STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND ANNOUNCES Q1 2020 FINANCIAL RESULTS AHEAD OF FORECAST AND STRONG LIQUIDITY POSITION

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Toronto – **May 12, 2020** – Starlight U.S. Multi-Family (No.1) Core Plus Fund (TSXV: SCPO.UN) (the "Fund") announced today its results of operations and financial condition for the three months ended March 31, 2020, which includes 33 days of operating activities representing the period from the closing date of the Fund's initial public offering on February 28, 2020 (the "Offering") to March 31, 2020 (the "Initial Reporting Period").

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.

OFFERING AND ACQUIISTION HIGHLIGHTS

- The Fund completed the Offering on February 28, 2020 and raised gross subscription proceeds of $163,198, achieving the maximum offering allowable as set out in the Fund's prospectus dated January 31, 2020 (the "Prospectus").
- The Fund completed the acquisition of three properties which included a total of 950 suites geographically diversified across the states of Florida, Georgia and Tennessee utilizing proceeds from the Offering of approximately $75,142, net of new mortgage financing of $29,900 and mortgages assumed of $83,683.
- Subsequent to March 31, 2020, Southpoint Crossing ("Southpoint") was acquired by the Fund adding an additional 288 suites in the state of North Carolina utilizing proceeds from the Offering of $26,021, net of new mortgage financing of $25,750.
- After the acquisition of Southpoint, the Fund has approximately $55,127 of available liquidity including approximately $50,000 remaining from the proceeds of the Offering to acquire additional properties including $5,127 of additional liquidity available to draw from the capital lines associated with mortgages at the properties to fund future capital expenditures. The Fund continues to evaluate opportunities to acquire additional properties while considering potential impacts from the novel coronavirus ("COVID-19") global pandemic outbreak on U.S. multi-family property performance and the investment market (see "COVID-19 Impact").

INITIAL REPORTING PERIOD HIGHLIGHTS

- The Fund commenced its light value-add program at its properties which generated an average return of 25.4% reflecting an average rental premium of $304 (see "Implementation of Light Value Add Program").
- Revenue from property operations for the three months ended March 31, 2020 was $1,354, representing an increase of $57 or 4.4% compared to the financial forecast included in the Prospectus (the "Forecast"), primarily driven by higher than forecasted occupancy (93.1% for the Initial Reporting Period or 1.7% above Forecast), ancillary fees and AMR ($1,266 for the Initial Reporting Period or 1.0% above Forecast).
- Total portfolio net operating income ("NOI") for the three months ended March 31, 2020 was $810, representing an increase of $49 or 6.4% compared to Forecast primarily as a result of higher than forecasted revenue from property operations partially offset by higher than forecasted property operating costs.
- Adjusted funds from operations ("AFFO") for the three months ended March 31, 2020 was $377, representing an increase of $58 or 18% relative to Forecast, primarily as a result of higher than Forecast NOI.
- The AFFO payout ratio for the three months ended March 31, 2020 was 155.8%, relative to Forecast of 101.9%, with the increase primarily as a result of higher than forecasted distributions partially offset by higher than forecasted NOI. The Fund elected to pay the targeted 4.5% annualized distribution for the Fund during the Initial Reporting Period even though 100% of the Offering proceeds have not yet been fully deployed. Assuming the Fund had paid distributions based on the actual equity deployed during the Initial Reporting Period, distributions would have been $299 and the AFFO payout ratio would have been 79.3%, lower than the forecasted AFFO payout ratio of 101.9% (see "Non-IFRS Financial Measures").
- The Fund's weighted average interest rate during the Initial Reporting Period was 2.96% reflecting a weighted average London Interbank-Offered Rate ("LIBOR") of 1.424%. Subsequent to March 31, 2020, LIBOR has continued to decline and was approximately 0.191% as at May 11, 2020. The Fund's interest coverage ratio and indebtedness coverage ratio were 2.31x for the three months ended March 31, 2020.

- The Fund entered into a variable rate collar contract on March 9, 2020 which allowed the Fund to establish a guaranteed monthly exchange rate between C$1.34 and C$1.425 for the conversion of U.S. dollar funds to Canadian dollar funds amounting to the approximate C$752 per month required to fund the Fund's Canadian dollar distributions. The contract was entered into to protect against the potential impact of any weakening of the U.S. dollar on the amount required to fund 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$1.3371.

COVID-19 IMPACT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of COVID-19 as a global pandemic. This has resulted in Federal and State governments enacting emergency measures to combat the spread of the virus. Although the COVID-19 outbreak has resulted in an unprecedented operating environment and volatile economy, the Fund is well positioned to navigate through this challenging time and has implemented proactive measures at its properties to combat the spread, assist tenants where needed and implement other measures to minimize business interruption. The measures that have been implemented include leasing being moved to virtual platforms, access to common areas being restricted and increased sanitation measures being implemented to combat the spread of the virus. The Fund continues to follow the directions provided by the Federal and State governments and public health authorities.

The Fund is also closely monitoring rent collections to assess any potential increase in delinquency at the properties as a result of the COVID-19 outbreak. Rent collections for the March 2020 period remained in-line with historical collection rates for the Fund's properties pre-acquisition and were relatively unaffected by the pandemic. April 2020 rent collections were in excess of 98.3% for all properties, excluding Southpoint where 99.9% of April rents were collected. Approximately 0.1% of the Fund's April rents are subject to payment plans with tenants allowed to partially defer April rent payments to May 2020.

The Tampa, Nashville, Atlanta and Raleigh markets have exhibited sustained job and population growth and benefited from the on-going shift away from home ownership, including as a result of lifestyle choices as well as positive net migration. It is too early to assess the impact of the COVID-19 outbreak on these favourable long-term trends. The COVID-19 outbreak has significantly disrupted active and new construction of comparable product to the Fund's properties in these markets which may create a temporary imbalance in supply of comparable, multi-suite residential properties. This imbalance could be supportive of favourable supply and demand conditions for the Fund's properties and may present opportunities for the Fund to be able to acquire other assets on favourable terms. The Fund will also continue to focus on optimizing occupancy, rent growth and collections during the COVID-19 outbreak.

Further disclosure surrounding the impact of COVID-19 are included in the Fund's management's discussion and analysis ("MD&A") for the three months ended March 31, 2020 under the Fund's profile, which is available on www.sedar.com.

IMPLEMENTATION OF LIGHT VALUE-ADD PROGRAM

The Fund implemented its high return, light value-add capital improvement program during March 2020, the first full month of operations since acquisition of its first three properties on February 28, 2020. During this period, the Fund upgraded and re-leased six suites achieving average rent increases of $304 per month per suite representing an estimated average return on investment of 25.4%. The Fund's light value-add initiatives are also expected to continue to result in significant improvements to common areas, amenities and building exteriors, some of which are as follows:

- **Tuscany Bay Apartments** commenced an upgrade program which added quartz countertops, stainless steel appliances and tile backsplashes to the kitchens as well as upgraded cabinetry, sinks and faucets. The upgrade program also includes framed mirrors to the bathrooms, plank flooring, and lighting upgrades throughout the suites. From a preventative maintenance standpoint, the Fund is pressure washing breezeways and completing touch up painting repairs and dryer vent cleaning. In addition, lighting improvements, asphalt paving and walkway repairs are in progress and expected to be completed by the end of May.
- **Grand Oak at Town Park Apartments** commended an upgrade program which includes plank flooring, tiled kitchen backsplashes and framed mirrors in the bathrooms. Other improvements anticipated in 2020 include a Dwelo smart-home system rollout in select suites, the continuation of LED lighting upgrades for breezeways, pole lights, amenity spaces and insuite. Preventative maintenance includes tree trimming, breezeway cleaning and re-plastering the pool. In addition, new furniture for both the barbeque grilling and pool areas is being installed.
- **Autumn Vista Apartments** is planning an upgrade program which will include quartz countertops, stainless steel appliances and tile backsplashes to the kitchens as well as new cabinetry, kitchen sinks and faucets. The upgrade program will add framed mirrors to the bathrooms and plank flooring and lighting upgrades throughout suites. Other improvements anticipated in 2020 include clubhouse renovations, sport court netting upgrades, hydraulic gate replacement and the addition of package storage lockers. Preventative maintenance includes tree trimming, stair tread repairs and drainage and erosion control.

Following the COVID-19 outbreak, the Fund has restricted capital expenditures as permitted by law to essential items or those which the Fund believes will generate strong returns despite the uncertainty caused by the outbreak. For value-add in-suite upgrades, the Fund is closely monitoring inventory of upgraded suites and evaluating the rental premiums achieved on the upgrades completed. The Fund will continue to assess its value-add program and test each individual market with a select number of upgrades to ensure that the appropriate return on investment is being achieved for upgraded units.

FINANCIAL CONDITION AND OPERATING RESULTS

		As at March 31, 2020
Operational Information (1)		
Number of properties		3
Total suites		950
Economic occupancy (2)		93.1%
AMR (in actual dollars)	$	1,266
AMR per square foot (in actual dollars)	$	1.22
Summary of Financial Information		
Gross Book Value		$189,588
Indebtedness		$113,336
Indebtedness to Gross Book Value		59.8%
Weighted average mortgage interest rate (3)		2.52%
Weighted average mortgage term to maturity		1.16 years
		Three months ended March 31, 2020
Revenue from property operations		$1,354
Property operating costs		($369)
Property taxes (4)		($175)
Income from rental operations / NOI		$810
Net income and comprehensive income		($552)
FFO		$372
FFO per unit - basic and diluted		$0.02
AFFO		$377
AFFO per unit - basic and diluted		$0.02
Weighted average mortgage interest rate (5)		2.96%
Interest coverage ratio		2.31 x
Indebtedness coverage ratio		2.31 x
FFO payout ratio		157.9%
AFFO payout ratio		155.8%
Weighted average units Outstanding (000s) - basic and diluted		22,992

(1) The Fund commenced operations following the acquisition of the Initial Properties on February 28, 2020.
(2) Economic occupancy for period from February 28, 2020 to March 31, 2020 (Initial Reporting Period).
(3) The weighted average mortgage interest rate is presented as at March 31, 2020.
(4) Property taxes were adjusted to exclude 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.
(5) The weighted average mortgage interest rate is presented for the Initial Reporting Period.

CASH USED BY OPERATING ACTIVITIES RECONCILIATION TO AFFO

AFFO for the Initial Reporting Period was $377, ahead of Forecast by $58 or 18% primarily as a result of higher than forecasted NOI. The AFFO payout ratio was 155.7% (Forecast – 101.9%) being due to higher than forecasted distributions, being partially offset by higher than forecasted NOI. The Fund elected to pay the targeted 4.5% annualized distribution for the Fund during the Initial Reporting Period even though 100% of the Offering proceeds have not yet been fully deployed. Assuming the Fund had paid distributions based on the actual equity deployed during the Initial Reporting Period, distributions would have been $299 and the AFFO payout ratio would have been 79.3%, lower than the AFFO payout ratio set out in the Forecast.

The Fund was formed as a “closed-end” limited partnership with an initial term of three years, a targeted yield of 4.5% and a targeted minimum 12% pre-tax investor internal rate of return across all classes of units of the Fund. Although the payout ratio was in excess of 100% for the Initial Reporting Period, this was entirely due to the Fund electing to pay the 4.5% targeted annualized distribution for the Fund even though 100% of the Offering proceeds have not yet been fully deployed. As the Fund continues to deploy the remaining equity raised from the Offering, including its acquisition of Southpoint on April 30, 2020 (see “Subsequent Events”), the Fund anticipates that FFO and AFFO will increase and the FFO and AFFO payout ratios will decrease. The temporary shortfall in funds from operations relative to distributions paid was funded from the Fund’s cash position.

A reconciliation of cash used in operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the three months ended March 31, 2020 is presented below:

		Three months ended March 31, 2020
Cash used in operating activities	**$**	**(3,712)**
Less: interest paid		(303)
Cash used in operating activities - including interest paid		**(4,015)**
Add / (Deduct):		
Change in non-cash operating working capital		3,216
Change in restricted cash		1,196
Vacancy costs associated with the suite upgrade program		6
Sustaining capital expenditures and suite renovation reserves		(26)
AFFO	**$**	**377**

SUBSEQUENT EVENTS

On April 30, 2020, the Fund acquired Southpoint, a 288 suite garden-style, core plus multi-family property completed in 1999 and located in Raleigh, North Carolina for $51,500. The Fund's interest was financed by a first mortgage of $25,750 with the balance provided by cash proceeds from the Offering.

ABOUT STARLIGHT U.S. MULTI-FAMILY CORE PLUS (NO.1) 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 United States multi-family real estate market. The Fund currently owns interests in four properties, consisting of 1,238 suites with an average year of construction in 2003.

For the Fund's complete consolidated financial statements and MD&A for the three months ended March 31, 2020 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 2020 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 that may be 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 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 MD&A for the Initial Reporting Period 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 and which reflect the Fund's current expectations regarding future events, including the overall financial performance of the Fund and its properties, including the impact of COVID-19 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 Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's listed units, 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. Those risks and uncertainties include: 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 and the trading price of the Fund's listed units; and the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise. 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 and the trading price of the Fund's listed units; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; 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 ability to complete value-add initiatives; 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 Starlight Investments US AM Group LP, the manager of the Fund, to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws.

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. 1) Core Plus Fund, visit www.starlightus.com or contact:

Evan Kirsh
President
Starlight U.S. Multi-Family (No. 1) Core Plus Fund
+1-647-725-0417
ekirsh@starlightus.com

Martin Liddell
Chief Financial Officer
Starlight U.S. Multi-Family (No. 1) Core Plus Fund
+1-647-729-2588
mliddell@starlightinvest.com

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