

Starlight U.S. Multi-Family (No. 1) Value-Add Fund Announces Mailing of Management Information Circular for Special Meeting of Unitholders to be Held on January 7, 2020



Not for distribution to U.S. newswire services or for dissemination in the United States.

Toronto, Ontario – December 16, 2019 – Starlight U.S. Multi-Family (No. 1) Value-Add Fund (TSX-V: SUVA.A, SUVA.U) (the “Fund”) today announced the mailing of its management information circular (the “Circular”) and related voting materials in connection with the special meeting (the “Meeting”) of unitholders of the Fund (“Unitholders”) to approve the transaction (the “Transaction”), announced by the Fund on November 14, 2019, pursuant to which Clearwater U.S. Multi-Family (No. 2) Holding LP (the “Purchaser”), a Delaware limited partnership formed by the Public Sector Pension Investment Board (“PSP Investments”) and Daniel Drimmer, Chief Executive Officer and Director of the general partner of the Fund, will indirectly acquire the Fund’s portfolio of three multi-family properties totaling 1,193 units located in the U.S. (the “Fund Portfolio”).

The Transaction is valued at approximately US\$239.6 million and includes 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. In connection with the Transaction, Unitholders of record as at the closing date of the Transaction, subject to final adjustment, are expected to be entitled to receive a cash distribution per unit of the Fund (“Units”) in the following amounts:

Class of Units ¹	Pre-US Tax ²	Pre-US Tax IRR	Post US Tax ³
Class A	C\$12.35	16.9%	C\$11.31
Class C	C\$13.11	16.8%	C\$12.02
Class D	C\$12.35	16.9%	C\$11.31
Class E	US\$12.38	17.0%	US\$11.34
Class F	C\$12.79	16.8%	C\$11.72
Class U	US\$12.38	17.0%	US\$11.34

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.

Subject to the satisfaction or waiver of all of the conditions to the Transaction, the Transaction is expected to close in January 2020. It is expected that, following closing of the Transaction, PSP Investments, an arm’s length unrelated third party to the Fund, will beneficially own and control a majority of the limited partnership interest in the Purchaser. No finder’s fee is payable in connection with the Transaction.

¹ There are no issued and outstanding Class H Units.

² The consideration Unitholders of Canadian denominated Units will be entitled to receive will ultimately be subject to the actual applicable rate(s) of exchange to be determined in connection with the closing of the Transaction. The special distribution amounts set out in this press release are based on the Bank of Canada average daily exchange rate on November 13, 2019, the date immediately preceding the announcement of the Transaction, of US\$1.00 to C\$1.3249.

³ Each Unitholder will be allocated their portion of the foreign tax paid by the Fund in relation to the sale of the U.S. real property interests in accordance with the Fund’s limited partnership agreement.

In order to facilitate completion of the Transaction, inter-class Unit conversions by Unitholders will not be permitted after January 3, 2020.

Letters of transmittal will be delivered to registered Unitholders providing instructions with respect to the delivery of Unit certificates for cancellation in connection with closing of the Transaction and payment of the cash distribution to Unitholders. Registered Unitholders are encouraged to deliver their Unit certificates, together with their letter of transmittal, to the Fund in accordance with the instructions in the letter of transmittal.

A copy of the Circular is available under the Fund's profile at www.sedar.com and at www.starlightus.com.

How to Vote

Each Unitholder's vote is important regardless of the number of Units owned. Unitholders are urged to vote **IN FAVOUR** of the Transaction well in advance of the proxy voting deadline for the Meeting of 10:00 a.m. (Toronto time) on Friday, January 3, 2020. Unitholders who have questions or need assistance voting should contact TSX Trust Company, the Fund's transfer agent, by telephone toll-free in North America at 1-866-600-5869 or if calling from outside North America at 1-416-342-1091 or by email at TMXInvestorServices@tmx.com.

The Meeting is scheduled to be held at 10:00 a.m. (Toronto time) on January 7, 2020 at 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario M5L 1A9. Unitholders of record as of the close of business on November 27, 2019 are entitled to receive notice of and to vote at the Meeting.

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. The Fund currently owns three properties, consisting of 1,193 suites, with an average year of construction of 2003.

For the Fund's complete consolidated financial statements and management's discussion and analysis for the third 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 and the Fund's financial and operating results and projections, including statements regarding the Fund's growth and investment opportunities and performance goals and expectations of its investees, including, in particular, targeted returns, 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, statements regarding the Transaction; the meeting date for the Meeting; the expected timing for closing the Transaction; the timing and quantum of the proposed distribution of net proceeds of the Transaction to Unitholders; the timing and quantum of expected investment returns and performance; and the tax treatment of the U.S. taxes required to be withheld from the Fund's proceeds of disposition. Such forward-looking information and statements involve risks and uncertainties and are based on Fund management's current expectations, intentions and assumptions in light of its understanding of relevant current market

conditions, investee business plans, and the Fund's prospects respectively. 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. Examples of such risks and uncertainties include, but are not limited to, the occurrence of any event, change or other circumstances that could give rise to the termination of the Transaction; the outcome of any legal proceedings that may be instituted against the Purchaser or the Fund related to the Transaction; the inability to complete the Transaction due to the failure to satisfy the conditions to closing of the Transaction (including the failure to obtain the required vote of the Unitholders or the failure to obtain the required consents from the Fund's lenders); the disruption of management's attention from the Fund's ongoing business operations due to the Transaction; the effect of the announcement of the Transaction on the Fund's relationships with its customers, operating results and business generally; unexpected expenses that arise prior to closing of the Transaction that reduces distributions to Unitholders; the effects of local and national economic, credit and capital market conditions, including changes in interest rates, foreign exchange rates, government regulations or in tax laws; and other risk factors described in the Circular and the Fund's continuous disclosure materials from time to time, available on SEDAR at www.sedar.com. Accordingly, although management believes that the Fund's anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, 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-V nor its Regulation Services Provider (as that term is defined in policies of the TSX-V) 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