STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND ANNOUNCES FOURTH QUARTER NORMALIZED AFFO PAYOUT RATIO OF 76.7% AND CONTINUED PORTFOLIO RESILIENCY

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Toronto – **February 1, 2021** – 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 December 31, 2020 (the "Fourth Quarter") and year ended December 31, 2020, which includes 308 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 December 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.

"The Fund continued to realize solid operating results for the Fourth Quarter highlighting the resiliency of its portfolio in light of a more challenging operating environment created by COVID-19, having collected approximately 98.1% of rents and achieved economic occupancy of 94.3%," commented Evan Kirsh, the Fund's President. "The Fund is well positioned to continue to actively manage its high quality, geographically diversified portfolio, presenting strong opportunities for growth in net operating income and value in future periods."

FOURTH QUARTER HIGHLIGHTS

- Acquired The Bluffs at Highlands Ranch ("The Bluffs") and LaVie Southpark ("LaVie") on December 15, 2020, adding 661 suites in Denver, Colorado and Charlotte, North Carolina. On completion of these acquisitions, the Fund completed the deployment of the proceeds of the Offering and has successfully assembled a portfolio of 2,219 Class "A" multi-residential suites across seven fast growing, highly sought after suburban markets.
- During the Fourth Quarter, the Fund commissioned independent appraisal valuations which resulted in an aggregate fair value for the Fund's properties of $508,403 as at December 31, 2020, equating to an increase of $28,399 over the Fund's aggregate purchase price (excluding acquisition costs). The strong appreciation in the property valuations together with distributions paid results in an unrealized gross internal rate of return of approximately 16% for the Fund from the date of the Offering to December 31, 2020.
- Fourth Quarter revenue and Net Operating Income ("NOI") were 67.3% and 60.9%, respectively, above the Forecast primarily as a result of the properties acquired subsequent to February 28, 2020 not being included in the Forecast.
- The Fund achieved significant reductions in interest expense on loans payable with a weighted average interest rate of 2.23% during the Fourth Quarter.
- The adjusted funds from operations ("AFFO") payout ratio for the Fourth Quarter was 90.6% with the Fund electing to pay the targeted 4.5% annualized distribution during the Fourth Quarter even though 100% of the Offering proceeds were not fully deployed until December 15, 2020. Assuming the Fund had paid distributions based on the actual equity deployed during the Fourth Quarter, the AFFO payout ratio would have been 76.7%, below the forecasted AFFO payout ratio of 79.4% (see "Non-IFRS Financial Measures").

- Net income and comprehensive income attributable to the unitholders of the Fund ("Unitholders") for the Fourth Quarter was $732, representing an increase of $820 relative to the Forecast.
- On October 16, 2020, the Fund secured a $250,000 credit facility (the "Credit Facility") to strategically reposition its debt capital structure and drew $127,650 to refinance the loans payable for each of Grand Oak at Town Park ("Grand Oak"), Southpoint Crossing ("Southpoint") and 401 Teravista ("Teravista") which resulted in net proceeds to the Fund of approximately $26,800. On December 15, 2020, the Fund expanded the committed availability on the Credit Facility by $50,000 and made an additional draw of $158,808 with the proceeds utilized to acquire The Bluffs and LaVie as well as refinance the existing loan of Autumn Vista Apartments ("Autumn Vista"). The Credit Facility has a four-year term with interest only payments until maturity at the U.S. 30-day Secured Overnight Financing Rate ("SOFR") plus 2.37%.

INITIAL REPORTING PERIOD HIGHLIGHTS

- The Fund completed the Offering on February 28, 2020 and raised gross subscription proceeds of $163,198, achieving the maximum offering allowable.
- Revenue and NOI for the Initial Reporting Period were 46.6% and 41.8%, respectively, above the Forecast primarily as a result of the properties acquired subsequent to February 28, 2020 not being included in the Forecast.
- Net income and comprehensive income attributable to Unitholders for the Initial Reporting Period was $10,179, representing an increase of $10,774 relative to the Forecast primarily as a result of the fair value gain on investment properties which was not included in the Forecast
- AFFO was $6,155, representing an increase of $2,635 or 74.9% relative to the Forecast primarily due to the Subsequent Acquisitions and lower than forecasted interest expense on loans payable primarily as a result of reductions in the U.S. 30-day London Interbank Offered Rate ("LIBOR") (see "Non-IFRS Financial Measures").
- The AFFO payout ratio for the Initial Reporting Period was 98.8% with the Fund electing to pay the targeted 4.5% annualized distribution during the Initial Reporting Period even though 100% of the Offering proceeds were not fully deployed until December 15, 2020. Assuming the Fund had paid distributions based on the actual equity deployed during the Initial Reporting Period, distributions would have been $5,080 and the AFFO payout ratio would have been 82.5%, below the forecasted AFFO payout ratio of 87.4% (see "Non-IFRS Financial Measures").

COVID-19 IMPACT

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic ("COVID-19"). Starlight Investments US AM Group LP or its affiliates, in its capacity as manager of the Fund (the "Manager") continues to monitor the impact of COVID-19 on the Fund's operations and future outlook. The Fund's operating results for the Fourth Quarter continued to be positive despite the unprecedented operating conditions created by COVID-19. The Fund is well positioned to navigate through this challenging time having assembled a geographically diversified portfolio of 2,219 multi-residential suites and continues to undertake proactive measures at the properties, assist tenants where required and implement other measures to minimize business interruption. The measures that have been implemented include leasing increasingly through electronic platforms with in-person leasing tours being conducted only where requested and access to common areas being restricted or increasingly sanitized 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. In addition, COVID-19 immunization programs have also commenced across the United States to varying degrees in different states and jurisdictions.

The Fund continues to evaluate each light value-add upgrade in order to ensure the returns generated from the upgrades are consistent with the Fund's expectations following the COVID-19 outbreak. The Fund has delayed some capital expenditures to preserve the Fund’s liquidity and comply with applicable laws or to those which the Fund believes will generate a strong return despite the uncertainty caused by the outbreak.

The ongoing response to COVID-19 varies by state and local jurisdictions and some of the state governments have implemented stay at home orders and other measures to minimize the spread of the virus. These uncertain economic conditions resulting from COVID-19 may adversely impact the demand for residential housing or rental collection rates in future periods. However, the Tampa, Nashville, Atlanta, Raleigh, Austin, Denver and Charlotte markets have exhibited sustained job and population growth historically and benefited from the on-going shift away from home ownership, including as a result of lifestyle choices as well as positive net migration. Furthermore, the Manager believes that the COVID-19 pandemic has led to an increased desire to live in less densely populated areas, further facilitated by the widespread adoption of remote working. From February 2020 to July 2020, dense, urban, gateway cities saw significant negative migration. New York City along saw 154,000 people move-out, primarily for Sunbelt markets. It is too early to assess the impact of COVID-19 on these favourable long-term trends. COVID-19 has significantly disrupted active and new construction of comparable product 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 properties and may present the opportunity 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.

COVID-19 immunization programs have also commenced across the United States to varying degrees in different states and jurisdictions. These immunization programs are expected to assist with the economic recovery but there can be no guarantee that this is the case. Shortages in the vaccine supply chain may result in a lack of widespread vaccination. The Fund will continue to actively monitor any continued impact COVID-19 may have on the Fund’s operating results, specifically as they relate to rent collections, occupancy, rent growth, ancillary fees and expenses incurred for preventative measures in response to COVID-19 at the Fund’s properties.

The U.S. federal government has introduced significant stimulus measures to assist with the economic recovery associated with COVID-19 including rental assistance measures for eligible individuals requiring financial assistance as a result of the COVID-19 pandemic. The proposed legislation would extend the federal eviction moratorium from March 31, 2021 to September 30, 2021. Government stimulus plans will assist in mitigating risk, however there is a risk that any sustained economic hardship the virus has on the Fund’s tenant base may impact future collections and delinquency rates.

Although COVID-19 has created a challenging operating environment with significant uncertainty, the Fund believes the quality of its properties and the benefit of having a tenant community employed across a diverse job base will help to mitigate the potential impact on the Fund. Previous economic downturns have also led to favourable market conditions for U.S. multi-family real estate subsequent to the initial downturn. In addition, since the COVID-19 outbreak commenced, based on available investment sales information, capitalization rates in the Primary Markets have compressed on average by approximately 25-50 basis points.

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

FINANCIAL CONDITION AND OPERATING RESULTS

		As at December 31, 2020
Operational Information (1)		
Number of properties		7
Total suites		2,219
Economic occupancy (2)		94.3%
AMR (in actual dollars)		$ 1,319
AMR per square foot (in actual dollars)		$ 1.37
Summary of Financial Information		
Gross Book Value		$ 508,403
Indebtedness		$ 339,657
Indebtedness to Gross Book Value		66.8%
Weighted average loan interest rate - period end (3)		2.53%
Weighted average loan term to maturity		3.47 years
	Fourth Quarter	**Initial Reporting Period**
Summary of Financial Information		
Revenue from property operations	$ 6,642	$ 18,858
Property operating costs	(1,832)	(5,293)
Property taxes (4)	(936)	(2,613)
Income from rental operations / NOI	$ 3,874	$ 10,952
Net income and comprehensive income	$ 732	$ 10,179
FFO	$ 1,901	$ 5,794
FFO per Unit - basic and diluted	$ 0.09	$ 0.26
AFFO	$ 2,079	$ 6,155
AFFO per Unit - basic and diluted	$ 0.09	$ 0.28
Weighted average loan interest rate - average during reporting period (5)	2.23%	2.18%
Interest coverage ratio	2.65 x	2.98 x
Indebtedness coverage ratio	2.65 x	2.98 x
FFO payout ratio	99.1%	105.0%
AFFO payout ratio	90.6%	98.8%
Weighted Average Units Outstanding (000s) - basic and diluted	22,181	22,181

(1) The Fund commenced operations following the acquisition of the Initial Properties on February 28, 2020 and subsequently acquired Southpoint on April 30, 2020, Teravista on May 28, 2020, The Bluffs on December 15, 2020 and LaVie on December 15, 2020.

(2) Economic occupancy for the Initial Reporting Period.

(3) The weighted average loan interest rate is presented as at December 31, 2020 reflecting the prevailing index rate, LIBOR or SOFR as applicable to each loan, as at that date.

(4) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee interpretation 21, Levies ("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 loan interest rate presented for the Fourth Quarter reflects the average prevailing index rate, LIBOR or SOFR as applicable to each of the loans payable, throughout each period presented. The LIBOR or SOFR rate for the Initial Reporting Period has been adjusted to reflect the operating period from February 28, 2020 to December 31, 2020.

CASH USED BY OPERATING ACTIVITIES RECONCILIATION TO AFFO

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. The Fund elected 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 completed the deployment of the Offering in the Fourth Quarter, the Fund anticipates that funds from operations (“FFO”) and AFFO will continue to increase and the FFO and AFFO payout ratios will decrease. The temporary shortfall in funds from operations relative to distributions paid during the Initial Reporting Period 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 Fourth Quarter and Initial Reporting Period are provided below:

	Fourth Quarter	Initial Reporting Period
Cash provided by operating activities	$ 3,112	$ 8,666
Less: interest paid	(1,317)	(3,264)
Cash provided by operating activities - including interest paid	**$ 1,795**	**$ 5,402**
Add / (Deduct):		
Change in non-cash operating working capital	535	(715)
Change in restricted cash	(153)	1,775
Vacancy costs associated with the suite upgrade program	29	58
Sustaining capital expenditures and suite renovation reserves	(127)	(365)
AFFO	**$ 2,079**	**$ 6,155**

SUBSEQUENT EVENTS

On January 19, 2021, the Fund entered into $15,000 unsecured, credit facility to fund eligible capital expenditures incurred at the Fund's properties with the exception of Tuscany Bay Apartments (the "Capex Credit Facility"). The Capex Credit Facility carries a one-year term with two one-year extension options, is open to prepayment and requires interest only payments until maturity at LIBOR plus 3.00%, subject to a minimum interest rate of 3.25%. The initial $15,000 of committed availability to fund future capital expenditures declines on a quarterly basis between $875 and $1,250 per quarter, subject to certain conditions of the agreement.

On January 25, 2021, $3,000 of the principal balance outstanding on a loan agreement with a related party to the Fund was repaid by the Fund.

NON-IFRS FINANCIAL MEASURES

The Fund’s audited 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 three months and year ended December 31, 2020 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, including the Manager’s belief of the increased desire to live in less densely populated areas, and the potential for favourable market conditions for multi-family real estate following economic downturns 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 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; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Fund's properties or the Fund's legal entities; 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 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 loan 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 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.

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.

About Starlight U.S. Multi-Family (No.1) Core Plus 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 seven properties, consisting of 2,219 suites with an average year of construction in 2003.

For the Fund's complete audited consolidated financial statements for the year ended December 31, 2020 and MD&A for the three months and year ended December 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 February 2021 Newsletter which is available on the Fund's profile at www.starlightus.com.

Please visit us at **www.starlightus.com** and connect with us on LinkedIn at **www.linkedin.com/company/starlight-investments-ltd-**

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