Condensed Consolidated Interim Financial Statements
(In thousands of U.S. dollars)

STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND

For the three and six months ended June 30, 2020 (Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of an entity's interim financial statements, they must be accompanied by a notice indicating that such interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Starlight U.S. Multi-Family (No.1) Core Plus Fund have been prepared by and are the responsibility of Starlight U.S. Multi-Family (No.1) Core Plus Fund's management.

Starlight U.S. Multi-Family (No.1) Core Plus Fund's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND

Condensed Consolidated Interim Statement of Financial Position
(In thousands of U.S. dollars)
(Unaudited)

	Note		June 30, 2020		December 31, 2019
ASSETS					
Non-current assets:					
Investment properties	5	$	297,870	$	—
Utility deposits			126		—
Total non-current assets			297,996		—
Current assets:					
Tenant and other receivables	7		320		—
Prepaid expenses and other assets	8		509		—
Restricted cash	9		2,655		—
Cash			24,428		1
Total current assets			27,912		1
TOTAL ASSETS		**$**	**325,908**	**$**	**1**
LIABILITIES					
Non-current liabilities:					
Mortgages payable	10	$	46,558	$	—
Deferred income tax			613		—
Total non-current liabilities excluding net liabilities attributable to Unitholders			47,171		—
Current liabilities:					
Derivative financial instruments	6		4		—
Mortgages payable	10		120,310		—
Tenant rental deposits			465		—
Accounts payable and accrued liabilities	12		2,622		—
Finance costs payable			199		—
Distributions payable			595		—
Total current liabilities excluding net liabilities attributable to Unitholders			124,195		—
TOTAL LIABILITIES		**$**	**171,366**	**$**	**—**
Net liabilities attributable to Unitholders	11		154,542		1
TOTAL LIABILITIES, NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS		**$**	**325,908**	**$**	**1**

Commitments and contingencies (note 18).

Subsequent events (note 23).

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Directors of Starlight U.S. Multi-Family (No. 1) Core Plus GP, Inc., as general partner of Starlight U.S. Multi-Family (No. 1) Core Plus Fund, on August 5, 2020, and signed on its behalf:

Graham Rosenberg Director *Harry Rosenbaum* Director

STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND

Condensed Consolidated Interim Statement of Net Loss and Comprehensive Loss
(In thousands of U.S. dollars)
(Unaudited)

	Note	Three months ended June 30, 2020	Six months ended June 30, 2020
Revenue from property operations		$ 4,791	$ 6,145
Expenses:			
Property operating costs		1,345	1,714
Property taxes		—	—
Income from rental operations		3,446	4,431
Finance costs	16	765	1,252
Distributions to Unitholders	11(a)	1,768	2,356
Fund and trust expenses	13	320	420
Unrealized foreign exchange (gain) loss		(30)	40
Realized foreign exchange loss		22	22
Fair value adjustment IFRIC 21	12	661	836
Loss before income taxes		(60)	(495)
Income taxes: - current		29	39
- deferred		506	613
Total income taxes		535	652
Net loss and comprehensive loss		**$ (595)**	**$ (1,147)**

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND

Condensed Consolidated Interim Statement of Changes in Net Liabilities Attributable to Unitholders
Six months ended June 30, 2020
(In thousands of U.S. dollars)
(Unaudited)

	Class A	Class C	Class D	Class E	Class F	Class I	Class U	Total
Balance, January 1, 2020	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Changes during the period:								
Units issued on Offering (February 28, 2020), net of issuance costs	35,996	12,490	53,437	3,852	22,566	18,531	8,817	155,689
Net loss and comprehensive loss	(266)	(93)	(398)	(28)	(168)	(129)	(65)	(1,147)
Balance, June 30, 2020	**$ 35,730**	**$ 12,397**	**$ 53,039**	**$ 3,824**	**$ 22,398**	**$ 18,402**	**$ 8,752**	**$ 154,542**

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND

Condensed Consolidated Interim Statement of Cash Flows
(In thousands of U.S. dollars)
(Unaudited)

	Note	Three months ended June 30, 2020	Six months ended June 30, 2020
Operating activities:			
Net loss and comprehensive loss		$ (595)	$ (1,147)
Adjustments for financing activities included in net loss and comprehensive loss:			
Finance costs	16	765	1,252
Distributions to Unitholders		1,768	2,356
Adjustments for items not involving cash:			
Unrealized foreign exchange (gain) loss		(30)	40
Deferred tax		506	613
Change in non-cash operating working capital	17(a)	3,340	124
Change in restricted cash		(429)	(1,625)
Cash provided by operating activities		**5,325**	**1,613**
Financing activities:			
Proceeds from the issuance of units, net of issuance costs		—	155,689
Mortgages payable:			
Net proceeds from new financing		53,250	83,150
Net proceeds from assumed financing		—	83,683
Draw downs on existing loans		439	439
Finance costs paid	17(b)	(1,062)	(1,580)
Distributions paid to Unitholders		(1,768)	(1,768)
Cash provided by financing activities		**50,859**	**319,613**
Investing activities:			
Acquisitions of investment properties	4	(107,264)	(295,989)
Capital additions to investment properties	5	(718)	(769)
Cash used in investing activities		**(107,982)**	**(296,758)**
Increase (decrease) in cash		**(51,798)**	**24,468**
Cash, beginning of period		76,196	—
Change in cash due to foreign exchange		30	(40)
Cash, end of period		**$ 24,428**	**$ 24,428**

See accompanying notes to the condensed consolidated interim financial statements.

Starlight U.S. Multi-Family (No. 1) Core Plus Fund (the "Fund") is a limited partnership formed under and governed by the laws of the Province of Ontario. The term of the Fund is targeted to be three years with two one-year extensions available subject to approval by Starlight U.S. Multi-Family (No. 1) Core Plus GP, Inc. (the "General Partner"). The Fund was established for the purpose of investing in multi-family properties in the U.S. multi-family real estate market that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management, that are located primarily in the States of Arizona, California, Colorado, Florida, Georgia, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington.

The Fund completed its initial public offering (the "Offering") on February 28, 2020 and raised gross subscription proceeds of $163,198. The Fund achieved the maximum offering allowable and issued the following limited partnership units: 5,125,325 class A units, 1,685,000 class C units, 7,608,790 class D units, 3,114,570 class F units and 2,500,000 class I units at a price of $10.00 Canadian dollars ("C$") and 397,500 class E units and 939,000 class U units, at a price of $10.00. The class A units distributed under the Offering are listed on the TSX Venture Exchange ("TSX-V") under the symbol SCPO.UN.

Following completion of the Offering, the Fund acquired three class "A" institutional quality properties comprising a total of 950 suites located in the States of Florida, Georgia and Tennessee, in the Tampa, Atlanta and Nashville metropolitan areas, respectively (the "Initial Portfolio"). Subsequent to the Offering, on April 30, 2020 and May 28, 2020, the Fund acquired two additional properties comprised of 288 and 320 suites in Raleigh, North Carolina and Round Rock, Texas, respectively ("Subsequent Acquisitions"). The remaining net proceeds of the Offering will be used to acquire additional income-producing, multi-family properties.

The Fund is managed by Starlight Investments US AM Group LP (the "Manager") which is a wholly owned subsidiary of Starlight Group Property Holdings Inc. and a related party. As at June 30, 2020, the Fund’s property portfolio consisted of interests in the Initial Portfolio and Subsequent Acquisitions totaling 1,558 suites.

The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto Ontario M8X 2X3.

1. Basis of presentation:

(a) Statement of compliance:

These condensed consolidated interim financial statements of the Fund have been prepared by management in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions significant to understand the changes in financial position and performance of the Fund since the last audited consolidated financial statements as at and for the year ended December 31, 2019 and unaudited consolidated interim financial statements for the three months ended and as at March 31, 2020. Certain information and note disclosures normally included in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed.

(b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for investment properties and derivative financial instruments, which have been measured at fair value. All intercompany transactions and balances between the Fund and the subsidiary entities have been eliminated upon consolidation.

(c) Comparatives:

The Fund was established on December 10, 2019. The Offering and the acquisition of the Initial Portfolio occurred on February 28, 2020 and as a result, there were no operating activities between December 10, 2019 and February 28, 2020. Accordingly, no comparatives have been presented in the condensed consolidated interim statement of net loss and comprehensive loss, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in net liabilities attributable to unitholders of the Fund ("Unitholders") or the related notes thereto.

(d) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in U.S. dollars, which is the functional currency of the Fund and its subsidiaries and all amounts have been rounded to the nearest thousand except when otherwise indicated.

Transactions in currencies other than U.S. dollars are translated at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into U.S. dollars at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. dollars at the exchange rate at the date that the fair value was determined.

Foreign currency gains or losses arising from settlement of transactions or translations are included in the condensed consolidated interim statement of net loss and comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency (C$) are translated using the exchange rate at the date of the transaction.

2. Significant accounting policies:

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies included in the Fund's unaudited consolidated interim financial statements for the three months ended and as at March 31, 2020. These accounting policies are based on the IFRS applicable at that time. The condensed consolidated interim financial statements do not include all of the disclosures included in unaudited consolidated interim financial statements for the three months ended and as at March 31, 2020 and accordingly, should be read in conjunction with the unaudited consolidated interim financial statements for the three months ended and as at March 31, 2020 and notes thereto.

3. Adoption of accounting standards:

(a) Accounting standards implemented:

(i) Amendment to IFRS 3, Business Combinations ("IFRS 3"):

The Fund adopted the amendments to IFRS 3 on January 1, 2020 where such changes clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. There was no impact to the Fund as a result of the adoption of the amendments to IFRS 3.

(ii) Amendment to IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), Definition of Material:

The Fund adopted the amendments to IAS 1 and IAS 8 on January 1, 2020 where such changes were intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could be reasonably expected to influence’. Under IAS 8 the definition of material has been replaced by a reference to the definition of material in IAS 1. In addition, the International Accounting Standards Board ("IASB") amended other standards that contain a definition of materiality. There was no impact to the Fund as a result of the adoption of the amendments to IAS 1 and IAS 8.

(b) Future accounting policy changes:

There were no new standards or interpretations and improvements to existing standards that were issued by the IASB or by the International Financial Reporting Interpretations Committee ("IFRIC") that have not yet been adopted by the Fund.

(In thousands of U.S. dollars, unless otherwise noted)

4. Acquisitions:

The following acquisitions were completed by the Fund during the six months ended June 30, 2020. The Initial Portfolio was acquired by purchasing the legal entities directly and indirectly owning such properties. The Fund acquired Southpoint Crossing and 401 Teravista by purchasing these properties directly. All of the acquisitions were treated as asset acquisitions, and as a result, the fair value of consideration has been allocated to the identifiable assets acquired and liabilities assumed based on their fair value at the date of acquisition as follows:

	Tuscany Bay Apartments	Grand Oak at Town Park	Autumn Vista Apartments	Southpoint Crossing	401 Teravista	Total
Acquisition date	28-Feb	28-Feb	28-Feb	30-April	28-May	
Suites	370	300	280	288	320	1,558
City, State	Tampa, FL	Nashville, TN	Atlanta, GA	Raleigh, NC	Austin, TX	
Investment properties(i)	$ 77,738	$ 65,322	$ 46,477	$ 52,024	$ 55,540	$ 297,101
Add:						
Utility deposits	59	27	41	—	—	127
Tenant and other receivables	62	56	49	23	17	207
Prepaid expenses and other assets	151	67	64	3	12	297
Restricted cash	469	102	—	210	250	1,031
Deduct:						
Accounts payable and accrued liabilities	(596)	(726)	(264)	(157)	(463)	(2,206)
Tenant rental deposits	(130)	(110)	(6)	(93)	(102)	(441)
Finance cost payable	(75)	(52)	—	—	—	(127)
Net asset acquired	**$ 77,678**	**$ 64,686**	**$ 46,361**	**$ 52,010**	**$ 55,254**	**$ 295,989**
Consideration funded by:						
New mortgages payable(ii)	—	—	29,665	25,599	27,356	82,620
Assumed mortgages payable(ii)	46,155	37,489	—	—	—	83,644
Cash paid, net of cash acquired(iii)	31,523	27,197	16,696	26,411	27,898	129,725
Total Consideration	**$ 77,678**	**$ 64,686**	**$ 46,361**	**$ 52,010**	**$ 55,254**	**$ 295,989**

(i) Investment properties includes acquisition costs capitalized to investment properties amounting to of $758, $645, $477, $524 and $540 for Tuscany Bay Apartments ("Tuscany Bay"), Grand Oak at Town Park ("Grand Oak"), Autumn Vista Apartments ("Autumn Vista"), Southpoint Crossing ("Southpoint") and 401 Teravista ("Teravista") respectively.

(ii) New mortgages payable and assumed mortgages payable are net of finance costs incurred amounting to $28, $11, $235, $152 and $150 for Tuscany Bay, Grand Oak, Autumn Vista, Southpoint and Teravista, respectively.

(iii) Cash residing within entities acquired by the Fund on the date of acquisition amounted to $138, $806, $95, respectively for Tuscany Bay, Grand Oak, Autumn Vista and $nil for Southpoint and Teravista.

(In thousands of U.S. dollars, unless otherwise noted)

5. Investment properties:

The following table summarizes the change in the investment properties for the six months ended June 30, 2020:

Balance, January 1, 2020	$	—
Acquisitions of investment properties (note 4)		297,101
Capital additions		769
Fair value adjustment		—
Balance, June 30, 2020	**$**	**297,870**

The following table reconciles the cost base of investment properties to their fair value:

		June 30, 2020
Cost	$	297,870
Cumulative fair value adjustment		—
Fair Value	**$**	**297,870**

The key valuation assumptions for investment properties are set out in the following table:

	June 30, 2020
Capitalization rate - range	4.42% to 5.04%
Capitalization rate - weighted average	4.59 %

The Fund determined the fair value of each investment property using the direct income capitalization approach. The capitalized earnings reflect rental income from current leases and assumptions about rental income from future leases and occupancy reflecting market conditions at the reporting date, less future cash outflows in respect of such leases (note 20).

The fair values of the Fund’s investment properties are sensitive to changes in the key valuation assumptions. Changes in the capitalization rates would result in a change to the estimated fair value of the Fund’s investment properties as set out in the following table:

Weighted average	Change		June 30, 2020
Capitalization rate	10 basis-point increase	$	(6,347)
Capitalization rate	10 basis-point decrease	$	6,630

The impact of a one percent change in the net operating income used to value the investment properties as at June 30, 2020 would affect the fair value by approximately $3,738.

The Fund’s investment properties are considered as Level 3 assets under IFRS 13-Fair Value Measurement due to the extent of assumptions required beyond observable market data to derive the fair values.

(In thousands of U.S. dollars, unless otherwise noted)

6. Derivative financial instruments:

The following table represents derivative financial instruments presented as liabilities of the Fund:

		June 30, 2020
Variable Rate Collar	$	4

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.

Under the terms of the contract, the first monthly settlement occurs on July 10, 2020, with each successive month settling on or about the tenth day of each month until March 9, 2021. The monthly exchange rate is determined based on the Canadian to U.S. dollar spot exchange rate on the date of settlement but provides for a minimum exchange rate of C$1.34 and a maximum exchange rate of C$1.425.

The following table presents the material terms for the variable rate collar of the Fund:

Contract Start Date	Contract Maturity	Monthly Notional Amount (C$)	Collar Floor	Collar Ceiling		June 30, 2020
July 10, 2020	March 9, 2021	$752	1.34	1.425	$	4
Liability					$	4

The fair value of the variable rate collar contract as at June 30, 2020 was $4 resulting in an unrealized gain of $155 and unrealized loss of $4 for the three and six months ended June 30, 2020, respectively. The fair value of the variable rate contract at each reporting date reflects the impact of the prevailing Canadian and US dollar exchange rate on the non-cash mark to market adjustment of the underlying contract. The actual gain or loss recognized, if any, will be determined on each of the dates the monthly settlements under the contract occur.

7. Tenant and other receivables:

The following table presents details of the tenant and other receivables balance:

		June 30, 2020
Tenant receivables, net	$	260
Other receivables		60
	$	320

The Fund holds no collateral in respect of tenant and other receivables.

(In thousands of U.S. dollars, unless otherwise noted)

8. Prepaid expenses and other assets:

The following table presents details of the prepaid expenses and other assets balance:

		June 30, 2020
Prepaid insurance	$	263
Prepaid expenses		52
Other deposits (i)		194
	$	509

(i) The Fund paid deposits totaling $194 to a third party lender for the intended refinancing of the mortgages payable at Grand Oak, Southpoint and Teravista which mature prior to December 31, 2020 (note 10). These amounts are non-refundable but will be applied against the actual financing costs incurred to enter into such new mortgages payable on completion of the financing.

9. Restricted cash:

The following table presents details of the restricted cash balance:

		June 30, 2020
Escrowed funds:		
Property taxes (i)	$	637
Property insurance (i)		93
Debt service reserve (i)		460
Restricted cash:		
Security deposits (ii)		365
Cash collateral – variable rate collar (note 6)		1,100
	$	2,655

(i) Escrowed funds include cumulative amounts that are funded monthly into escrow to the Fund's lenders. These amounts are used to pay property taxes and property insurance coming due within a 12-month period. The debt service reserves are amounts required to be placed in escrow with the lenders of Southpoint and Teravista. These amounts are refundable at the date of maturity or in the event the mortgages payable are repaid in full.

(ii) Security deposits relate to funds paid by tenants that are specifically restricted until a tenant exits a lease and are either refunded or applied to amounts due under their lease, as applicable, as well as amounts pledged as support for letters of credit required for municipal utility services at certain properties.

(In thousands of U.S. dollars, unless otherwise noted)

10. Mortgages payable:

Mortgages payable are secured against the applicable investment property to which the loan relates and typically require interest only ("IO") payments until a specified date. The mortgages bear interest at variable rates based on U.S. 30-day London Interbank Offered Rate ("LIBOR") plus an interest rate spread. A summary of the Fund's mortgages payable is presented below:

					June 30, 2020	
Property Name	Payment Terms	Maturity Date	Extension Options	Interest Rate	Capital Line available(i)	Principal Outstanding
Tuscany Bay	IO	March 2022	Two 1-year	LIBOR + 1.65%	$ 2,008	$ 46,582
Grand Oak(ii)	IO	July 2020	None	LIBOR + 1.40%	—	37,500
Autumn Vista	IO	February 2021	None	LIBOR + 1.50%	1,430	29,940
Southpoint(iii)	IO	October 2020	One 90-day	LIBOR + 2.00%	1,250	25,750
Teravista(iii)	IO	November 2020	One 90-day	LIBOR + 2.00%	750	27,500
Face value					$ 5,438	$ 167,272
Unamortized financing costs						(404)
Carrying value						$ 166,868

(i) Certain mortgages have a capital line available which the Fund can draw against to fund future capital expenditures at the respective property.

(ii) Subsequent to June 30, 2020, the Fund extended the Grand Oak mortgage payable maturity date to September 23, 2020 (note 23).

(iii) The interest rate on the Southpoint and Teravista mortgages payable is the greater of (a) 2.75%; and (b) LIBOR plus 2.00%.

Mortgages payable of $120,310 (net of $380 of deferred financing costs) were classified as current liabilities as they are due and payable within 12 months of the date of the condensed consolidated interim statement of financial position.

As at June 30, 2020, the mortgages had a weighted average term to maturity of 0.72 years and a weighted average interest rate of 2.03% based on LIBOR of approximately 0.1623%.

Future principal payments on mortgages payable are as follows:

	Principal payments	Balloon payments	Total
2020 - remainder of year	$ —	$ 90,750	$ 90,750
2021	—	29,940	29,940
2022	—	46,582	46,582
Total	$ —	$ 167,272	$ 167,272

11. Net liabilities attributable to Unitholders:

(a) Composition of net liabilities attributable to Unitholders and beneficial ownership of the Fund:

The beneficial limited partnership interest in the net liabilities and net loss and comprehensive income loss of the Fund is held in seven classes of units: A, C, D, E, F, I and U. The Fund is authorized to issue an unlimited number of units in the classes as described above. Each Unitholder is entitled to one vote for each limited partnership unit held. Each class of units entitles the holder to the same rights as a Unitholder in another class of unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of units' rights. As there are varying economic values per class of units, the net liabilities attributable to Unitholders is distributed disproportionately on a per unit basis upon liquidation. Accordingly, these units have been classified as a liability in these condensed consolidated interim statement of financial position and any distributions paid on each class of units is presented in the condensed consolidated interim statement of net loss and comprehensive loss. For the three and six months ended June 30, 2020, distributions of $1,768 and $2,356 were declared and recorded to distribution expense, respectively.

11. Net liabilities attributable to Unitholders (continued):

The following table represents a summary of the changes in thousands of units by class:

	Number of Units Outstanding (000's)								
	Class A	Class C	Class D	Class E	Class F	Class I	Class U	Total Units	Net Liabilities attributable to Unitholders ($)
Outstanding as at January 1, 2020	—	—	—	—	—	—	—	—	$ —
Issuance from the Offering	5,125	1,685	7,609	397	3,115	2,500	939	21,370	163,198
Units reallocated due to conversions	(22)	—	22	—	—	—	—	—	—
Issuance Costs of the Offering	—	—	—	—	—	—	—	—	(7,509)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	(1,147)
Outstanding as at June 30, 2020	**5,103**	**1,685**	**7,631**	**397**	**3,115**	**2,500**	**939**	**21,370**	**$ 154,542**

(b) Carried Interest:

The partners of Starlight Investments (No.1) Core Plus Partnership ("SICPP"), currently being an affiliate of the Manager and the President of Starlight GP, through SICPP's indirect interest in Starlight U.S. Multi-Family (No.1) Core Plus Holding L.P. ("Holding L.P."), a 99.99% owned subsidiary of the Fund, are entitled to 25% (20% in respect of the class I units) of the total of all amounts each of which is the amount, if any, by which (i) the aggregate amount of distributions which would have been paid on all units of the Fund of a particular class if all Distributable Cash (as defined in the Fund’s final long form prospectus dated January 31, 2020 (the "Prospectus")) of the Holding L.P. were received by the Fund through Starlight U.S. Multi-Family (No.1) Core Plus Investments L.P. ("Investment L.P"), a 100% owned subsidiary of the Fund and Starlight U.S. Multi-Family (No. 1) Core Plus Investment GP, Inc., a 100% owned subsidiary of the Fund, together with all other amounts distributable by the Fund, and distributed by the Fund (net of any amounts required to provide for expenses and determined without reference to any applicable U.S. taxes payable by or on behalf of the Investment L.P.) to Unitholders in accordance with the Fund’s second amended and restated limited partnership agreement, exceeds (ii) the aggregate Minimum Return (as defined in the Prospectus) in respect of such class of units of the Fund (the calculation of which includes the amount of the Investors Capital Return Base (as defined in the Prospectus)), each such excess, if any, to be calculated in U.S. dollars and, in the case of class A units, class C units, class D units, class F units and class I units, based on the applicable exchange rate on the date of distribution for actual distributions paid by the Fund and otherwise on the date of the applicable distribution from the Holding L.P. to the Investment L.P. and by the Investment L.P. to, directly or indirectly, the Fund, provided that, to the extent that the aggregate amount of distributions which would have been paid on all units of the Fund of a particular class (other than class I units) pursuant to the foregoing exceed the Minimum Return for such class, the partners of SICPP, through SICPP’s indirect interest in the Holding L.P., will be entitled to 50% of each such excess amount (i.e., a catch-up) until the excess, if any, which would have been distributed in respect of such class (other than class I units) in excess of the Investors Capital Return Base (as defined in the Prospectus) is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the Manager in respect of such class (other than class I units as no catch-up payment is payable in respect of class I units).

As at June 30, 2020, the Fund did not recognize a provision for carried interest after taking into account the Minimum Return to Unitholders.

(In thousands of U.S. dollars, unless otherwise noted)

12. Accounts payable and accrued liabilities:

The following table presents the details of accounts payable and accrued liabilities:

		June 30, 2020
Tenant prepayments	$	81
Operating payables		673
Accrued property taxes[(i)]		1,733
Accrued asset management fees (note 15)		77
Excise tax and franchise tax payable		58
	$	2,622

(i) Accrued property taxes represent property taxes incurred but not yet paid for the properties owned by the Fund up to the date of the condensed consolidated interim statement of financial position. Property taxes are recorded to the condensed consolidated interim statement of net loss and comprehensive loss to either property tax expenses or fair value adjustment to International Financial Reporting Interpretations Committee interpretation 21, Levies ("IFRIC 21") as a result of the requirements of IFRIC 21. The sum of the amounts recorded to property tax expense and fair value adjustment IFRIC 21 in the condensed consolidated interim statement of net loss and comprehensive loss in any given reporting period represents the actual property taxes incurred by the Fund in such reporting period.

13. Fund and trust expenses:

Fund and trust expenses consist of the following:

		Three months ended June 30, 2020		Six months ended June 30, 2020
Asset management fees (note 15)	$	205	$	263
General and administrative expenses		115		157
	$	320	$	420

14. Segmented disclosure:

All of the Fund’s assets and liabilities are in, and its revenues are derived from, the U.S. real estate industry segment. The Fund’s investment properties are, therefore, considered by management to have similar economic characteristics. No single tenant accounts for 10% or more of the Fund’s rental revenue.

15. Transactions with related parties:

The condensed consolidated interim financial statements include the following transactions with related parties:

The Manager is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer, a director, Chief Executive Officer of the General Partner and Unitholder of the Fund. The Fund engaged the Manager to perform certain management services, as outlined below.

(a) Pursuant to the management agreement dated February 28, 2020 (the "Management Agreement"), the Manager is to perform asset management services for fees equal to 0.35% of the sum of: the historical purchase price of the properties acquired in U.S. dollars and the cost of any capital expenditures in respect of Fund’s properties since the date of acquisition by the Fund (together the "Gross Asset Value"), less the product of 0.10% of the Gross Asset Value and the proportionate economic interest of the class I units (as defined in the Fund's second amended and restated limited partnership agreement).

Included in Fund and trust expenses is $205 and $263 in asset management fees charged by the Manager (note 13) for the three and six months ended June 30, 2020, respectively. The amount payable to the Manager as at June 30, 2020 was $77 (note 12).

(In thousands of U.S. dollars, unless otherwise noted)

15. Transactions with related parties (continued):

(b) Pursuant to the Management Agreement, as assigned, the Manager is entitled to receive an acquisition fee in respect of properties acquired, directly or indirectly, by the Fund as a result of such properties having been presented to the Fund by the Manager calculated as: 1.0% of the purchase price of a property, on the first $150,000 of properties acquired in each calendar year; 0.75% of the purchase price of a property, on the next $150,000 of properties acquired in each calendar year; and 0.50% of the purchase price on properties in excess of $300,000 of properties acquired in each calendar year.

For the three and six months ended June 30, 2020, the Fund incurred acquisition fees of $799 and $2,581, respectively, relating to the acquisition of the Initial Portfolio and the Subsequent Acquisitions. The acquisition of the Initial Portfolio was from affiliate entities of the Manager. The total purchase price paid for each property was based on third party appraisals and the amounts are representative of the fair value of the net assets acquired. There are no ongoing contractual commitments with the related party as a result of the acquisition of the Initial Portfolio or the Subsequent Acquisitions.

(c) Pursuant to the Management Agreement, in the event that the Manager is required by the lenders of the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its wholly owned subsidiaries to indirectly acquire an interest in the investment properties, the Fund and the U.S. REIT will, in consideration for providing such guarantee, in aggregate, pay the Manager a guarantee fee represented by an annual amount equal to 0.15% of the then-outstanding amount of such guaranteed funds. This fee is calculated and payable in arrears on the first day of each month. As of June 30, 2020, $nil guarantee fees have been paid or are payable.

16. Finance costs:

Finance costs consist of the following:

	Three months ended June 30, 2020	Six months ended June 30, 2020
Interest expense on mortgages payable	$ 772	$ 1,075
Amortization of deferred financing costs	148	173
Fair value (gain) loss on derivative financial instrument (note 6)	(155)	4
	$ 765	$ 1,252

17. Supplemental cash flow information:

(a) Changes in non-cash operating working capital:

The following table presents the changes in non-cash operating working capital presented within the condensed consolidated interim statement of cash flows:

	Three months ended June 30, 2020	Six months ended June 30, 2020
Tenant and other receivables	$ (34)	$ (113)
Prepaid expenses and other assets	2,358	(212)
Tenant rental deposits	17	24
Accounts payable and accrued liabilities	984	417
Distribution payable	15	8
Total change in non-cash operating working capital	**$ 3,340**	**$ 124**

(In thousands of U.S. dollars, unless otherwise noted)

17. Supplemental cash flow information (continued):

(b) Finance costs paid:

The following table presents the components of finance costs paid presented within the condensed consolidated interim statement of cash flows:

		Three months ended June 30, 2020		Six months ended June 30, 2020
Interest expense paid	$	(757)	$	(1,000)
Financing costs incurred on new / assumed mortgages payable (note 4(ii))		(305)		(580)
Total finance costs paid	**$**	**(1,062)**	**$**	**(1,580)**

18. Commitments and contingencies:

At June 30, 2020, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of June 30, 2020 expire within 12 months. The Fund holds commitments to provide for carried interest when applicable and to distribute excess cash to Unitholders.

The Fund may be involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, none of these, individually or in aggregate, would result in the recognition of a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the trustees and officers of the Fund and its subsidiaries.

19. Capital management:

The Fund’s capital management objectives and policies are to maintain a strong capital base so as to support ongoing operations, maintain creditor and market confidence and to sustain future development of the business. Capital consists of mortgages payable including capital lines available and net liabilities attributable to Unitholders. The Fund monitors capital using tools designed to anticipate cash needs and to maintain adequate working capital, while also distributing appropriate amounts to the Unitholders on a regular basis.

The Fund was in compliance with all financial covenants as at June 30, 2020.

20. Risk management:

The Fund’s activities expose it to credit risk, market risk liquidity risk, currency risk and other risks. These risks and the actions taken to manage them are as follows:

(a) Credit risk:

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; and (ii) the possibility that the residents may experience financial difficulty and be unable to meet their rental obligations. The properties mitigate the risk of credit loss with respect to residents by evaluating creditworthiness of new residents, obtaining security deposits wherever permitted by legislation, utilizing third party collection agencies for longstanding balances due from tenants and geographically diversifying the location of the properties. The Fund monitors its collection experience on at least a weekly basis and ensures that a stringent policy is adopted to provide for all past due amounts. Subsequent recoveries of amounts previously written-off are credited in the condensed consolidated interim statement of net loss and comprehensive loss.

20. Risk management (continued):

(a) Credit risk (continued):

At June 30, 2020, the Fund had accrued no allowance for uncollectible amounts as such amounts are written off directly to bad debt expense at that time. During the three and six months ended June 30, 2020, the Fund recorded $78 and $100, respectively, to bad debt expense within property operating costs in the condensed consolidated interim statement of net loss and comprehensive loss.

The Fund is actively monitoring the potential impact on credit risk of the novel coronavirus ("COVID-19") global pandemic (note 20(e)).

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices. The investment properties are subject to the risks associated with debt financing, including the risk that mortgages will not be refinanced on terms as favourable as those of the existing indebtedness. As at June 30, 2020, the Fund's investment properties have been reported at fair value which reflects the Fund's best estimate of future cash flows and capitalization rates applicable to the investment properties. The Fund continues to monitor and review the potential impact COVID-19 may have on the future cash flows of its investment properties. It is not possible at the date of issuance of these consolidated financial statements to accurately assess the potential impact that COVID-19 may have on capitalization rates (note 20(e)).

The Fund's objective in managing interest rate risk is to minimize the volatility of the Fund's income. The Fund has the ability to enter into interest rate cap agreements for the variable rate mortgages which protect the Fund from increases in LIBOR beyond stipulated levels. For the three and six months ended June 30, 2020, all else being equal, an increase of ten basis points in LIBOR would impact net loss and comprehensive loss by $35 and $63, and a decrease of ten basis points in LIBOR would impact net loss and comprehensive loss by $33 and $61 respectively.

The Fund continues to actively monitor the potential impact the COVID-19 global pandemic has on market risks applicable to the Fund (note 20(e)).

(c) Liquidity risk:

Liquidity risk is the risk that the Fund may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. To mitigate the risk associated with the refinancing of maturing debt, the Fund staggered the maturity dates of its mortgage portfolio and has options to extend certain mortgages. All of the Fund's current liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

The Fund continues to actively monitor the potential impact the COVID-19 global pandemic has on liquidity risks applicable to the Fund (note 20(e)).

20. Risk management (continued):

(d) Currency risk:

Currency risk is the risk that the Fund encounters from fluctuations in the Canadian/U.S. dollar exchange rate. The revenues and expenses of the investment properties are denominated in U.S. dollars and distributions made to Fund Unitholders are in both Canadian and U.S. dollars. The Fund converts such distribution amounts into Canadian dollars, as applicable, before distributions are paid to Unitholders. As a consequence, distributions are impacted by the prevailing exchange rates.

The Fund utilizes variable rate collar arrangements to provide some protection against the impact of changes in the Canadian/U.S. dollar exchange rate on the Fund’s monthly distributions on Canadian dollar units (note 6).

The Fund continues to actively monitor the potential impact the COVID-19 global pandemic may have on currency risks applicable to the Fund (note 20(e)).

(e) Other Risk:

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus.

Any future changes due to COVID-19 could materially impact the financial results of the Fund, which include potential decreases in collection rates and increases in bad debts. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments may have on the financial results and condition of the Fund in future periods. Other impacts of COVID-19 may include the Fund's ability to access capital on terms consistent with those achieved in the past.

The Fund has undertaken actions to mitigate the effect on the operations of the Fund, with established responses to COVID-19 including various preventative measures and ongoing coordination with on-site property management teams to mitigate the spread of the virus.

Rent relief programs have been provided by the Fund to tenants experiencing financial hardship as a result of COVID-19, including rent deferral and payment plans for future scheduled collection. The Fund continues to monitor collection rates and as at the date of approval of these condensed consolidated interim financial statements, the Fund's collection rate for the properties owned during the three months ended June 30, 2020 was approximately 98.8% of rents and approximately 97.3% of July 2020 rent charges, both of which the Fund expects further collections in future periods. The Fund is also continuing to actively monitor liquidity to ensure appropriate capital is available to fund the ongoing operations of the Fund. The Fund is monitoring and assessing the potential impact COVID-19 may have on any debt refinancing and associated terms as existing indebtedness becomes due and has commenced the process to refinance the mortgages payable at Grand Oak, Southpoint and Teravista (for contractual maturities of mortgages payable, see note 10, and for subsequent events note 23).

21. Fair value measurement of financial instruments:

The Fund uses various methods in estimating the fair values recognized in the consolidated financial statements. The fair value hierarchy reflects the significance of inputs used in determining the fair values:

- Level 1 - quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 - valuation technique for which significant inputs are not based on observable market data.

The following summarizes the significant methods and assumptions used in estimating fair values of the Fund's financial instruments:

- The fair value of the Fund's financial assets, which include utility deposits, tenant and other receivables, restricted cash and cash, as well as financial liabilities, which include tenant rental deposits, accounts payable and accrued liabilities, finance cost payable and distributions payable, approximate their carrying amounts due to their short-term nature (Level 1).
- Derivative financial instruments are considered as Level 2 financial instruments.
- The fair value of mortgages payable is estimated based on the current market rates for debt with similar terms and conditions (Level 2). The fair value of the Fund's mortgages payable as at June 30, 2020 approximated their carrying value.

22. Comparative figures:

The Fund was formed on December 10, 2019 but commenced operations on February 28, 2020. The comparative figure of $1 in net liabilities attributable to Unitholders represents the initial contributions to the Fund by the partners at that time.

23. Subsequent events:

Subsequent to June 30, 2020, the Fund extended the Grand Oak mortgage payable maturity date to September 23, 2020. The interest rate, payment terms and principal outstanding remained unchanged and the Fund incurred a fee of $nil in exchange for the extension of the mortgage payable term.