STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE PLUS FUND ANNOUNCES VERY STRONG Q2 2022 OPERATING RESULTS INCLUDING SAME PROPERTY NOI GROWTH OF 14.5%

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Toronto – **August 9, 2022** – Starlight U.S. Multi-Family (No. 2) Core Plus Fund (TSXV: SCPT.A and SCPT.U) (the "Fund") announced today its results of operations and financial condition for the three months ended June 30, 2022 ("Q2-2022") and six months ended June 30, 2022 ("YTD-2022"). Certain comparative figures are included for the three months ended June 30, 2021 ("Q2-2021") and the period from January 8, 2021 (date of formation) to June 30, 2021 ("YTD-2021").

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.

"We are pleased to announce another quarter of strong operating results with the Fund achieving same property NOI growth of 14.5%," commented Evan Kirsh, the Fund's President. "The Fund also reported annualized rent growth of 14.7% during Q2-2022, reflecting the Fund's ability to take advantage of favorable operating conditions."

Q2-2022 HIGHLIGHTS

- On April 27, 2022, the Fund acquired Summermill at Falls River ("Summermill"), a 320-suite multi-family property located in Raleigh, North Carolina to bring the Fund's portfolio to 995 multi-family suites. The acquisition was financed through cash on hand, new first mortgage at Summermill and net proceeds from the refinancing of Hudson at East ("Hudson").
- Q2-2022 revenue from property operations and net operating income ("NOI") were $4,565 and $3,029 (Q2-2021 - $3,248 and $2,078), respectively, representing an increase of $1,317 and $952 relative to Q2-2021 primarily as a result of the acquisition of Summermil as well as strong same property revenue growth of 11.1% and strong same property NOI growth of 14.5%.
- Significant increases in rent growth continued during Q2-2022 with the Fund achieving annualized rent growth for the quarter of 14.7% and year over year rent growth of 12.0%. These increases were driven by continued growth in demand for multi-family suites due to the economic strength shown in the U.S. and the primary markets ("Primary Markets") in which the Fund operates. In addition, the Fund reported an estimated gap in market versus in-place rents of 21.0% as at June 30, 2022 providing further opportunity for rental increases in future periods.
- As at August 8, 2022, the Fund had collected 99.0% of rents for Q2-2022, with further amounts expected to be collected in future periods, demonstrating the Fund's strong resident base and operating performance.
- Adjusted funds from operations ("AFFO") for Q2-2022 was $840 or $113 ahead of Q2-2021 and net income for Q2-2022 was $180 (Q2-2021 - loss of $617) representing a $797 increase relative to Q2-2021.
- On May 12, 2022, the Fund entered into a new variable rate collar contract which replaced the previously existing contract to protect against the potential impact of any weakening of the U.S. dollar on the amount required to pay the Fund's monthly Canadian dollar

distributions. This new contract allows the Fund to establish a guaranteed monthly exchange rate between C$1.2585 and C$1.3400 for the conversion of U.S. dollar funds to Canadian dollar funds amounting to C$312 per month from June 10, 2022 to November 10, 2022.

YTD-2022 Highlights

- Recorded a fair value gain on the properties owned by the Fund ("Properties") of $12,648, contributing to the cumulative $62,092 or 21.8% increase over the aggregate purchase price since the Properties were acquired. The fair value gain during YTD-2022 was driven primarily by NOI growth.
- Revenue from property operations and NOI were $8,018 and $5,325 (YTD-2021 - $3,284 and $2,482), respectively, representing a $4,735 and $3,226 increase relative to YTD-2021. The significant increases are primarily due to the acquisition of Summermill in Q2-2022 and the difference in the number of operating days between YTD-2022 and YTD-2021.
- AFFO was $1,999, $1,036 ahead of Q2-2021 primarily due to the acquisition of Summermill as well as increases in NOI at Montane and Hudson partially offset by increases in interest expenses.
- Net income for YTD-2022 was $9,000 (YTD-2021 - loss of $608) representing a $9,608 increase relative to YTD-2021, primarily due to the acquisition of Summermill in Q2-2022, the difference in the number of operating days between YTD-2022 and YTD-2021, as well as the fair value gain on the Properties described above.

FUTURE OUTLOOK AND COVID-19 IMPACT

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. COVID-19 vaccination programs continue across the U.S. to varying degrees in different states and jurisdictions with the immunization efforts widely considered to have been successful to date relative to other countries globally and the approval of a third and fourth COVID-19 dose by the U.S. Food and Drug Administration to help further advance immunization efforts in preventing the spread of COVID-19. However, there is a risk that delays in the timely administration of vaccination programs, changing strains of the virus, including the occurrence of new variants of COVID-19, or reluctance to receive vaccinations could prolong the impacts of COVID-19 and have the potential to cause further adverse economic conditions. According to the U.S. Department of Labor, unemployment rates for June 2022 remained consistent with March 2022 at 3.6% and down from a peak of approximately 15% in April 2020. The employment gains during that period were broadly diversified across many industries and driven by the continued economic reopening linked to the successful vaccination program across the U.S. The sustained rollout of the vaccination program is expected to continue to improve economic growth and employment throughout the U.S., although there can be no certainty with respect to the timing of these improvements.

Since early 2022, concerns over rising inflation have resulted in a significant increase in interest rates with the U.S. Federal Reserve raising the overnight rate by 225 basis points, with further increases anticipated for the duration of 2022. Interest rate increases typically lead to increases in borrowing costs for the Fund, reducing cashflow, given that the Fund employs a variable rate debt strategy due to the Fund's three-year term in order to provide maximum flexibility upon the eventual sale of the Properties during or at the end of the Fund's term. Historically, investments in multi-family properties have provided an effective hedge against inflation given the short-term nature of the lease term which was reflected in the rent growth achieved at the Fund's properties during Q2-2022. Given the Fund was formed as a "closed-end" fund with an initial term of three years, it is the Fund's intention to maintain its targeted yield of 4.0% across all classes of Units despite potential periods of increasing interest rates. Furthermore, the Fund does have certain interest rate caps in place which protect the Fund from increases in interest rates beyond stipulated levels and for stipulated terms as described in full detail in the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and for the three months ended June 30, 2021 and the period from January 8, 2021 (date of formation) to June 30, 2021 (unaudited) that is available at www.sedar.com.

Further disclosure surrounding the Future Outlook is included in the Fund's management's discussion and analysis in the "COVID-19" and "Future Outlook" sections for Q2-2022 under the Fund's profile, which is available on www.sedar.com.

FINANCIAL CONDITION AND OPERATING RESULTS

Highlights of the financial and operating performance of the Fund as at June 30, 2022, for Q2-2022 and YTD-2022, including a comparison to December 31, 2021, for Q1-2021 and YTD-2021 are provided below:

	June 30, 2022	December 31, 2021
Operational Information (1)		
Number of properties	3	2
Total suites	995	675
Economic occupancy (2)	94.5%	93.6%
Same property AMR (in actual dollars) (3)	$ 1,713	$ 1,617
Same property AMR per square foot (in actual dollars)	$ 1.76	$ 1.67
Estimated gap in market versus in-place rents	21.1%	n/a
Summary of Financial Information		
Gross book value	$ 375,895	$ 255,200
Indebtedness	$ 240,500	$ 131,063
Indebtedness to gross book value	64.0%	51.4%
Weighted average interest rate - as at period end (4)	4.28%	2.49%
Weighted average loan term to maturity	4.15 years	4.86 years

	Q2-2022	Q2-2021	YTD-2022	YTD-2021 (1)
Summarized Income Statement				
Revenue from property operations	$ 4,565	$ 3,248	$ 8,018	$ 3,284
Property operating costs	(1,087)	(792)	(1,878)	(802)
Property taxes (5)	(449)	(378)	(816)	(382)
Adjusted income from operations / NOI	$ 3,029	$ 2,078	$ 5,325	$ 2,100
Fund and trust expenses	(326)	(280)	(590)	(283)
Finance costs (including non-cash items) (6)	(1,332)	(1,025)	(777)	(1,036)
Other income and expenses (7)	(1,191)	(1,390)	5,042	(1,389)
Net income and comprehensive income	$ 180	$ (617)	$ 9,000	$ (608)
Other Selected Financial Information				
Funds from operations ("FFO")	$ 742	$ 881	$ 1,875	$ 889
FFO per unit of the Fund ("Unit") - basic and diluted	$ 0.07	$ 0.08	$ 0.17	$ 0.08
AFFO	$ 840	$ 953	$ 1,999	$ 963
AFFO per Unit - basic and diluted	$ 0.08	$ 0.09	$ 0.18	$ 0.09
Weighted average interest rate - average during period (8)	3.43%	2.44%	3.02%	2.44%
Interest coverage ratio	1.51 x	2.28 x	1.81 x	2.27 x
Indebtedness coverage ratio	1.51 x	2.28 x	1.81 x	2.27 x
Distributions to Unitholders	$ 837	$ 869	$ 1,681	$ 869
Weighted Average Units Outstanding (000s) - basic/diluted	10,902	10,902	10,902	10,902

(1) The Fund commenced operations following the acquisition of Montane and Hudson on March 31, 2021. In Q2-2022, the Fund acquired Summermill on April 27, 2022.

(2) Economic occupancy for Q2-2022 and the three months ended December 31, 2021.

(3) Same property AMR and same property AMR per square foot as at June 30, 2022 and December 31, 2021 represents the average AMR for Montane and Hudson only given both properties were owned as at both reporting dates. The total portfolio AMR and AMR per square foot including Summermill as at June 30, 2022 is $1,608 and $1.59, respectively. The decline in AMR and AMR per square foot from December 31, 2021 to June 30, 2022 is as a result of the acquisition of Summermill which has a lower AMR, relative to Hudson and Montane.

(4) The weighted average interest rate on loans payable is presented as at June 30, 2022 reflecting the prevailing index rate, U.S. 30-day New York Federal Reserve Secured Overnight Financing Rate ("NY SOFR") or one-month term Secured Overnight Financing Rate ("Term SOFR") as applicable to each loan, as at that date.

(5) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee Interpretation 21, Levies fair value adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI.

(6) Finance costs include interest expense on loans payable, non-cash amortization of deferred financing costs, as well as fair value changes in derivative financial instruments.

(7) Includes distributions to Unitholders, dividends to preferred shareholders, unrealized foreign exchange gain, realized foreign exchange loss, fair value gain of investment properties, provision for carried interest and deferred income taxes.

(8) The weighted average interest rate on loans payable presented reflects the average prevailing index rate, NY SOFR or Term SOFR, as applicable to each of the loans payable, throughout each period presented.

NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

The Fund's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms that may be used in this press release including AFFO, AMR, economic occupancy, estimated gap in market versus in-place rents, FFO, 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. Further details on Non-IFRS Measures are set out in the Fund's MD&A in the "Non-IFRS Financial Measures" section for Q2-2022 and are available on the Fund's profile on SEDAR at www.sedar.com.

A reconciliation of the Fund's interest coverage ratio and indebtedness coverage ratio are provided below:

Interest and indebtedness coverage ratios		Q2-2022		Q2-2021		YTD-2022		YTD-2021 (2)
Net income and comprehensive income	$	180	$	(617)	$	9,000	$	(608)
(Deduct) / Add: non-cash or one-time items and distributions (1)		729		1,620		(6,886)		1,621
Adjusted net income and comprehensive income	$	909	$	1,003	$	2,114	$	1,013
Interest coverage ratio (3)		1.51 x		2.28 x		1.81 x		2.27 x
Indebtedness coverage ratio (4)		1.51 x		2.28 x		1.81 x		2.27 x

(1) Comprised of unrealized foreign exchange gain, deferred income taxes, amortization of financing costs, fair value adjustment on derivative instruments, fair value adjustment on investment properties, and provision for carried interest.

(2) Figures represent 92 days of operating activity for the Fund on June 30, 2021.

(3) Interest coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense divided by interest expense.

(4) Indebtedness coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense divided by interest expense and mandatory principal payments on the Fund's loans payable.

CASH PROVIDED BY OPERATING ACTIVITIES RECONCILIATION TO FFO and AFFO

The Fund was formed as a "closed-end" limited partnership with an initial term of three years, a targeted yield of 4.0% and a targeted minimum 11% pre-tax investor internal rate of return across all classes of Units.

Basic and diluted AFFO and AFFO per Unit for Q2-2022 were $840 and $0.08, respectively (Q2-2021 - $953 and $0.09), representing a decrease in AFFO of $113, primarily due to increases in interest costs partially offset by increases in NOI.

A reconciliation of the Fund's cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q2-2022, YTD-2022, Q2-2021 and YTD-2021 are provided below:

		Q2-2022		Q2-2021		YTD-2022		YTD-2021
Cash provided by (used in) operating activities	$	3,981	$	2,237	$	4,249	$	1,912
Less: interest costs		(1,792)		(787)		(2,612)		(796)
Cash used in operating activities - including interest costs	**$**	**2,189**	**$**	**1,450**	**$**	**1,637**	**$**	**1,116**
Add / (Deduct):								
Change in non-cash operating working capital		(1,851)		(665)		(236)		(654)
Change in restricted cash		576		218		722		551
Amortization of financing costs		(172)		(122)		(248)		(124)
FFO	**$**	**742**	**$**	**881**	**$**	**1,875**	**$**	**889**
Add / (Deduct):								
Amortization of financing costs		172		122		248		124
Sustaining capital expenditures and suite renovation reserves		(74)		(50)		(124)		(50)
AFFO	**$**	**840**	**$**	**953**	**$**	**1,999**	**$**	**963**

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 the COVID-19 global pandemic, inflation and interest rates 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 Properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's TSX Venture Exchange listed and unlisted Units, inflation, interest rates, financing, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes, and plans and objectives of or involving the Fund. Particularly, matters described in "COVID-19" and "Future Outlook" are forward-looking information. 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 statements involve 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, that assumptions may not be correct and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the impact of COVID-19 on the Properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Units and unlisted Units; inflation; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Properties or the Fund's legal entities; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; and the availability of debt financing for any future financing requirements of the Fund. 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 Properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Units; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof; the inventory of multi-family real estate properties; the availability of properties for potential future acquisition, if any, and the price at which such properties may be acquired; the price at which the

Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of the Properties; inflation; the availability of mortgage financing and current interest rates; the extent of competition for properties; the growth in NOI and the ability of the Fund to benefit from its light value-add initiatives; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; expenditures and fees in connection with the maintenance, operation and administration of the Properties; the ability of Starlight Investments US AM Group LP or its affiliates (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. Given this unprecedented period of uncertainty, there can be no assurance regarding: (a) the impact of COVID-19 on the Fund's business, operations and performance or the volatility of the Units; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) that the Manager or any of its affiliates, will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

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 securities law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether because 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. 2) 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 U.S. multi-family real estate market. The Fund currently owns interests in three properties, consisting of 995 suites with an average year of construction in 2013.

For the Fund's complete unaudited condensed consolidated interim financial statements and MD&A for the three months ended June 30, 2022 and any other information related 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 August 2022 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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