related to the Forecast Properties.

The Fund's AFFO payout ratio for YTD-2022 was 124.5% (Forecast - 92.3%), with the decrease relative to Forecast primarily due to the reasons noted above in basic and diluted AFFO and AFFO per Unit for YTD-2022.

Sustaining capital expenditures

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite or home renovations of $154 and $268 for Q2-2022 and YTD-2022. 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 Q2-2022 and YTD-2022 were $111 and $225.

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 Q2-2022 and YTD-2022 are provided below:

		Q2-2022		YTD-2022
Cash provided by operating activities	$	8,268	$	8,294
Less: interest costs		(3,108)		(4,280)
Cash used in operating activities - including interest costs	**$**	**5,160**	**$**	**4,014**
Add / (Deduct):				
Change in non-cash operating working capital		(5,246)		(1,997)
Loss on early extinguishment of debt		(618)		(618)
Change in restricted cash		1,455		1,712
Net income attributable to non-controlling interests		5		5
Amortization of financing costs		(489)		(770)
FFO	**$**	**267**	**$**	**2,346**
Add / (Deduct):				
Amortization of financing costs		483		764
Loss on early extinguishment of debt		618		618
Vacancy costs associated with the SF home upgrade program		221		474
Sustaining capital expenditures and suite or home renovation reserves		(154)		(268)
AFFO	**$**	**1,435**	**$**	**3,934**

Distributions to Unitholders relative to cash provided by operating activities

The Fund's cash used in operating activities, including interest costs for Q2-2022 and YTD-2022 were $5,160 and $4,014, which was higher than distributions declared to Unitholders by $2,722 for Q2-2022 and lower than distributions declared to Unitholders by $885 for YTD-2022. The Fund covers any shortfall in the above through either cash from operating activities or cash on hand.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Fund expects to be able to meet all of its obligations, including distributions to Unitholders and property maintenance and capital improvements. The Fund has financing sources to fulfill its commitments including cash flow from its operating activities and loans secured by the Properties including availability of future funding for value-enhancing initiatives at certain Properties. As at June 30, 2022, the Fund was in compliance with all of its financial covenants. The Fund is continuing to evaluate the potential impacts of COVID-19 on the liquidity and performance of the U.S. multi-family property class (see "COVID-19" and "Future Outlook").

As at June 30, 2022, the Fund had cash on hand of $14,836 and an additional $18,127 of liquidity available including $7,017 to draw from the capital lines associated with the loans payable at the Properties to fund future eligible capital expenditures and $11,110 of available credit on the SFR Credit Facility.

The Fund was formed as a "closed-end" fund with an initial term of three years, a targeted yield of 4.0% and a targeted minimum 11% pre-tax investor internal rate of return across all classes of Units of the Fund.

CASH FLOW

Cash flow provided by operating activities represents the primary source of liquidity to fund 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 tenants, 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 YTD-2022:

	Q2-2022	YTD-2022
Cash provided by operating activities	$ 8,268	$ 8,294
Cash provided by financing activities	227,655	231,357
Cash used in investing activities	(225,652)	(235,221)
Increase in cash	**10,271**	**4,430**
Cash, beginning of period	4,571	10,407
Exchange rate differences	(6)	(1)
Cash, end of period	**$ 14,836**	**$ 14,836**

Cash provided by operating activities during Q2-2022 and YTD-2022 was $8,268 and $8,294, respectively, which consisted primarily of the operating income generated by the Properties and changes in non-cash working capital and restricted cash.

Cash provided by financing activities for Q2-2022 was $227,655 and consisted primarily of the new financing on Emerson, Eight at East and Ventura, an unsecured loan of $5,000, draws on the SFR Credit facility as well as the net proceeds from the refinancing of Sunlake. These amounts were partially offset by finance costs paid of $8,866 and distributions paid to Unitholders of $2,438.

Cash provided by financing activities for YTD-2022 was $231,357 and consisted primarily of the new financing and refinancing described above and proceeds from the issuance of preferred shares of $250, partially offset by finance costs paid of $9,993 and distributions paid to Unitholders of $4,900.

Cash used in investing activities for Q2-2022 was $225,652 and consisted of $227,969 related to the acquisition of Eight at East, Ventura and SF Properties as well as $1,772 for capital additions to the Properties partially offset by the non-controlling interest in Ventura.

Cash used in investing activities for YTD-2022 was $235,221 and consisted of $236,535 related to the acquisition of Eight at East, Ventura, and SF Properties and $2,775 for capital additions to the Properties partially offset by the non-controlling interest in Ventura.

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, as the Fund continues to build Unitholder value and maintain sufficient capital contingency amounts. The total capital of the Fund as at June 30, 2022 is summarized below:

	As at June 30, 2022	As at December 31, 2021
Loans payable (1)	$ 467,662	$ 221,646
Net liabilities attributable to Unitholders and non-controlling interests	247,002	238,394
Less: non-controlling interests	4,089	—
Total capital attributable to Unitholders	**$ 710,575**	**$ 460,040**

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

	As at June 30, 2022	As at December 31, 2021
Indebtedness to Gross Book Value	66.0 %	49.3 %
Weighted average term to maturity – loans	2.2 years	2.84 years
	Q2-2022	**YTD-2022**
Weighted average interest rate – average during the reporting period	3.24 %	2.75 %
Interest Coverage Ratio	1.44x	1.88x
Indebtedness Coverage Ratio	1.44x	1.88x

As at June 30, 2022, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value, was 66.0% and the weighted average term to maturity was 2.2 years. The maximum allowable ratio under the Declaration of Trust is 75%.

For Q2-2022, the Interest Coverage Ratio and the Indebtedness Coverage Ratio were both 1.44x, as there were no principal payments paid or required to be paid until maturity. For YTD-2022, the Interest Coverage Ratio and the Indebtedness Coverage Ratio were both 1.88x, as there were no principal payments paid or required to be paid until maturity. 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 interest and indebtedness coverage ratios.

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 beyond and the weighted average interest rate of maturing loans based on the Fund's condensed consolidated interim financial statements as at June 30, 2022:

	Scheduled principal payments	Debt maturing during the year	Total loans payable	Percentage of total loans payable	Weighted average interest rate of maturing loans(1)	Scheduled interest payments(1)
2022 – remainder of year	$ —	$ 13,890,000	$ 13,890,000	3.0 %	4.54 %	$ 9,749
2023	—	5,000,000	5,000,000	1.1 %	9.00 %	18,605
2024	—	384,547,000	384,547,000	82.2 %	4.11 %	15,749
2025	—	64,225,000	64,225,000	13.7 %	4.10 %	1,097
	$ —	**$ 467,662,000**	**$467,662,000**	**100.0 %**	**4.17 %**	**$ 45,200**
Unamortized financing costs			(6,068,000)			
Total carrying value			**$461,594,000**			

(1) Scheduled interest payments and interest rates are based on the applicable LIBOR, Term SOFR, or NY SOFR rate as at June 30, 2022.

FINANCING ACTIVITIES DURING YTD-2022

The loan agreements for Indigo, Lyric, and Emerson allow for additional advances of $2,862, $2,468, and $1,687 respectively, to fund eligible future capital expenditures incurred by the Fund.

During YTD-2022, the Fund drew $8,963 from the SFR Credit Facility to fund a portion of the acquisition of single-family rental homes. The Fund also entered into a $5,000 unsecured loan for working capital purposes.

The Fund continues to actively monitor the interest rate environment and any associated impact this 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.

NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The Fund is authorized to issue an unlimited number of Units. The beneficial interest in the net income and comprehensive income of the Fund is held in 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 Q4-2021 and YTD-2022:

	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, September 23, 2021	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Units issued in connection with Offering, net of issuance costs, November 15, 2021	25,749	21,278	82,176	6,792	50,927	7,538	27,789	11,175	5,955	239,379
Re-allocation due to Unit conversions	110	—	(15)	—	(95)	—	—	—	—	—
Net loss and comprehensive loss	(107)	(88)	(340)	(28)	(211)	(31)	(109)	(46)	(25)	(985)
Net liabilities attributable to Unitholders, December 31, 2021	**$25,752**	**$21,190**	**$81,821**	**$ 6,764**	**$50,621**	**$ 7,507**	**$27,680**	**$11,129**	**$ 5,930**	**$ 238,394**
Re-allocation due to Unit conversions	(601)	—	1,026	—	(425)	—	—	—	—	—
Net income and comprehensive income	910	214	2,991	244	1,812	273	999	400	765	8,608
Net liabilities attributable to Unitholders, June 30, 2022	**$26,061**	**$21,404**	**$85,838**	**$ 7,008**	**$52,008**	**$ 7,780**	**$28,679**	**$11,529**	**$ 6,695**	**$ 247,002**

The following table summarizes the changes in Units outstanding for YTD-2022:

(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, 2022	3,437	2,680	10,921	700	6,550	802	3,500	1,188	750	30,528
Unit conversions	(80)	—	137	—	(55)	6	—	(6)	—	2
Outstanding, as at June 30, 2022	**3,357**	**2,680**	**11,058**	**700**	**6,495**	**808**	**3,500**	**1,182**	**750**	**30,530**

Classes A, B, C, D, F and I are Canadian dollar 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 Q2-2022 was 31,819,936 (assumes all outstanding Units are converted to class A equivalent Units based on the Conversion Ratios).

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH THE MANAGER

The Fund engaged an affiliate of 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 Property Holdings Inc. ("Starlight Group"), and Chief Executive Officer and 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 annual 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.

For Q2-2022 and YTD-2022, the Fund incurred asset management fees of $447 and $834 (Forecast - $190 and $380), which were charged to fund and trust expenses. The amount payable to the Manager as at June 30, 2022 was $194 (December 31, 2021 - $125).

(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 Q2-2022 and YTD-2022, the Fund incurred acquisition fees of $2,337 and $2,503 which relate to the acquisition of Eight at East, Ventura, and 49 single-family rental homes. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition. 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.

(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. As of June 30, 2022, no guarantee fees have been paid or are payable (December 31, 2021 - $nil).

Other related party transactions

Aggregate compensation to key management personnel was $nil for Q2-2022, as compensation of these individuals is paid by the Manager pursuant to the Management Agreement.

On May 20, 2022, the Fund acquired a 90% interest in Ventura Mezz LLC, an entity indirectly owning Ventura, with the remaining 10% ownership of Ventura Mezz LLC acquired by an an entity controlled by Daniel Drimmer, a director and President and Chief Executive Officer of Starlight Group and Unitholder and Chief Executive Officer 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 Investments 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 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 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).

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is provided in Note 3 to the audited consolidated financial statements of the Fund for the period from September 23, 2021 (date of formation) to December 31, 2021. 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. The estimates used in determining the recorded amount for assets and liabilities in the condensed consolidated interim financial statements include the following:

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 affects 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 processes as part of the acquisition transaction.

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 is 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. Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts and third-party appraisals.

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.

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

Income Taxes: The Fund applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each of such legal subsidiaries 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 be applied 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 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.

Consolidation: The Fund has determined that it controls all of its subsidiaries, including the significant subsidiaries (as defined in the audited consolidated financial statements for the period from September 23, 2021 (date of formation) to December 31, 2021). 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.

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.

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, 2022 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 period from September 23, 2021 (date of formation) to December 31, 2021 and is available at www.sedar.com. 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 January 31, 2022, the date of the Fund's MD&A for the period from September 23, 2021 (date of formation) to December 31, 2021. For details on the Fund's collections as it relates to the impact of COVID-19, please refer to "Future Outlook" and "COVID-19".

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 limitations include, without limitation, the possibility that management's assumptions and judgements 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. Based on their evaluations, the Chief Executive Officer and the Chief Financial Officer have concluded that the Fund's internal controls over financial reporting were effective and do not contain any material weaknesses, as at June 30, 2022.

Additional information relating to the Fund can be found on SEDAR at www.sedar.com.

Dated: August 9, 2022

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