

Starlight U.S. Multi-Family (No. 1) Value-Add Fund Announces Closing of the Sale of its 1,193 Class A Institutional Quality Multi-Family Suites for Approximately US\$239.6 Million



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Toronto, Ontario – January 14, 2020 – Starlight U.S. Multi-Family (No. 1) Value-Add Fund (TSX-V: SUVA.A, SUVA.U) (the “Fund”) today announced the completion of the Fund’s previously announced indirect sale of the Fund’s portfolio of three multi-family properties totaling 1,193 suites located in the southern United States (the “Fund Portfolio”) to Clearwater U.S. Multi-Family (No. 2) Holding LP (the “Purchaser”), a Delaware limited partnership formed by the Public Sector Pension Investment Board and Daniel Drimmer, Chief Executive Officer and Director of the general partner of the Fund (the “**Transaction**”). The Fund’s unitholders (the “Unitholders”) approved the Transaction at the special meeting of Unitholders held on January 7, 2020.

“We would like to thank our Unitholders for their ongoing support of Starlight U.S. Multi-Family and in particular, Starlight U.S. Multi-Family (No.1) Value-Add Fund since 2017. We are pleased with the performance of the properties of the Fund which has resulted in Unitholders earning significant returns that exceeded our initial targeted internal rate of return,” said Evan Kirsh, President of the general partner of the Fund.

The Transaction was valued at approximately US\$239.6 million and included gross cash consideration of approximately US\$92.1 million payable to the Fund, with the Purchaser also indirectly assuming all of the Fund’s existing debt in the amount of approximately US\$147.5 million.

The proceeds from the Transaction will be distributed to the Unitholders as soon as practicable by way of a cash distribution per unit of the Fund (“Unit”) in the following approximate amounts:

Class of Units ¹	Pre-US Tax	Pre-US Tax IRR	Post-US Tax
Class A	C\$12.21	16.4%	C\$11.19
Class C	C\$12.97	16.3%	C\$11.89
Class D	C\$12.21	16.4%	C\$11.19
Class E	US\$12.39	17.0%	US\$11.35
Class F	C\$12.65	16.4%	C\$11.59
Class U	US\$12.39	17.0%	US\$11.35

The net proceeds of the Transaction, after applicable U.S. taxes paid, will be distributed to Unitholders as part of the cancellation of all issued and outstanding Units and dissolution of the Fund. Any U.S. taxes paid from the Fund’s proceeds of disposition are generally expected to be recognized as having been paid by the Unitholders for purposes of the foreign tax credit and foreign tax deduction rules in the *Income Tax Act* (Canada), subject to the detailed rules and limitations therein.

The Class A Units and the Class U Units are expected to be delisted from the TSX Venture Exchange effective as of the close of trading on January 14, 2020. The Fund will cease to be a reporting issuer in each of the provinces of Canada in which it was a reporting issuer following its dissolution.

¹ There are no issued and outstanding Class H Units.

About Starlight U.S. Multi-Family (No. 1) Value-Add 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 value-add, income producing rental properties in the U.S. multi-family real estate market.

For the Fund's complete consolidated financial statements and management's discussion and analysis ("MD&A") for the fiscal quarter ended September 30, 2019 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 November 2019 Newsletter which is available on the Fund's profile at www.starlightus.com.

Forward-looking Statements

This press release contains forward-looking statements and information relating to expected future events that involve risks and uncertainties. Such forward-looking information is typically indicated by the use of words such as "will", "may", "expects" or "intends". The forward-looking statements and information contained in this press release include, without limitation, the expected timing and quantum for the distribution to Unitholders in connection with the Transaction, the delisting of the Class A Units and the Class U Units, the dissolution of the Fund and the Fund ceasing to be a reporting issuer. Such forward-looking information and statements involve risks and uncertainties and are based on Fund management's current expectations, intentions and assumptions. If unknown risks arise, or if any of the assumptions underlying the forward-looking statements prove incorrect, actual results may differ materially from management expectations as projected in such forward-looking statements. Although management believes that the Fund's expectations are based upon reasonable assumptions, the reader should not place undue reliance on forward-looking statements and information. The Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

Evan Kirsh
President

Starlight U.S. Multi-Family (No. 1) Value-Add Fund
+1-647-725-0417
ekirsh@starlightus.com

Martin Liddell
Chief Financial Officer

Starlight U.S. Multi-Family (No. 1) Value-Add Fund
+1-647-729-2588
mliddell@starlightinvest.com