NEWSLETTER | May 2021

Starlight U.S. Multi-Family (No. 1) Core Plus Fund (the "Fund") is listed on the TSX Venture Exchange (TSXV: SCPO.UN). The Fund currently owns 2,219 suites in seven apartment communities (the "Properties") and is asset managed by Starlight Investments US AM Group LP (the "Manager"). The Fund was established in December 2019 to indirectly acquire, own, and operate a portfolio primarily comprised of income-producing Class "A", institutional quality multi-family real estate assets constructed in 1990 or newer, located in Arizona, California, Colorado, Florida, Georgia, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah, and Washington (the "Primary Markets").

The Fund's core plus strategy is focused on achieving increases in rental rates through high return, light value-add capital expenditures to rental suites, clubhouses and amenities in targeted geographic locations experiencing compelling demand increases due to population and employment growth as well as lifestyle preferences. The light value-add strategy also includes active asset management utilizing reputable, best-in-class United States ("U.S.") based third-party property managers to implement net operating income growth by maximizing rental rates and ancillary revenue opportunities with operational controls to manage and reduce costs. The Fund's presentation currency is U.S. dollars. Unless otherwise stated, dollar amounts expressed are in U.S. dollars.


LaVie Southpark (Charlotte, NC 2015)


Southpoint Crossing (Raleigh, NC 1999)


The Bluffs at Highlands Ranch (Denver, CO 1994)


401 Teravista (Austin, TX 2008)

Significant Events

The Fund significantly increased the number of value-add upgrades completed during the three months ended March 31, 2021 ("Q1 2021") as the Fund upgraded and re-leased 36 suites, achieving an average rent premium of $148 and average return on investment of 23.3% (three months ended December 31, 2020 - 16 upgraded and re-leased). The Fund will continue to focus on increasing the number of in-suite value-add upgrades throughout the remainder of 2021 while ensuring that the targeted rental premiums and return on investment are achieved.

The Fund recognized a fair value gain on investment properties of $30,096 during Q1 2021, contributing to a cumulative 10.6% increase over the aggregate purchase price of the Properties. The fair value gain was primarily driven by capitalization rate compression from increasing demand in the investment market for multi-family properties across the Primary Markets.

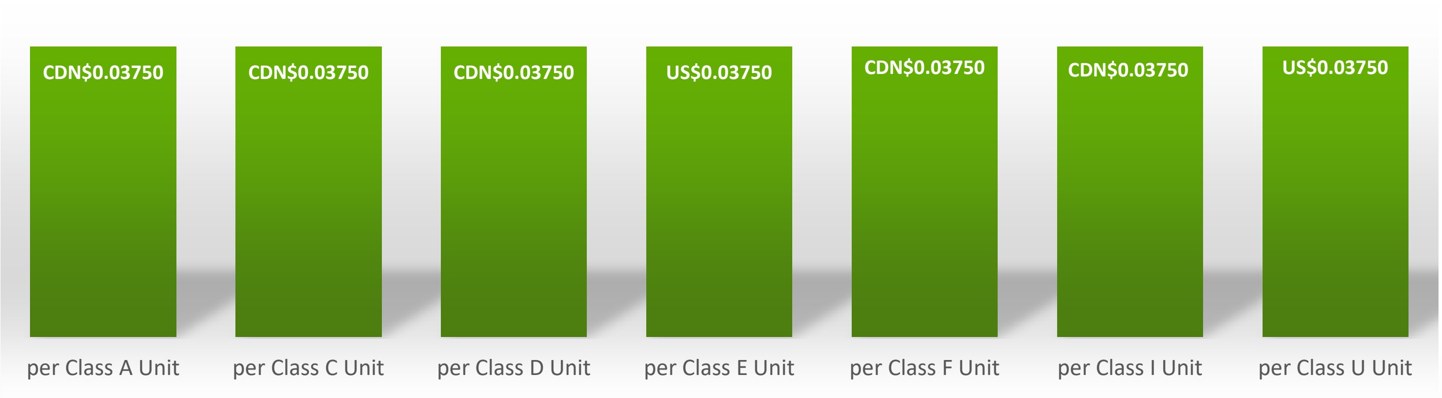
The Fund continued to realize solid operating results for Q1 2021 highlighting the resiliency of its portfolio in light of a more challenging operating environment created by a strain of the coronavirus (SARS – CoV2) ("COVID-19") pandemic. The Fund achieved economic occupancy during Q1-2021 of 93.5% and physical occupancy of 94.2% as at March 31, 2021. As at May 10, 2021, all of the Properties had physical occupancy of approximately 95% or greater with a weighted average occupancy of approximately 96%, putting the Fund in a strong position during upcoming peak leasing months on the back of a continued economic recovery in the U.S.

Despite the challenging operating conditions presented by COVID-19, the Fund was able to achieve rent growth of 1.9% on Grand Oak at Town Park ("Grand Oak"), Tuscany Bay Apartments ("Tuscany Bay") and Autumn Vista Apartments ("Autumn Vista"), the Fund's initial three properties, from March 31, 2020 to March 31, 2021 and annualized rent growth of 1.2% during Q1 2021 across all of the Fund's properties. As at May 10, 2021, the Fund collected approximately 98.2% of rents for Q1-2021. The Fund also anticipates an increase in collections for April 2021 with the Fund collecting approximately 98.0% of rents up to May 10, 2021 and further amounts expected to be collected in future periods.

Unit Information and Distributions

Monthly Distributions

Since inception, the Fund has paid monthly distributions equal to 4.5% on an annualized basis on all outstanding unit classes. The following is a summary of the monthly distribution amounts for each outstanding unit class.



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DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

U.S. Multi-Family Market Trends

Since the onset of COVID-19, unemployment rates initially increased to a peak of approximately 15% in April 2021 followed by a steady decline down driven by the continued economic recovery in the U.S. According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate decreased in March 2021 to 6.0%, however, the local markets where the Fund's properties operate have maintained unemployment rates well below the national average (except for Denver which was marginally above the national average). As well, submarket occupancies and rent growth have held steady with certain market data for April 2021 indicating a significant improvement in the key fundamentals for the multi-family market in the U.S. The Manager continues to closely monitor national and local economic conditions as part of its response to COVID-19 (see below "COVID-19 and Outlook") and is well positioned to take advantage of any continued improvement in the sector's performance.

National Unemployment Rates and Occupancy Levels

According to the U.S. Census Bureau, the U.S. unemployment rate decreased in March 2021 to 6.0%. The Fund's target demographic, the 20 to 34-year-old cohort, has continued to fuel apartment rental demand for newly constructed or renovated apartments. Apartment occupancy rates continued to be strong with MPF Research ("MPF") reporting Q1 2021 U.S. apartment occupancy of 95.5%. Q1 2021 year-over-year rent growth across the U.S. was marginally lower at -0.2%.

Metropolitan Market Information

The Fund owns 2,219 suites in seven cities across six states. The following highlights the key macroeconomic and property data in each city and sub-market.

Atlanta Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Atlanta Metropolitan Area lost approximately 125,600 jobs from March 2020 to March 2021, a decrease of 4.4% primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 4.1% in Atlanta, 190 basis points below the national average of 6.0%. It is expected that unemployment rates will improve as the overall economy recovers from the impact of COVID-19.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Atlanta were 95.4%. Annualized rental growth for the quarter was 1.9%, with year-over-year rent growth increasing to 4.0%. MPF's 2021 forecast for occupancy levels in Atlanta are projected to increase slightly to 95.6%, with rental growth of 5.0%.

Atlanta Submarkets

According to MPF, the Atlanta submarket in which the Fund has invested – Southeast Gwinnett County – remained strong in occupancy during Q1 2021. Southeast Gwinnett County's occupancy rate was 97.1%, with annual rent growth of 6.9%. MPF expects occupancy rates to decrease slightly in this submarket to 96.0% in 2021.

DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

Austin Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Austin Metropolitan Area lost over 14,700 jobs from March 2020 to March 2021, a decrease of 1.3% primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 5.3% in Austin, 70 basis points below the national average of 6.0%. It is expected that unemployment rates in Austin will improve as the overall economy recovers from the impact of COVID-19.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Austin were 93.9%. Annualized rental growth for the quarter was 2.1%, with year-over-year rent growth of -3.0%. MPF's 2021 forecast for occupancy levels in Austin are projected to increase to 95.0%, with flat rental growth.

Austin Submarkets

According to MPF, the Austin submarket in which the Fund has invested – Cedar Park – remained strong in occupancy during Q1 2021. Cedar Park's occupancy rate was 95.5%, with annual rent growth of 0.7%. MPF expects occupancy rates to decline slightly in this submarket to 94.5% in 2021.

Charlotte Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Charlotte Metropolitan Area lost over 39,500 jobs from March 2020 to March 2021, a decrease of 3.2% primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 4.6% in Charlotte, 140 basis points below the national average of 6.0%. It is expected that unemployment rates will improve in Charlotte as the overall economy recovers from the impact of COVID-19.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Charlotte were 95.5%. Annualized rental growth for the quarter was 1.5%, with year-over-year rent growth of 2.1%. MPF's 2021 forecast for occupancy levels in Charlotte are projected to decreased slightly to 95.1%, with 2021 rental growth of 1.9%.

Charlotte Submarkets

According to MPF, the Charlotte submarket in which the Fund has invested – Myers Park – remained strong in occupancy during Q1 2021. Myers Park's occupancy rate was 95.5%, with annual rent growth of -1.0%. MPF expects occupancy rates to decline slightly in this submarket to 94.5% in 2021.

Denver Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Denver Metropolitan Area lost over 67,100 jobs from March 2020 to March 2021, a decrease of 4.4% primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 6.7% in Denver, 70 basis points above the national average of 6.0%.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Denver were 94.6%. Annualized rental growth for the quarter was 0.4%, with year-over-year rent growth at -1.6%. MPF's 2021 forecast for occupancy levels in Denver are projected to increase slightly to 94.4%, with 2021 rental growth projected at 0.9%.

Denver Submarkets

According to MPF, the Denver submarket in which the Fund has invested – Highlands Ranch – had a Q1 2021 occupancy rate of 94.9%, with annual rent growth remaining unchanged. MPF expects occupancy rates in this submarket to slightly decrease to 94.7 % in 2021.

Nashville Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Nashville Metropolitan Area lost over 29,400 jobs from March 2020 to March 2021, a decrease of 2.8%, primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 4.2% in Nashville, 180 basis points below the national average of 6.0%.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Nashville were 94.5%. Annualized rental growth for Q1 2021 was 0.9%, with year-over-year rent growth of -2.2% for Q1 2021. MPF's forecast for occupancy levels in Nashville are projected to increase to 94.8%, with 2021 flat rental growth.

Nashville Submarkets

According to MPF, the Nashville submarket in which the Fund has invested – Murfreesboro/Smyrna – remained strong in occupancy and rental growth during Q1 2021. Murfreesboro/Smyrna occupancy rate was 95.5%, with an annual rent growth of 3.0%. MPF expects occupancy rates to increase slightly in this submarket to 95.6% in 2021.

Raleigh Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Raleigh Metropolitan Area lost over 15,200 jobs from March 2020 to March 2021, a decrease of 2.3% primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 3.9% in Raleigh, 210 basis points below the national average of 6.0%.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Raleigh were 94.8%. Annualized rental growth for the quarter was 0.6%, with year-over-year rent growth of 0.9%. MPF's 2021-year end forecast for occupancy levels in Raleigh are projected to increase slightly to 94.9%, with 2021 rental growth of 2.9%.

DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

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Raleigh Submarkets

According to MPF, the Raleigh submarket in which the Fund has invested – Southwest Durham – remained strong in occupancy and rental growth. Southwest Durham occupancy rate was 94.9%, with an annual rent growth of 1.1%. MPF expects occupancy rates to remain stable in this submarket at 94.9% in 2021.

Tampa Market Trends

Strong Employment Growth

According to the U.S. Bureau of Labor Statistics, the Tampa Metropolitan Area lost over 29,300 jobs from March 2020 to March 2021, a decrease of 2.1% primarily attributable to the impact of COVID-19. The unemployment rate in March 2021 was 4.7% in Tampa, 130 basis points lower than the national average of 6.0%.

Occupancy Projections

According to MPF, Q1 2021 occupancy levels for Tampa were 96.0%. Annualized rental growth for the quarter was 2.4%, with year-over-year rent growth of 4.6%. MPF's 2021 year-end forecast for occupancy levels in Tampa are for a slight decrease to 95.8%, with 2021 rental growth of 3.3%.

Tampa Submarkets

According to MPF, the Tampa submarket in which the Fund has invested – Town and Country/Westchase – had a Q1 2021 occupancy rate of 95.8%, with annual rent growth of 7.0%. MPF expects occupancy rates to decrease to 94.6% in 2021.

Investment Market Update

Commercial real estate investment demand continues to be strong nationally. There is significant demand from real estate private equity firms that have recently raised equity. Capitalization rates for suburban, Class "A", multi-family real estate in the Primary Markets are approximately 3.25% to 4.00%, depending on the quality and location of the apartment community.

As at May 10, 2021, Ten Year U.S. Treasury bonds were yielding approximately 1.57%, U.S. 30-Day London Interbank Offered Rate was approximately 10 basis points and U.S. 30-day Secured Overnight Financing Rate was 1 basis point. All-in interest rates continue to remain low versus historical levels while debt continues to be available at moderate leverage levels.

Property Improvements

In addition to in-suite upgrades, the Fund also undertakes common area capital projects at the Properties, which typically include preventative and deferred maintenance projects to maintain or enhance the productive capacity of the Property as well as common area upgrades to enhance tenant experience and offered amenities at each Property. The Fund's light value-add initiatives are expected to continue to result in significant improvements to common areas,

DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

amenities and building exteriors. The common area capital expenditure projects completed during Q1-2021 are presented in the table below:

Property	Completed during Q1-2021
Tuscany Bay	• No projects completed during Q1-2021
Grand Oak	• No projects completed during Q1-2021
Autumn Vista	• Upgrade of larger compactor and garbage bins • Addition of dog care stations
Southpoint	• Landscaping and upgraded furniture, finishes and artwork in the clubhouse and leasing office • Gutter replacements and damage correction • Parking lot seal and stripe
Teravista	• Bike rack additions • Clubhouse carpet upgrade
The Bluffs	• Upgrade property marketing signage • Wall retention throughout Property • Upgrade of larger compactor and garbage bins
LaVie	• Landscaping upgrades • New pump lift station

Property Management and Rental Rates

Property Management

The Fund benefits from the local real estate expertise and market intelligence of best-in-class property managers. The Altman Companies, a third-party manager in the U.S. with local market expertise and experience in Tampa, provides property management for Tuscany Bay. High 5 Residential, a third-party manager in the U.S. with local market expertise in Nashville, provides property management for Grand Oak. RKW Residential, a third-party manager in the U.S. with local market expertise in Raleigh and Charlotte, provides property management for Southpoint in Raleigh, as well as LaVie in Charlotte. Greystar, the largest third-party manager in the U.S., provides property management for Autumn Vista in Atlanta. Bainbridge, a third-party manger with expertise in Austin provides property management for Teravista. Avenue-5 Residential, a third-party manager with local market expertise in Denver provides property management for The Bluffs.

Utilization of Yield Management Software

The Manager continues to utilize yield management software at all of its properties. This software provides updated pricing on a daily basis, optimizing asking rents and renewal rents in real time, based on supply and demand for different suite types. This rental rate optimization system is similar to those employed by the hotel and airline industries to manage their room rates and flight prices.

Ancillary Services Update

The Manager continues to maximize ancillary revenue by ensuring all ancillary rates are at market levels and explore additional ancillary fees opportunities.

DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

COVID-19 and Outlook

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. Although COVID-19 has resulted in a volatile economy, the Fund is well positioned to navigate through this challenging time and continues to undertake proactive measures at the properties to combat the spread, assist tenants where needed and implement other measures to minimize business interruption.

The Fund's operating results for the Fourth Quarter 2021 have continued to be resilient despite the operating conditions created by COVID-19. The Fund continues to actively monitor any continued impact COVID-19 may have on the Fund's operating results in future periods specifically as they relate to rent collections, occupancy, rent growth, ancillary fees and expenses incurred for preventative measures in response to COVID-19.

COVID-19 immunization programs have commenced 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. According to the U.S. Department of Labor, unemployment rates for March 2021 declined to 6.0% (from a peak of approximately 15% in April 2020) with employment gains 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.

Certain market data published during March and April 2021 also highlights a positive outlook for key multi-family fundamentals including strengthening occupancy, rent growth and collection rates which have started to translate into the operating results, including in the Primary markets. These trends, in conjunction with the Primary Markets exhibiting sustained job and population growth historically as a result of lifestyle choices as well as positive net migration, should continue to support further demand for multi-family apartments in future periods. In addition, previous economic downturns have typically been followed by periods of above market rent growth for multi-family properties in the U.S.

COVID-19 has also significantly disrupted active and new construction of comparable product in the markets the Fund operates in which may create a temporary imbalance in supply of comparable, multi-suite residential properties. This imbalance, alongside the continued economic recovery and improving fundamental statistics, could be supportive of favourable supply and demand conditions for the properties and could result in future increases in occupancy and rent growth. The Fund believes it is well positioned to take advantage of these conditions should they transpire given the quality of its properties and the benefit of having a tenant pool employed across a diverse job base. Since the COVID-19 outbreak commenced, based on available investment sales information, capitalization rates in the markets the Fund operates in have compressed on average by approximately 50-75 basis points.

DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

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For more information visit www.starlightus.com or contact:

Evan Kirsh President Starlight U.S. Multi-Family (No. 1) Core Plus Fund +1-647-725-0417 ekirsh@starlightus.com	**Martin Liddell** Chief Financial Officer Starlight U.S. Multi-Family (No. 1) Core Plus Fund +1-647-729-2588 mliddell@starlightinvest.com

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This Newsletter is not intended for distribution in any jurisdiction that would require the filing of a prospectus, registration statement, offering memorandum or similar document under the applicable laws of such jurisdiction or would result in the Fund having any reporting or other obligation in such jurisdiction. Accordingly, neither the Fund nor the Manager has done anything that would permit the possession or distribution of this Newsletter in any jurisdiction where action for that purpose is required.

The Fund's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms used in this Newsletter 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 Management Discussion & Analysis and are available on the Fund's profile on SEDAR at www.sedar.com.

This Newsletter contains statements that may constitute forward-looking information within the meaning of Canadian securities laws and which reflect current expectations of the Fund's management regarding future events, including statements concerning the impact of COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's listed units, acquisitions, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, average monthly rent, taxes, and plans and objectives of or involving the Fund. Particularly, matters described at "Future Outlook and COVID-19" 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.

The forward-looking statements involve risks and uncertainties, including those discussed in the Fund's materials filed with the Canadian securities regulatory authorities from time to time at www.sedar.com, which could cause the actual results and performance of the Fund to differ materially from the forward-looking statements contained in this Newsletter. 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 mortgage financing and current interest rates; the extent of competition for properties; the ability of the Fund to benefit from its value-add program; 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 of the Fund; 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 the COVID-19 on the Fund's business, operations and performance or the volatility of the Fund's units; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) 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.

This newsletter contains statistical data, market research and industry forecasts that were obtained from government and industry publications and reports or are based on estimates derived from such publications and reports and the Manager's knowledge of, and experience in, the markets in which the Fund operates. Actual outcomes may vary materially from those forecast in such publications or reports. While the Fund and its Manager believe this data to be reliable, market and industry data cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed.

DIRECT CONTACT T 416-234-8444 F 416-234-8445 E info@starlightus.com

Starlight™ U.S. Multi-Family