

STARLIGHT U.S. RESIDENTIAL FUND ANNOUNCES Q4-2024 RESULTS INCLUDING NORMALIZED SAME PROPERTY NOI GROWTH OF 1.3%

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Toronto – February 14, 2025 – Starlight U.S. Residential Fund (TSXV: SURF.A and SURF.U) (the “Fund”) announced today its results of operations and financial condition for the three months ended December 31, 2024 (“Q4-2024”) and year ended December 31, 2024 (“YTD-2024”). Certain comparative figures are included for the three months ended December 31, 2023 (“Q4-2023”) and year ended December 31, 2023 (“YTD-2023”).

All amounts in this press release are in thousands of United States (“U.S.”) dollars except for average monthly rent (“AMR”)¹ or unless otherwise stated. All references to “C\$” are to Canadian dollars.

“The Fund owns a high-quality, well located and diversified portfolio of multi-family communities which reported an increase in normalized same property net operating income of 1.3% from Q4-2023 to Q4-2024,” commented Evan Kirsh, the Fund’s President. “The Fund continues to focus on increasing net operating income at its properties through active asset management, navigating the current challenging capital markets environment and focusing on managing the Fund’s liquidity in order to provide the Fund with an opportunity to capitalize on anticipated improvements in the investment market in future periods.”

Q4-2024 HIGHLIGHTS

- Revenue from property operations for Q4-2024 was \$9,740 (Q4-2023 - \$9,808) representing a decrease 0.7% in revenue due to the disposition of 98 single-family properties (“SF Properties”) since the second quarter of 2023 (“Primary Variance Driver”), partially offset by same property revenue growth of 0.6%. Net operating income (“NOI”)¹ for Q4-2024 was \$6,188 (Q4-2023 - \$5,916), representing an increase of 4.6% in NOI relative to Q4-2023 primarily due to normalized same property NOI¹ growth of 1.3%, partially offset by the Primary Variance Driver.
- The Fund reported a net loss and comprehensive loss attributable to unitholders for Q4-2024 of \$41,806 (Q4-2023 - \$53,592). The Fund reported a fair value loss on investment properties during Q4-2024 primarily due to the expansion of capitalization rates used to value the Fund’s investment properties.
- The Fund completed 30 in-suite light value-add upgrades at the multi-family properties (“MF Properties”) during Q4-2024, which generated an average rental premium of \$87 and an average return on cost of approximately 27.5%.
- The Fund achieved physical occupancy of 93.8% during Q4-2024 and as at February 13, 2025 had collected approximately 99.5% of rents for Q4-2024, with further amounts expected to be collected in future periods, demonstrating the Fund’s high quality resident base and operating performance.
- During Q4-2024, the Fund completed the dispositions of its last SF Properties for net proceeds of \$891 (Q4-2023 - six SF Property dispositions for net proceeds of \$1,605).
- On December 9, 2024, the Fund entered into an amendment for a short-term extension of the Fund’s Lyric Apartments loan payable as the Fund continues to negotiate a longer-term extension of the loan.
- On February 14, 2025, the board of trustees of the Fund (the “Board”) approved the second one-year extension of the Fund’s term to November 15, 2026. The Fund continues to focus on liquidity management, which along with the extension of the Fund’s term, is targeted at providing the Fund with the opportunity to capitalize on anticipated improvements in the real estate investment market.

¹ The metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see “non-IFRS financial measures”).



YTD-2024 HIGHLIGHTS

- Revenue from property operations and NOI for YTD-2024 were \$39,618 and \$24,990 (YTD-2023 - \$39,386 and \$24,331), respectively, representing an increase of 0.6% and 2.7% relative to YTD-2023, respectively, primarily due to the same property revenue growth of 3.2% and same property NOI growth of 4.9% from YTD-2023 to YTD-2024, partially offset by the Primary Variance Driver.
- The Fund reported a net loss and comprehensive loss attributable to unitholders for YTD-2024 of \$60,813 (YTD-2023 - \$106,299), primarily resulting from YTD-2023 reporting a higher fair value loss on investment properties than YTD-2024.
- The Fund completed 143 in-suite light value-add upgrades at the MF Properties during YTD-2024, which generated an average rental premium of \$94 and an average return on cost of approximately 30.3%.
- On May 1, 2024, the Fund amended The Ventura ("Ventura") loan payable to extend the term to February 9, 2026, discharge its obligation to purchase a replacement interest rate cap and defer a portion of the debt service at the property, whereby the Fund can defer certain amounts per month subject to certain terms.
- On June 28, 2024, the Fund refinanced the existing Indigo Apartments loan payable by entering into a new first mortgage for \$62,223 with a five-year term and monthly interest only "IO" payments bearing interest at a fixed rate of 5.85%. In addition, a subsidiary of the Fund entered into an unsecured financing amounting to \$18,277 for a three-year term, bearing monthly IO payments at a minimum 4.00% per annum ("Unsecured Financing"). Upon completion of the Unsecured Financing, a portion of the proceeds were used to repay \$14,700 towards the Fund Credit Facility (as defined below).
- On September 9, 2024 the Fund amended the Fund's credit facility to a \$16,000 revolving credit facility with a maturity date of December 31, 2026 ("Fund Credit Facility").



FINANCIAL CONDITION AND OPERATING RESULTS

Highlights of the financial and operating performance of the Fund as at December 31, 2024 and for Q4-2024 and YTD-2024, including a comparison to December 31, 2023 and for Q4-2023 and YTD-2023, as applicable, are provided below:

	December 31, 2024	December 31, 2023		
Key multi-family operational information				
Number of multi-family properties owned	6	6		
Total multi-family suites	1,973	1,973		
Economic occupancy ⁽¹⁾⁽²⁾	93.3%	90.5%		
Physical occupancy ⁽¹⁾⁽²⁾	93.8%	92.7%		
AMR (in actual dollars) ⁽¹⁾	\$ 1,591	\$ 1,617		
AMR per square foot (in actual dollars) ⁽¹⁾	\$ 1.67	\$ 1.70		
Estimated gap to market versus in-place rents ⁽²⁾	1.2%	1.4%		
Number of single-family rental homes	—	25		
Selected financial information				
Gross book value ⁽²⁾	\$ 514,416	\$ 563,338		
Indebtedness ⁽²⁾	\$ 470,979	\$ 460,692		
Indebtedness to gross book value ⁽²⁾⁽³⁾	91.6%	81.8%		
Weighted average interest rate - as at period end ⁽⁴⁾	6.10%	5.78%		
Weighted average loan term to maturity ⁽⁴⁾	1.57 years	0.84 years		
	Q4-2024	Q4-2023	YTD-2024	YTD-2023
Summarized income statement (excluding non-controlling interest)⁽⁵⁾				
Revenue from property operations	\$ 9,740	\$ 9,808	\$ 39,618	\$ 39,386
Property operating costs	(2,657)	(2,681)	(10,527)	(10,498)
Property taxes ⁽⁶⁾	(895)	(1,211)	(4,101)	(4,557)
Adjusted income from operations / NOI	6,188	5,916	24,990	24,331
Fund and trust expenses	(815)	(744)	(3,278)	(3,389)
Finance costs ⁽⁷⁾	(8,649)	(9,773)	(37,085)	(34,228)
Other income and expense ⁽⁸⁾	(38,530)	(48,991)	(45,440)	(93,013)
Net loss and comprehensive loss - attributable to unitholders ⁽⁵⁾	\$ (41,806)	\$ (53,592)	\$ (60,813)	\$ (106,299)
Other selected financial information				
Funds from operations ("FFO") ⁽²⁾	\$ (2,347)	\$ (1,940)	\$ (8,285)	\$ (7,216)
FFO per unit - basic and diluted	(0.07)	(0.06)	(0.26)	(0.23)
Adjusted funds from operations ("AFFO") ⁽²⁾	(940)	(1,418)	(3,927)	(4,962)
AFFO per unit - basic and diluted	(0.03)	(0.05)	(0.12)	(0.16)
Weighted average interest rate - average during period ⁽⁴⁾	6.10%	5.76%	5.99%	5.54%
Interest and indebtedness coverage ratio ⁽²⁾⁽⁹⁾	0.86x	0.79x	0.85x	0.80x
Weighted average units outstanding - basic and diluted (000s)	31,818	31,820	31,818	31,820

⁽¹⁾ Economic occupancy for Q4-2024 and Q4-2023 and physical occupancy as at the end of each applicable reporting period. The decrease in AMR and AMR per square foot from Q4-2023 to Q4-2024 was primarily due to the Fund focusing on occupancy at the MF Properties which increased from 90.5% economic occupancy during Q4-2023 to 93.1% during Q4-2024 as well as the Fund competing with new supply in the primary markets in which the Fund operates in.

⁽²⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "non-IFRS financial measures and reconciliations"). The increase in AFFO, interest coverage ratio and indebtedness coverage ratio from Q4-2023 to Q4-2024 is primarily due to increases NOI, partially offset by increases in interest costs (excluding any accrued interest costs payable upon maturity of the applicable loans payable). The AFFO, interest coverage ratio and indebtedness coverage ratio presented herein exclude \$964 and \$2,461 of interest costs for Q4-2024 and YTD-2024 or debt service shortfall funding from applicable lenders which are payable upon maturity of the applicable loan payable.

⁽³⁾ The maximum allowable leverage ratio under the Declaration of Trust restricts the Fund from entering into any additional indebtedness whereby at the time of entering into such indebtedness, the leverage ratio does not exceed 75% (as defined in the Declaration of Trust). As of the date of issuance of this press release, the Fund met the maximum leverage condition and continues to focus on managing the Fund's capital structure, including the overall leverage.

⁽⁴⁾ The weighted average interest rate on loans payable is presented as at December 31, 2024 reflecting the prevailing index rate, 30-day New York Federal Reserve Secured Overnight Financing Rate ("NY SOFR") or one-month term Secured Overnight Financing Rate ("Term SOFR" and together with NY SOFR, "SOFR"), as at that date or based on the average rate for the applicable periods as it relates to quarterly rates. As at February 14, 2025, the Fund had interest rate caps, swaps or fixed rate debt in place in certain instances, which protect the Fund from increases in SOFR above stipulated levels (as at December 31, 2024, the SOFR rate was 4.49%). The weighted average interest rate presented above as at December 31, 2024 includes the maximum interest rate on the Unsecured Financing of 12.00%. The weighted average term to maturity ("WATM") presented as at December 31, 2024 assumes the Fund has taken advantage of the one-year extension option of certain loans payable which are subject to certain conditions (see "Future Outlook" for risks related to the ability of the Fund to utilize these extension options and the potential impact on the Fund if it cannot). If the Fund does not utilize extension options available under applicable loans, the WATM would be 1.16 years.

⁽⁵⁾ The Fund acquired a 90% interest in Ventura on May 25, 2022, with the remaining non-controlling interest owned by an affiliate of Starlight Investments US AM Group LP or its affiliates ("the Manager"). The summarized income statement figures presented above reflect the net loss attributable to unitholders only, and excludes any amounts attributable to the non-controlling interest.

⁽⁶⁾ Property taxes include the International Financial Reporting Interpretations Committee 21 - Levies fair value adjustment and treats 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, loss on early extinguishment of debt and fair value changes in derivative financial instruments.

⁽⁸⁾ Includes dividends to preferred shareholders, unrealized foreign exchange gain (loss), realized foreign exchange gain (loss), fair value adjustment of investment properties, provision for carried interest and deferred income taxes.

⁽⁹⁾ The Fund's interest and indebtedness coverage ratios were 0.86x and 0.85x during Q4-2024 and YTD-2024, with the Fund's operating results offset by increases in the Fund's interest costs as a result of the Fund utilizing a variable rate debt strategy which allows the Fund to maintain maximum flexibility for the potential sale of the Fund's properties at the end of, or during, the Fund's Term. These calculations exclude \$964 and \$2,461 of interest costs or debt service shortfall funding for Q4-2024 and YTD-2024 as these amounts are accrued and payable only at maturity of the applicable loan payable. The Fund also had interest rate caps, swaps or fixed rate debt in place as at December 31, 2024 which in certain instances protect the Fund from increases SOFR beyond stipulated levels on its mortgages at the Fund's properties. The Fund continues to monitor interest and indebtedness coverage ratios with the goal of maximizing the total return for investors during the Fund's Term. On February 14, 2025, the Board approved the second one-year extension of the Fund's term to November 15, 2026, which along with the Fund's focus on managing liquidity, is targeted at providing the Fund with the opportunity to capitalize on anticipated improvements in the real estate investment market.



NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

The Fund's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms that may be used in this press release including AFFO, AMR, adjusted net income and comprehensive income, 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, indebtedness to gross book value, interest coverage ratio, same property NOI and NOI (collectively, the "Non-IFRS Measures"), as well as other measures discussed elsewhere in this press release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. Information on the most directly comparable IFRS measures, composition of the Non-IFRS Measures, a description of how the Fund uses these measures, and an explanation of how these Non-IFRS Measures provide useful information to the investors are set out in the Fund's management's discussion and analysis ("MD&A") in the "Non-IFRS Financial Measures" section for Q4-2024 available on the Fund's profile on SEDAR+ at www.sedarplus.ca, which is incorporated by reference into this press release.

A reconciliation of the Fund's interest coverage ratio and indebtedness coverage ratio are provided below:

Interest and indebtedness coverage ratio	Q4-2024	Q4-2023	YTD-2024	YTD-2023
Net loss and comprehensive loss	\$ (41,806)	\$ (53,592)	\$ (60,813)	\$ (106,299)
Add / (deduct): non-cash or one-time items and distributions ⁽¹⁾	39,942	52,189	54,468	101,129
Adjusted net loss and comprehensive loss ⁽²⁾	\$ (1,864)	\$ (1,403)	\$ (6,345)	\$ (5,170)
Interest and indebtedness coverage ratio ⁽³⁾⁽⁴⁾⁽⁵⁾	0.86x	0.79x	0.85x	0.80x

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

⁽²⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "non-IFRS financial measures and reconciliations").

⁽³⁾ Interest coverage ratio is calculated as adjusted net loss and comprehensive loss plus interest expense divided by interest expense.

⁽⁴⁾ Indebtedness coverage ratio is calculated as adjusted net loss and comprehensive loss plus interest expense divided by interest expense and mandatory principal payments on the Fund's loans payable.

⁽⁵⁾ These calculations exclude \$964 and \$2,461 of interest costs or debt service shortfall funding for Q4-2024 and YTD-2024 as these amounts are accrued and payable only at maturity of the applicable loan payable.

The Fund's interest coverage ratio and indebtedness coverage ratio were each 0.86x during Q4-2024. Both ratios increased during Q4-2024 relative to Q4-2023, due to increases in NOI, partially offset by interest costs included in such calculation as the Fund has the ability to defer a portion of interest costs which are excluded from the calculations above amounting to \$964 in Q4-2024. Although the interest coverage and indebtedness coverage ratios have been negatively impacted by the increases in SOFR, operating results for the Fund's properties have remained favourable. During Q4-2024, the Fund covered any operating shortfall through cash on hand, including any proceeds from financing activities as applicable.

The Fund also utilizes interest rate caps, swaps or fixed rate debt in certain instances to limit the potential impact on the Fund's financial performance from any increases in interest rates. As at December 31, 2024, the Fund's weighted average interest rate was 6.10%.

CASH PROVIDED BY OPERATING ACTIVITIES RECONCILIATION TO FFO AND AFFO

The Fund was formed as a "closed-end" trust with an initial term of three years, a targeted yield of 4.0% and a pre-tax targeted annual total return of 11% across all classes of units of the Fund. For Q4-2024, basic and diluted AFFO and AFFO per Unit were \$(940) and \$(0.03), respectively (Q4-2023 - \$(1,418) and \$(0.05)), primarily as a result of increases in the Fund's interest costs and reduction in NOI from the sale of SF Properties, partially offset by higher same property NOI normalized for certain adjustments from property taxes included in both periods and the impact of accrued interest costs added back to AFFO in Q4-2024 with no comparable amounts in Q4-2023 given the Fund completed certain debt amendments to allow the Fund to defer such costs in 2024. The Fund covered any shortfall between cash used by operating activities, including interest costs¹, through either cash from operating activities during such applicable periods, cash on hand, or the Fund Credit Facility, including any proceeds from financing activities as applicable.

¹ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "non-IFRS financial measures").



A reconciliation of the Fund's cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q4-2024, YTD-2024, Q4-2023 and YTD-2023 is provided below:

	Q4-2024	Q4-2023	YTD-2024	YTD-2023
Cash provided by operating activities	\$ 5,866	\$ 5,386	\$ 21,956	\$ 20,260
Less: interest costs	(7,413)	(6,801)	(28,709)	(26,573)
Cash used in operating activities - including interest costs⁽¹⁾	(1,547)	(1,415)	(6,753)	(6,313)
Add / (deduct):				
Change in non-cash operating working capital	(141)	1,405	(2,116)	(385)
Loss on early extinguishment of debt	—	—	(94)	—
Transaction costs	85	92	477	606
Change in restricted cash	(259)	(1,423)	2,256	1,352
Amortization of financing costs	(485)	(599)	(2,055)	(2,476)
FFO	(2,347)	(1,940)	(8,285)	(7,216)
Add / (deduct):				
Amortization of financing costs	576	653	2,354	2,704
Vacancy costs associated with the suite upgrade program	17	21	41	151
Loss on early extinguishment of debt	—	—	94	—
Sustaining capital expenditures and suite renovation reserves	(150)	(152)	(592)	(601)
Accrued interest costs ⁽²⁾	964	—	2,461	—
AFFO	\$ (940)	\$ (1,418)	\$ (3,927)	\$ (4,962)

⁽¹⁾ This metric is a non-IFRS measure. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS (see "non-IFRS financial measures and reconciliations").

⁽²⁾ These amounts represent interest costs that are deferred and payable only at maturity of the applicable loan payable.

FUTURE OUTLOOK

Since early 2022, concerns over elevated levels of inflation have resulted in a significant increase in interest rates with the U.S. Federal Reserve raising the Federal Funds Rate by approximately 525 basis points. During the third quarter of 2024, the U.S. Federal Reserve reduced the Federal Funds Rate by 50 basis points and in November and December 2024, respectively, reduced the rate by a further 25 basis points during each such period leading to a rate of approximately 425 basis points as at February 14, 2025. Short-term interest rate increases typically lead to increases in borrowing costs for the Fund, reducing cash flow, given that the Fund primarily employs a variable rate debt strategy due to the Fund's initial three-year term in order to provide maximum flexibility upon the eventual sale of the Fund's properties during or at the end of the Fund's term. Similarly, as interest rates drop, the Fund's floating rate debt can benefit from such reductions. Historically, investments in multi-family properties have provided an effective hedge against inflation given the short-term nature of each resident lease which has been somewhat reflected in the rent growth achieved at the Fund's properties.

Although inflation has reduced significantly from its peak, markets and the Federal Reserve continue to closely monitor inflation and unemployment figures as well as the potential impacts of anticipated changes to legislation and regulation resulting from the recent U.S. election that may impact the future outlook for interest rates. Although operating fundamentals have been favorable as evidenced by the operating results achieved by the Fund during 2023 and 2024 and short-term rates have begun declining in recent periods providing some benefit to the short-term cash flow of the Fund, long-term U.S. treasuries have continued to be volatile and increased from approximately 3.80% as at September 30, 2024 to approximately 4.57% as at December 31, 2024. Capitalization rates typically correlate to changes in long-term interest rates and during the three months ended December 31, 2024, the increase in long-term U.S. treasury yields reduced investment transaction volumes and negatively impacted on the Fund's third-party appraisals which were used to value the Fund's investment properties and resulted in a reduction in the reported values during the quarter due to an expansion in capitalization rates.

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



extension options available under existing loans payable. As at December 31, 2024, \$285,603 of the Fund's loans payable (relating to four of its six properties owned) had contractual maturity dates within twelve months of December 31, 2024 whereby the Fund has the option to extend such loans with the existing lenders subject to such loans achieving certain conditions (including maximum leverage and minimum debt service coverage ratios noted) and the Fund anticipates that it will not meet these extension conditions in certain instances. Under the terms of each applicable loan agreement, the Fund has the right to make a principal repayment towards such loan in order to achieve the extension tests that otherwise may not be achieved. Given the Fund was formed as a "closed-end" investment vehicle, the Fund is restricted from raising any additional equity, which may have otherwise assisted in making any principal repayments of the loans payable in order to meet certain extension conditions. In the event the Fund is not able to refinance the loan or if the Fund does not have sufficient liquidity or other sources of capital sufficient to make any such principal repayments required to achieve the applicable loan extension tests and the Fund is not able to otherwise negotiate an extension of such loan, the applicable lender may provide formal notice of an event of default expressing its right to demand repayment of the borrowings relating to such property. Under this scenario, the Fund may be obligated to sell such properties or explore other options in the best economic interests of the Fund in order to discharge its obligations under any of the applicable loan agreements. The Fund's loans payable do not carry cross-default provisions other than the Fund Credit Facility whereby if one of the Fund's lenders associated with its loans payable declared an event of default that is not remedied by the Fund, the Fund Credit Facility lender may provide formal notice of an event of default expressing its right to demand repayment of the outstanding borrowings on the Fund Credit Facility.

For two of the Fund's six properties, the third-party appraised value used to value those properties as at December 31, 2024 was lower than the principal outstanding for the loan secured by such property and as a result, the sale of those properties may not be sufficient to repay those loans in full. The Fund's secured loans are non-recourse subject to standard limited recourse provisions and are entered into by the subsidiaries of the Fund that own only the associated secured property. As a result, the liability for any such loan would typically be limited to the value of the associated secured property other than in certain instances which may obligate the Fund to incur certain costs or other amounts subject to certain performance conditions. Under the terms of the Fund Credit Facility, the net proceeds from the sale of any of the Fund's properties are required to be used towards the repayment of the Fund Credit Facility, after the repayment of the associated secured loans for such property.

The primary markets in which the Fund operates in have seen an elevated level of new supply delivered during 2023 and 2024 which contributed to the deceleration in rent growth in the primary markets during late 2023, relative to levels achieved in 2022 and earlier in 2023. Interest rates also continue to remain elevated which, along with higher levels of inflation and a softening in market conditions in late 2023, has significantly disrupted active and new construction of comparable communities in the primary markets in which the Fund operates in that would otherwise have been delivered in the second half of 2025 or 2026. This potential reduction in construction may create a temporary imbalance in the supply of comparable multi-suite residential properties in future periods. This imbalance, alongside the continued economic strength and solid fundamentals may be supportive of favourable supply and demand conditions for the Fund's properties in future periods and could result in future increases in occupancy and rent growth.

The Fund is actively pursuing negotiations on the extension of each of the Fund's loans payable with the respective lenders as the Fund continues to focus on managing its liquidity position, including having extended the Fund's term to November 2026, in order to provide the Fund the opportunity to capitalize on potential improvements in the investment market that are anticipated in future periods, but may not materialize. Furthermore, the Fund continues to focus on liquidity management as the Fund previously amended several of its loan agreements, deferred the payment of asset management fees and has continued to focus on maximizing NOI at the Fund's properties to preserve as much liquidity as possible. There are no assurances that the above aforementioned financing activities and property dispositions will be successfully completed (see "Forward-Looking Statements").

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



economic interests of the unitholders in order to provide the Fund with the opportunity to capitalize on more robust market dynamics with the goal of maximizing the total return for investors during the Fund's term.

Further disclosure surrounding the Future Outlook is included in the Fund's MD&A in the "Future Outlook" section for Q4-2024 under the Fund's profile, which is available on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws and which reflect the Fund's current expectations regarding future events, including the overall financial performance of the Fund and its properties, as well as the impact of elevated levels of inflation and interest rates, the ability of the Fund to repay indebtedness when due, and the Fund's capital management and liquidity measures. Forward-looking information is provided for the purposes of assisting the reader in understanding the Fund's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

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

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the extent and sustainability of potential higher levels of inflation and the potential impact on the Fund's operating costs; the impact of any tariffs and retaliatory tariffs on the economy; the pace at which and degree of any changes in interest rates that impact the Fund's weighted average interest rate may occur; the ability of the Fund to make and the resumption of future distributions; the trading price of the Listed Units; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Fund's properties or the Fund's legal entities; the impact of elevated interest rates and inflation as well as supply chain issues have on new supply of multi-family communities; the realization of property value appreciation and the timing thereof; the extent to which favorable operating conditions achieved during historical periods may continue in future periods; the applicability of any government regulation concerning the Fund's residents or rents; the Fund's ability to continue as a going concern; and the availability of debt financing or ability of the Fund to extend loans as loans payable become due during the Fund's term including any impact such extensions may have on the Fund's ability to hold such properties until the Manager desires to sell such properties. A variety of factors, many of which are beyond the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

There are numerous risks and uncertainties which include, but are not limited to, risks related to the Units and risks related to the Fund and its business. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements. Although the Fund believes the expectations reflected in such forward-looking information are reasonable and represent the Fund's projections, expectations and beliefs at this time, such information involves known and unknown risks



and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing including the ability of the Fund to refinance or extend existing loans payable on favorable terms including any impact such extensions may have on the Fund's ability to hold such properties until the Manager desires to sell such properties, and general economic and market factors, including interest rates, inflation, business competition and changes in government regulations or in tax laws. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the impact of elevated levels of inflation on the Fund's operating costs; the impact of future interest rates on the Fund's financial performance; the availability of debt financing as loans payable become due during the Fund's term and any resulting impact on the Fund's liquidity; the trading price of the Listed Units; the applicability of any government regulation concerning the Fund's residents or rents; the realization of property value appreciation and timing thereof; the inventory of residential real estate properties; the availability of residential properties for potential future acquisition, if any, and the price at which such properties may be acquired; the ability of the Fund to benefit from any value add program the Fund conducts at certain properties; the price at which the Fund's properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of the Fund's properties; the extent of competition for residential properties; the impact of interest costs, inflation and supply chain issues have on new supply of multi-family communities; the extent to which favorable operating conditions achieved during historical periods may continue in future periods; the growth in NOI generated and from its value-add initiatives; the population of residential real estate market participants; assumptions about the markets in which the Fund operates; expenditures and fees in connection with the maintenance, operation and administration of the Fund's properties; the ability of the Manager to manage and operate the Fund's properties or achieve similar returns to previous investment funds managed by the Manager; the global and North American economic environment; foreign currency exchange rates; the ability of the Fund to realize the estimated gap in market versus in-place rents through future rental rate increases; and governmental regulations or tax laws. Given this period of uncertainty, there can be no assurance regarding: (a) operations and performance or the volatility of the units (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) the Manager or any of its affiliates will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

The forward-looking information included in this press release relates only to events or information as of the date on which the statements are made in this press release. Except as specifically required by applicable Canadian securities law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.



ABOUT STARLIGHT U.S. RESIDENTIAL FUND

The Fund is a “closed-end” fund formed under and governed by the laws of the Province of Ontario, pursuant to a declaration of trust dated September 23, 2021, as amended and restated. The Fund was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily composed of income-producing residential properties in the Fund’s target metrics or that can achieve significant increases in rental rates as a result of undertaking high return, value-add capital expenditures and active asset management. As at December 31, 2024, the Fund owned interests in six multi-family properties consisting of 1,973 suites.

For the Fund’s audited consolidated financial statements and MD&A for the year ended December 31, 2024 and any other information related to the Fund, please visit www.sedarplus.ca. Further details regarding the Fund’s unit performance and distributions, market conditions where the Fund’s properties are located, performance by the Fund’s properties and a capital investment update are also available in the Fund’s February 2025 Newsletter which is available on the Fund’s profile at www.starlightinvest.com.

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

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