

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND ANNOUNCES FIRST QUARTER FINANCIAL RESULTS AND STRONG SAME PROPERTY NOI GROWTH OF 7.5%



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TORONTO, ON – **May 7, 2019** – Starlight U.S. Multi-Family (No. 5) Core Fund (TSXV: STUS.A) (TSXV: STUS.U) (the “Fund”) announced today its results of operations and financial condition for the three months ended March 31, 2019 (the “First Quarter”).

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

First Quarter Highlights

- Total portfolio revenue from property operations for the First Quarter was \$28,458, representing an increase of 7.3% over the same period in the prior year due to net acquisition activity and same property revenue growth of 5.8% driven primarily by a 250 basis point increase in same property economic occupancy, which was 93.1% in the First Quarter, as well as AMR growth and strong ancillary income growth.
- The Fund continued to realize increases in economic occupancy as a result of continued success in increasing the renewal rates on existing leases, attracting new tenants to its properties and enhancing its lease expiration profile. The Fund’s economic occupancy improved by 240 basis points to 93.1% in the First Quarter compared to the same period in 2018.
- Total portfolio net operating income (“NOI”) for the First Quarter was \$16,717, a 10.4% increase over the same period in the prior year, primarily due to net acquisition activity and a 7.5% increase in same property NOI, reflecting improvements in occupancy, AMR growth and strong ancillary income growth partially offset by increases in property taxes and property operating costs.
- Net income (loss) and comprehensive income (loss) for the First Quarter was \$27,769, in comparison to a loss of \$9,061 for the same period in the prior year. The increase in net income (loss) and comprehensive income (loss) was primarily related to increases in NOI and the fair value gain on investment properties of \$52,440 recognized during the First Quarter, offset by increases in the provision for carried interest and deferred income taxes.
- Adjusted Funds from Operations (“AFFO”) for the First Quarter was \$5,150 (three months ended March 31, 2018 - \$5,611) resulting in an AFFO payout ratio of 119.4% (three months ended March 31, 2018 – 111.2%). The decrease in AFFO and the increase in the payout ratio was primarily related to higher interest on mortgages payable reflecting the refinancing of the majority of the Fund’s indebtedness into fixed rate loans during the three months ended December 31, 2018 being partially offset by NOI growth.
- Portfolio AMR as at March 31, 2019 was \$1,232, representing an increase of 1.5% from \$1,214 at March 31, 2018. AMR growth was particularly strong in Phoenix (5.4%), Las Vegas (4.0%) and Denver (2.5%). Same property AMR as at March 31, 2019 was \$1,222, representing a 1.6% increase from \$1,203 at March 31, 2018. Same property AMR growth was particularly strong in Phoenix (5.4%), Las Vegas (4.0%), Orlando/Tampa (2.6%) and Denver (2.5%).

Subsequent Events

On April 2, 2019, the Fund and Tricon Capital Group Inc. ("Tricon") entered into an arrangement agreement (the "Arrangement Agreement") whereby Tricon will acquire all of the issued and outstanding units of the Fund in an all-share transaction (the "Transaction"). As part of the Transaction, Starlight Investments US AM Group LP, the manager of the Fund (the "Manager") has entered into a transitional services agreement whereby the Manager will provide asset management services to Tricon for the Fund's properties for a period of three years after closing. The Transaction is expected to close in June 2019 and in no event later than an outside date of July 31, 2019, subject to an extension by up to 60 days in certain circumstances and subject to the satisfaction or waiver of certain closing conditions including: Fund unitholder approval of the Transaction; Tricon shareholder approval of the associated issuance of Tricon common shares ("Tricon Shares"); Fund lender and landlord consents; court approval of the proposed plan of arrangement; the approval of the Toronto Stock Exchange; and certain other customary closing conditions.

The Transaction includes Tricon issuing 50,779,314 Tricon Shares in exchange for all the outstanding units of the Fund. As a result of the Transaction, Tricon will also indirectly assume all of the Fund's existing debt as well as other outstanding liabilities of the Fund and acquire all of the Fund's properties. Unitholders will receive Tricon Shares in exchange for their units of the Fund based on exchange ratio's as set out in the proposed plan of arrangement.

Assuming the Transaction closes in June 2019, the last distribution to Unitholders prior to the exchange of units of the Fund for Tricon Shares would be paid to Unitholders using a record date of May 31, 2019.

For further information relating to the Transaction including required approvals please see the Fund's news release dated April 2, 2019 in addition to other Transaction documents which are available on www.sedar.com under the Fund's profile as well as on the Fund's website at www.starlightus.com.

Financial Condition and Operating Results

	As at March 31, 2019		As at December 31, 2018	
Operational Information				
Number of properties		23		23
Total suites		7,289		7,289
Economic occupancy ⁽¹⁾		93.1%		92.8%
AMR (in actual dollars)	\$	1,232	\$	1,232
AMR per square foot (in actual dollars)	\$	1.28	\$	1.28
Summary of Financial Information				
Gross book value	\$	1,450,625	\$	1,389,255
Indebtedness	\$	919,710	\$	920,265
Indebtedness to gross book value		63.40%		66.24%
Weighted average mortgage interest rate		3.87%		3.88%
Weighted average mortgage term to maturity		5.75 years		6.00 years
		First Quarter	Three months ended March 31, 2018	
Summary of Financial Information				
Revenue from property operations		\$28,458		\$26,533
Property operating costs		(\$7,101)		(\$6,923)
Property taxes ⁽²⁾		(\$4,640)		(\$4,474)
NOI		\$16,717		\$15,136
Net income (loss) and comprehensive income (loss)		\$27,769		(\$9,061)
FFO		\$5,102		\$1,564
FFO per unit - basic and diluted		\$0.10		\$0.03
AFFO		\$5,150		\$5,611
AFFO per unit - basic and diluted		\$0.11		\$0.11
Interest Coverage Ratio		1.58x		1.58x
Indebtedness Coverage Ratio		1.49x		1.53x
FFO payout ratio		120.5%		398.8%
AFFO payout ratio		119.4%		111.2%
Weighted average units Outstanding (000s)				
- basic and diluted		48,968		49,024
Notes:				
(1) Economic occupancy for the three months ended March 31, 2019 and three months ended December 31, 2018.				
(2) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee 21 - Levies ("IFRIC 21") adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purposes of calculating NOI.				

Cash Provided by Operating Activities to AFFO

AFFO for the First Quarter was \$5,150 (2018 - \$5,611). AFFO payout ratio was 119.4% for the First Quarter (three months ended March 31, 2018 – 111.2%). The decrease in AFFO and the increase in the payout ratio was primarily related to higher interest on mortgages payable reflecting the refinancing of the majority of the Fund's indebtedness into fixed rate loans during the three months ended December 31, 2018 being partially offset by NOI growth.

The Fund was formed as a closed-end, limited partnership with an initial term of three years and a target distribution yield of 6.5%. Although the payout ratio was in excess of 100%, distributions have been maintained at 6.5% while interest rates have increased as a result of increases in LIBOR since the Fund's inception. The Fund refinanced all of its outstanding indebtedness and continues to focus on its active management strategy which the Manager of the Fund expects will yield improvements in AFFO in future periods. The Fund believes that maintaining the targeted distributions has been in the best interests of investors based on the Fund's terminal nature as compared to a perpetual real-estate investment trust and the Fund's investment objectives and strategy.

As noted above, on April 2, 2019, the Fund entered into the Transaction which is expected to close in June 2019 resulting in the last distribution to unitholders expected to be paid to Unitholders of record date on May 31, 2019.

Reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the First Quarter with the comparative 2018 period was as follows:

	First Quarter	Three months ended March 31, 2018
Cash provided by operating activities	\$ 13,982	\$ 14,480
Less: interest paid	(9,558)	(8,120)
Cash provided by operating activities - including interest paid	4,424	6,360
Add / (Deduct):		
Change in non-cash operating working capital	1,072	(2,715)
Change in restricted cash	(6,567)	(6,357)
Fair value adjustment of investment properties (including IFRIC 21)	6,601	7,659
Realized foreign exchange (gain) loss	12	208
Current taxes - U.S. withholding taxes and income taxes	-	732
Service fees related to class A and class U units	155	149
Amortization of financing costs	-	2
Loss on early extinguishment of debt	-	165
Sustaining capital expenditures and suite renovation reserve	(547)	(592)
AFFO	\$ 5,150	\$ 5,611

About Starlight U.S. Multi-Family (No. 5) Core Fund

The Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario) for the primary purpose of indirectly acquiring, owning and operating a portfolio of diversified income producing rental properties in the U.S. multi-family real estate market. The Fund currently owns 23 properties, consisting of 7,289 suites with an average year of completion of 2012.

For the Fund's complete consolidated financial statements and management's discussion and analysis ("MD&A") for the First Quarter and any other information relating to the Fund, please visit www.sedar.com. 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 May 2019 Newsletter which is available on the Fund's profile at www.starlightus.com.

Non-IFRS Financial Measures

The Fund's consolidated financial statements are prepared in accordance with IFRS. Certain terms which may be used in this press release including AFFO, AFFO payout ratio, AMR, economic occupancy, Funds from Operations ("FFO"), FFO payout ratio, gross book value, indebtedness, indebtedness coverage ratio, indebtedness to gross book value, interest coverage ratio, NOI, same property AMR, same property economic occupancy, same property NOI and same property NOI margin (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. Details on non-IFRS measures are set out in the Fund's Management Discussion & Analysis for the First Quarter and are available on the Fund's profile on SEDAR at www.sedar.com.

Forward-looking Statements

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws. 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, acquisitions, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, acquisitions, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes and plans and objectives of or involving the Fund. 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 information necessarily involves 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, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. 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 completion of the Transaction; the inventory of multi-family real estate properties; the availability of properties for acquisition and the price at which such properties may be acquired; the availability of mortgage financing and current interest rates; the extent of competition for properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of 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.

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 for such properties, and general economic and market factors, including interest rates, 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.

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 law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

To learn more about Starlight U.S. Multi-Family (No. 5) Core Fund, visit www.starlightus.com or contact:

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