STARLIGHT WESTERN CANADA MULTI-FAMILY (NO. 2) FUND ANNOUNCES SOLID Q3-2022 OPERATING RESULTS INCLUDING 15.0% ANNUALIZED RENT GROWTH AND THE ACQUISITION OF ITS EIGHTH PROPERTY

Toronto – November 15, 2022 – Starlight Western Canada Multi-Family (No. 2) Fund (the "Fund") announced today its results of operations and financial condition for the three months ended September 30, 2022 ("Q3-2022") and nine months ended September 30, 2022 ("YTD-2022"), which includes 220 days of operating activity following the closing of the Fund's initial public offering on February 22, 2022 (the "Offering") through September 30, 2022 (the "Initial Reporting Period").

All amounts in this press release are in thousands of Canadian dollars except for average monthly rent ("AMR")[1] or unless otherwise stated.

"We are pleased to announce the Fund's strong third quarter operating performance with net operating income above the Fund's forecast," commented Daniel Drimmer, the Fund's Chief Executive Officer. "The Fund continues to focus on optimizing operating results for its existing portfolio while deploying the remaining proceeds from its initial public offering by actively pursuing acquisition opportunities in the Fund's target markets to complement its existing portfolio.

ACQUISITION AND LIQUIDITY HIGHLIGHTS

- Subsequent to the Offering, on February 23, 2022, the Fund completed the acquisition of five properties in Nanaimo, Langford and Vernon (the "Initial Properties"), which included a total of 495 multi-family suites located on Vancouver Island and the mainland of the Province of British Columbia ("Primary Markets").
- On March 1, 2022, June 7, 2022 and August 29, 2022, the Fund acquired its sixth, seventh and eighth properties, adding 166, 57 and 120 multi-family suites in Langford, Langley and Nanaimo, British Columbia, respectively (collectively, the "Non-Forecast Properties" and together with the Initial Properties, the "Properties").
- As at September 30, 2022, the Fund had approximately $31,604 of available liquidity, which included cash remaining from the Offering to be used primarily to acquire additional multi-family properties.

Q3-2022 HIGHLIGHTS

- The Fund achieved a 15.0% annualized increase in AMR during Q3-2022 with strong rent growth continuing to be driven by the demand for multi-family suites due to the economic strength in Canada and the Primary Markets.
- Revenue from property operations for Q3-2022 was $4,121, representing an increase of $1,380 or 50.3% compared to the financial forecast included in the Fund's prospectus dated January 27, 2022 (the "Forecast"), primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, revenue was in line with the Forecast, primarily as a result of higher than forecasted AMR and ancillary income, partially offset by lower than forecasted occupancy.
- Total portfolio net operating income ("NOI")[1] for Q3-2022 was $3,067, representing an increase of $1,120 or 57.5% compared to the Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI was $55 or 2.8% higher than the Forecast primarily driven by lower than forecasted property taxes, partially offset by higher than forecasted property operating costs.

[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").

- As at November 15, 2022, the Fund had collected approximately 98.7% of rents for Q3-2022, with further amounts expected to be collected in future periods, demonstrating the Fund's strong resident base and operating performance.
- Net loss and comprehensive loss attributable to unitholders of the Fund ("Unitholders") for Q3-2022 was $702, representing a decline of $799 relative to the Forecast primarily as a result of increased finance costs and higher distributions to Unitholders due to the Fund electing to pay a 3.1% annualized distribution despite all of the Offering not yet being fully deployed. Net loss and comprehensive loss attributable to Unitholders would have been $381 for Q3-2022, assuming the Fund had paid distributions based on actual equity deployed.
- Adjusted funds from operations ("AFFO")[1] for Q3-2022 was $531, representing a decrease of $261 or 33% relative to the Forecast primarily due to higher than forecasted finance costs and fund and trust expenses attributable to the Non-Forecast Properties not being included in the Forecast, partially offset by higher than forecasted NOI due to Non-Forecast Properties not being included in the Forecast.

ADDITIONAL YTD-2022 HIGHLIGHTS

- The Fund completed the Offering on February 22, 2022 and raised gross subscription proceeds of $130,000, achieving the maximum offering allowable as set out in the Fund's prospectus.
- One of the Initial Properties in Nanaimo achieved LEED® BD+C Gold certification on March 10, 2022. LEED® (@Leadership in Energy and Environmental Design) is an internationally recognized system that plays a critical role in addressing climate change in development and design. LEED-certified buildings save residents' expenses, improve efficiency, lower carbon emissions and create healthier places for people to live.
- Revenue from property operations for YTD-2022 was $9,067, representing an increase of $2,493 or 37.9% compared to the Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, revenue was slightly below the Forecast by $27 or 0.4%.
- Total portfolio NOI for YTD-2022 was $6,684, representing an increase of $2,041 or 44% compared to the Forecast, primarily as a result of the Non-Forecast Properties not being included in the Forecast. For the Initial Properties, NOI was $107 or 2.3% higher than the Forecast primarily driven by lower than forecasted property taxes, partially offset by higher property operating costs and lower revenue from operations.
- Net loss and comprehensive loss attributable to Unitholders for YTD-2022 was $1,363, representing a decline of $1,540 relative to the Forecast primarily as a result of increased finance costs and higher distributions to Unitholders due to the Fund electing to pay a 3.1% annualized distribution during the Initial Reporting Period despite all of the Offering proceeds not yet being fully deployed. Net loss and comprehensive loss attributable to Unitholders would have been $535 for YTD-2022, assuming the Fund had paid distributions based on actual equity deployed.
- AFFO for YTD-2022 was $1,556, representing a decrease of $294 or 15.9% relative to the Forecast primarily due to higher than forecasted finance costs and fund and trust expenses attributable to Non-Forecast Properties not being included in the Forecast, partially offset by higher than forecasted NOI due to Non-Forecast Properties not being included in the Forecast.

[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").

FUTURE OUTLOOK AND COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of the coronavirus (SARS – CoV2) and its variants ("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 residents where needed and implement other measures to minimize business interruption.

The Fund intends to actively monitor any continued impact that 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.

COVID-19 vaccination and booster programs continue across Canada, but in the event the vaccination program across Canada and globally does not contain the spread of COVID-19, there is the potential to cause an economic slowdown and increased volatility in financial markets.

Since early 2022, concerns over rising cost inflation have contributed to a significant increase in interest rates with the Bank of Canada raising its target interest rate from 0.25% to 3.75% as at November 15, 2022. The increases in target interest rates typically lead to increases in borrowing costs related to variable rate debt. As at September 30, 2022, 38.7% of the Fund's debt was variable rate. Historically, investments in multi-family properties have provided an effective hedge against cost inflation given the short-term nature of lease terms, reflected in the strong rent growth achieved at the Properties during Q3-2022. Given the Fund was formed as a "closed-end" fund with an initial term of three years, it is the Fund's intention to maintain its targeted yield of 3.0% to 4.0% across all classes of Units despite potential periods of increasing interest rates. The Fund continues to actively monitor the current interest rate environment and any associated impact this may have on the Fund's financial performance.

Canada's unemployment rate decreased to 4.7% in September 2022, falling below pre-pandemic levels. Despite the Canadian economy's strong recovery from the pandemic, the war in Ukraine has added uncertainty to the global economic outlook. According to Statistics Canada, British Columbia gained approximately 73,500 jobs between September 2021 and September 2022. The unemployment rate in September 2022 was 3.9% in British Columbia including the Vancouver Island and Coast Region which is lower than the national average of 4.7%.

The primary markets, including Langford, Nanaimo, Vernon and Langley, possess attractive qualities such as some of the fastest growing populations in British Columbia with strong demographics of highly educated young professionals and families, diverse local job sectors, desirable locations with waterfront and mountain views as well as significant economic growth and a limited supply of multi-family suites creating an environment for continued demand for suites which drive occupancy and rent growth. The Fund believes it is well positioned to take advantage of these favourable conditions.

Further disclosures surrounding the impact of COVID-19 and the Fund's Future Outlook are included in the Fund's Management's Discussion and Analysis ("MD&A") in the "Future Outlook and COVID-19" section for Q3-2022 under the Fund's profile, which is available on www.sedar.com.

FINANCIAL CONDITION AND OPERATING RESULTS

Highlights of the financial and operating performance of the Fund as at September 30, 2022, and for Q3-2022 and YTD-2022 are provided below:

		As at September 30, 2022
Key Operational Information [1]		
Number of multi-family properties owned [1]		8
Total multi-family suites		838
Economic occupancy [2]		95.2%
AMR (in actual dollars)	$	1,837
AMR per square foot (in actual dollars)	$	2.34
Summary of Financial Information		
Gross book value [3]	$	333,805
Indebtedness [3]	$	240,958
Indebtedness to gross book value [3]		72.2%
Weighted average interest rate - as at period end [4]		3.97%
Weighted average loan term to maturity		4.01 years

		Q3-2022		Forecast Q3-2022 [5]		YTD-2022		Forecast YTD-2022 [5]
Summary of Financial Information								
Revenue from property operations	$	4,121	$	2,741	$	9,067	$	6,574
Property operating costs		(781)		(497)		(1,762)		(1,215)
Property taxes		(273)		(297)		(621)		(716)
Income from rental operations / NOI	$	3,067	$	1,947	$	6,684	$	4,643
Net (loss) income and comprehensive (loss) income	$	(702)	$	97	$	(1,363)	$	177
Other Selected Financial Information								
Funds from operations ("FFO") [3]	$	297	$	631	$	1,051	$	1,464
FFO per Unit - basic and diluted [3]	$	0.02	$	0.10	$	0.08	$	0.24
AFFO	$	531	$	792	$	1,556	$	1,850
AFFO per Unit - basic and diluted [3]	$	0.04	$	0.13	$	0.12	$	0.30
Weighted average interest rate		3.80%		2.40%		3.46%		2.40%
Interest coverage ratio [3]		1.34x		1.93x		1.48x		1.90x
Indebtedness coverage ratio [3]		1.00x		1.1x		1.09x		1.16x
Weighted average Units outstanding (000s) - basic and diluted		13,000		6,100		13,000		6,100

(1) The Fund commenced operations following the acquisition of the Initial Properties on February 23, 2022 and subsequently acquired Non-Forecast Properties on March 1, 2022, June 7, 2022 and August 29, 2022, respectively.

(2) Economic occupancy for the Initial Reporting Period.

(3) 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").

(4) The weighted average interest rate on loans payable is presented as at September 30, 2022.

(5) Forecast Q3-2022 and Forecast YTD-2022 only include results related to the Initial Properties.

NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

The Fund's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms used in this press release including AFFO, AFFO payout ratio, AMR, economic occupancy, FFO, FFO payout ratio, gross book value, indebtedness, indebtedness coverage ratio, indebtedness to gross book value, interest coverage ratio and NOI (collectively, the "Non-IFRS Measures") as well as other measures discussed in this press release, do not have a standardized definition prescribed by International Accounting Standards Board and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. Gross book value is defined as the fair market value of the investment properties as determined in accordance with IFRS. Indebtedness is defined as the principal amount of loans payable outstanding as at a specific reporting date. AFFO payout ratio is calculated by taking distributions declared and dividing by AFFO in a given reporting period. FFO payout ratio is calculated by taking distributions declared and dividing by FFO in a given reporting period. FFO payout ratio adjusted for equity deployed is calculated by taking distributions declared, adjusted for the actual equity deployed during each applicable reporting period, and dividing by FFO. AFFO payout ratio adjusted for equity deployed is calculated by taking distributions declared, adjusted for the actual equity deployed during each applicable reporting period, and dividing by AFFO. 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. Further details on Non-IFRS Measures are set out in the Fund's MD&A in the "Non-IFRS Financial Measures" section for Q3-2022 and are available on the Fund's profile on SEDAR at www.sedar.com.

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

Interest and indebtedness coverage ratios	Q3-2022	Forecast Q3-2022 (1)	YTD-2022	Forecast YTD-2022 (1)
Net (loss) income and comprehensive (loss) income	$ (702)	$ 97	$ (1,363)	$ 177
Add: non-cash or one-time items and distributions (2)	1,350	707	3,187	1,703
Adjusted net income and comprehensive income	$ 648	$ 804	$ 1,824	$ 1,880
Interest coverage ratio (3)	1.34x	1.93x	1.48x	1.90x
Indebtedness coverage ratio (4)	1.00x	1.11x	1.09x	1.16x

(1) Forecast Q3-2022 and Forecast YTD-2022 only include results related to the Initial Properties.
(2) Non-cash or one-time items and distributions consist of amortization of financing costs and other finance costs.
(3) Interest coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense, divided by interest expense.
(4) Indebtedness coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense, divided by interest expense and mandatory principal payments on the Fund's loans payable.

CASH USED IN OPERATING ACTIVITIES RECONCILIATION TO AFFO

The Fund was formed as a “closed-ended fund” with an initial term of three years, a targeted yield of 3.0% to 4.0% and a targeted minimum 12% pre-tax investor internal rate of return across all Units.

Basic and diluted AFFO and AFFO per Unit for Q3-2022 were $531 and $0.04, respectively (Forecast - $792 and $0.13), representing a decrease in AFFO of $261 or 33.0% primarily due to higher than forecasted finance costs and fund and trust expenses attributable to the Non-Forecast Properties not being included in the Forecast, partially offset by higher than forecasted NOI as the Non-Forecast Properties were not included in the Forecast.

A reconciliation of the Fund’s cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q3-2022 and YTD-2022 is provided below:

	Q3-2022	YTD-2022
Cash provided by operating activities	$ 6,113	$ 4,621
Less: interest and finance costs	(2,008)	(4,011)
Cash provided by operating activities - including interest and finance costs	**$ 4,105**	**$ 610**
Add / (Deduct):		
Change in non-cash operating working capital	(3,601)	(158)
Change in restricted cash	48	1,155
Amortization of deferred financing costs	(255)	(556)
FFO	**$ 297**	**$ 1,051**
Add / (Deduct):		
Amortization of deferred financing costs	255	556
Sustaining capital expenditures and suite renovation reserves	(21)	(51)
AFFO	**$ 531**	**$ 1,556**

A reconciliation of the Fund’s FFO payout ratio and AFFO payout ratio adjusted for equity deployed are provided below:

Adjusted distributions	**Q3-2022 (1)**		**YTD-2022 (1)**	
Cash paid for acquisition of Properties (4)	$ 12,230		$ 90,200	
Adjusted distributions on equity deployed (5)	$ 678		$ 1,586	
FFO and AFFO payout ratios adjusted for equity deployed	**Q3-2022 (1)**	**Forecast Q3-2022 (2)**	**YTD-2022 (1)**	**Forecast YTD-2022 (3)**
FFO payout ratio adjusted for equity deployed (6)	228.2%	84.6%	150.9%	87.9%
AFFO payout ratio adjusted for equity deployed (6)	127.7%	67.4%	101.9%	69.6%

(1) Figures represent the actual results of Q3-2022 and YTD-2022.
(2) Forecast for Q3-2022 includes the Initial Properties only.
(3) Forecast for YTD-2022 is adjusted for the Initial Reporting Period and for the Initial Properties only.
(4) Figures represent the cash paid for the acquisitions of Properties as well as costs incurred for the Offering as reported in the condensed consolidated interim financial statements of the Fund for Q3-2022 and YTD-2022.
(5) The Fund elected to pay the 3.1% annualized targeted distribution on the gross subscription proceeds from the Offering during Q3-2022 and YTD-2022 despite the fact that 100% of the Offering proceeds had not yet been fully deployed. Adjusted distributions on equity deployed is calculated as a percentage of actual equity distributions over equity deployed during Q3-2022 and YTD-2022.
(6) 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”).

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws and reflect the Fund's current expectations regarding future events, including the overall financial performance of the Properties and impact of COVID-19, cost 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. 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, cost 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 "Future Outlook and COVID-19" 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; the extent and sustainability of cost inflation and the potential impact on the Fund's operating costs; 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 ability of the Fund to deploy the remaining proceeds of the Offering; the applicability of any government regulation concerning the Fund's residents or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and the timing thereof, and the availability of residential properties 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 the 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.

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 ability to deploy the remaining proceeds from the Offering; 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 residents or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and the timing thereof; the inventory of residential real estate properties; 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 asset management initiatives the Fund conducts at certain Properties; the price at which the Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of the Properties; availability of mortgage financing and current rates and market expectations for future interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in NOI generated from asset management initiatives; the population of residential real estate market participants; assumptions about the markets in which the Fund operates; expenditures and fees in connection with the maintenance, operation and administration of the Properties; the ability of the Manager to manage and operate the Properties; the global and Canadian economic environment; the impact, if any, of cost inflation on the Fund's operating costs; and governmental regulations or tax laws. Given this unprecedented period of uncertainty, there can be no assurance regarding: (a) the impact of COVID-19, cost inflation or changes in interest rates on the Fund's business, operations and performance; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) that the Manager or any of its affiliates, will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

The forward-looking information included in this press release relate 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 Western Canada Multi-Family (No. 2) Fund

The Fund is a trust formed under the laws of Ontario for the primary purpose of indirectly acquiring, owning and operating a portfolio of income producing multi-family rental properties located in British Columbia. The Fund has interests in and operates a portfolio comprising interests in 838 income producing multi-family suites located in British Columbia.

For the Fund's complete consolidated interim financial statements and MD&A for the three months ended September 30, 2022 and any other information related to the Fund, please visit www.sedar.com. Further details regarding the Fund's distributions, market conditions where the Properties are located, performance by the Properties and a capital investment update are also available in the Fund's September 2022 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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