STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND ANNOUNCES RESILIENT Q2 2020 FINANCIAL RESULTS WITH STRONG COLLECTIONS AND A SIGNIFICANTLY IMPROVED AFFO PAYOUT RATIO

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Toronto – **August 5, 2020** – Starlight U.S. Multi-Family (No.1) Core Plus Fund (TSXV: SCPO.UN) (the “Fund”) announced today its results of operations and financial condition for the three months ended June 30, 2020 (the "Second Quarter”) and six months ended June 30, 2020, which includes 124 days of operating activities representing the period from the closing date of the Fund’s initial public offering on February 28, 2020 (the “Offering”) to June 30, 2020 (the “Initial Reporting Period”).

All amounts in this press release are in thousands of United States (“U.S.”) dollars except for average monthly rent (“AMR”) or unless otherwise stated. All references to “C$” are to Canadian dollars.

ACQUISITION AND LIQUIDITY HIGHLIGHTS

- The Fund completed the acquisition of Southpoint Crossing (“Southpoint”) on April 30, 2020 and 401 Teravista (“Teravista”) on May 28, 2020 (“Subsequent Acquisitions”), adding 608 suites in two attractive markets, Raleigh and Austin, further geographically diversifying the Fund’s holdings.
- Following the Subsequent Acquisitions, the Fund has approximately $29,438 of available liquidity including approximately $24,000 remaining from the proceeds of the Offering to acquire additional properties and $5,438 of additional liquidity available to draw from the capital lines associated with the mortgages at the properties to fund future capital expenditures. The Fund has commenced the refinancing of mortgages payable for Grand Oak at Town Park (“Grand Oak”), Southpoint and Teravista to increase the available funds for future acquisitions and continues to evaluate opportunities to acquire additional properties.

SECOND QUARTER HIGHLIGHTS

- Revenue from property operations for the Second Quarter was $4,791, representing an increase of $1,097 or 29.7% compared to the financial forecast included in the Fund’s prospectus dated January 31, 2020 (the “Forecast”) primarily as a result of the Subsequent Acquisitions not being included in the Forecast. Excluding the Subsequent Acquisitions, revenue from property operations for the Second Quarter was $3,670, materially in line with the Forecast.
- Total portfolio net operating income (“NOI”) for the Second Quarter was $2,785, representing an increase of $585 or 26.6% compared to the Forecast primarily as a result of the Subsequent Acquisitions not being included in the Forecast. Excluding the Subsequent Acquisitions, NOI for the Second Quarter was $2,145, slightly behind the Forecast by $56 or 2.5%.
- Interest expense on mortgages payable for the Second Quarter was $786, representing a decrease of $99 or 11.3% compared to the Forecast primarily as a result of reductions in the U.S. 30-day London Interbank Offered Rate (“LIBOR”) partially offset by the interest expense on Subsequent Acquisitions not being included in the Forecast. Excluding the Subsequent Acquisitions, interest expense for the Second Quarter was $593, significantly below the Forecast by $292 or 33%. The Fund’s weighted average interest rate for the Second Quarter was 2.16% and 2.03% as at June 30, 2020.
- The Fund's solid operating results for the Second Quarter highlight the resiliency of the Fund’s portfolio given the operating conditions created by the novel coronavirus (“COVID-19”). Although NOI was slightly below the Forecast for the Second Quarter (excluding the Subsequent Acquisitions), the Fund achieved significant reductions in interest expense on mortgages payable as a result of reductions in LIBOR which more than offset the lower NOI.
- Adjusted funds from operations (“AFFO”) for the Second Quarter was $1,564, representing an increase of $608 or 63.6% relative to the Forecast primarily due to the higher than forecasted NOI attributable to the NOI for the Subsequent Acquisitions, which was not included in the Forecast, and lower than forecasted interest expense on mortgages payable as a result of reductions in LIBOR being partially offset by higher than forecasted fund and trust expenses attributable to the Forecast not including asset management fees for the Subsequent Acquisitions.
- The AFFO payout ratio for the Second Quarter was 113.0%, relative to the Forecast of 95.9%, with the increase primarily as a result of higher than forecasted distributions partially offset by higher than forecasted AFFO. The Fund elected to pay the targeted 4.5% annualized distribution during the Second Quarter even though 100% of the Offering proceeds were not fully deployed. Assuming the Fund had paid distributions based on the actual equity deployed during the Second Quarter, distributions would have been $1,248 and the AFFO payout ratio would have been 79.8%, significantly below the forecasted AFFO payout ratio of 95.9% (see “Non-IFRS Financial Measures”).
- The Fund continues to actively monitor the continued impact COVID-19 may have on the Fund's operating results in future periods. Up to the date of issuance of this news release, the Fund collected approximately 98.8% of rents for the Second Quarter. The Fund also achieved economic occupancy for the Second Quarter of 93.2% and was 94.0% occupied as at June 30, 2020 (see "COVID-19 Impact").

COVID-19 IMPACT

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic.

The Manager continues to monitor the impact of COVID-19 on the Fund's operations and future outlook. Although COVID-19 has resulted in an unprecedented operating environment and volatile economy, the Fund is well positioned to navigate through this challenging time and continues to undertake proactive measures at the properties, assist tenants where required and implement other measures to minimize business interruption. The measures that have been implemented include leasing being moved to virtual platforms, access to common areas being restricted and increased sanitation measures being implemented to combat the spread of the virus. The Fund continues to follow the directions provided by the Federal and State governments and public health authorities.

The Tampa, Nashville, Atlanta, Raleigh and Austin markets have exhibited sustained job and population growth historically and benefited from the on-going shift away from home ownership, including as a result of lifestyle choices as well as positive net migration. It is too early to assess the impact of COVID-19 on these favourable long-term trends. COVID-19 has significantly disrupted active and new construction of comparable product in these markets which may create a temporary imbalance in supply of comparable, multi-suite residential properties. This imbalance could be supportive of favourable supply and demand conditions for the properties and may present the opportunity for the Fund to be able to acquire other assets on favourable terms. The Fund will also continue to focus on optimizing occupancy, rent growth and collections during the COVID-19 outbreak.

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

Further disclosure surrounding the impact of COVID-19 are included in the Fund's management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2020 under the Fund's profile, which is available on www.sedar.com.

		As at June 30, 2020
Operational Information [1]		
Number of properties		5
Total suites		1,558
Economic occupancy [2]		93.2%
AMR (in actual dollars)		$ 1,238
AMR per square foot (in actual dollars)		$ 1.24
Summary of Financial Information		
Gross book value		$297,870
Indebtedness		$167,272
Indebtedness to gross book value		56.2%
Weighted average mortgage interest rate - period end [3]		2.03%
Weighted average mortgage term to maturity		0.72 years
	Second Quarter	**Six months ended June 30, 2020**
Summary of Financial Information		
Revenue from property operations	$4,791	$6,145
Property operating costs	($1,345)	($1,714)
Property taxes [4]	($661)	($836)
Income from rental operations / NOI	$2,785	$3,595
Net income and comprehensive income	($595)	($1,147)
Funds from operations ("FFO")	$1,494	$1,866
FFO per unit - basic and diluted	$0.07	$0.08
AFFO	$1,564	$1,941
AFFO per unit - basic and diluted	$0.07	$0.09
Weighted average mortgage interest rate - average during reporting period [5]	2.16%	2.57%
Interest coverage ratio	3.07 x	2.86 x
Indebtedness coverage ratio	3.07 x	2.86 x
FFO payout ratio	118.3%	126.3%
AFFO payout ratio	113.0%	121.4%
Weighted average units outstanding (000s) - basic and diluted [6]	22,181	22,181

(1) The Fund commenced operations following the acquisition of Grand Oak, Tuscany Bay Apartments and Autumn Vista Apartments on February 28, 2020 and subsequently acquired Southpoint on April 30, 2020 and Teravista on May 28, 2020.

(2) Economic occupancy for the Initial Reporting Period.

(3) The weighted average mortgage interest rate is presented as at June 30, 2020 reflecting LIBOR as at that date.

(4) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee interpretations 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.

(5) The weighted average mortgage interest rate presented for the three and six months ended June 30, 2020 reflects the average LIBOR rate prevailing throughout each period presented.

(6) Conversions can be made between certain classes of the Fund's units based on conversion ratios calculated consistent with the Fund's second amended and restated limited partnership agreement (the "Conversion Ratios"). The weighted average units outstanding during the three months ended June 30, 2020 was 22,181 which converts all outstanding units to a Class A unit equivalent based on the Conversion Ratios.

CASH USED BY OPERATING ACTIVITIES RECONCILIATION TO AFFO

The Fund was formed as a "closed-end" limited partnership with an initial term of three years, a targeted yield of 4.5% and a targeted minimum 12% pre-tax investor internal rate of return across all classes of units. Although the payout ratio was in excess of 100% for the Initial Reporting Period, this was entirely due to the Fund electing to pay the 4.5% targeted annualized distribution for the Fund even though 100% of the Offering proceeds have not yet been fully deployed. As the Fund continues to deploy the remaining equity raised from the Offering, the Fund anticipates that FFO and AFFO will increase and the FFO and AFFO payout ratios will decrease. The temporary shortfall in funds from operations relative to distributions paid was funded from the Fund's cash position.

A reconciliation of cash used in operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the Second Quarter and six months ended June 30, 2020 is presented below:

	Second Quarter	Six months ended June 30, 2020
Cash provided by operating activities	$ **5,325**	$ **1,613**
Less: interest paid	(772)	(1,075)
Cash provided by operating activities - including interest paid	**4,553**	**538**
Add / (Deduct):		
Change in non-cash operating working capital	(3,340)	(124)
Change in restricted cash	429	1,625
Vacancy costs associated with the suite upgrade program	16	22
Sustaining capital expenditures and suite renovation reserves	(94)	(120)
AFFO	$ **1,564**	$ **1,941**

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.

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

The Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario) for the primary purpose of indirectly acquiring, owning and operating a portfolio of value-add, income producing rental properties in the United States multi-family real estate market. The Fund currently owns interests in five properties, consisting of 1,558 suites with an average year of construction in 2003.

For the Fund's complete condensed consolidated interim financial statements and MD&A for the three and six months ended June 30, 2020 and any other information relating to the Fund, please visit www.sedar.com. Further details regarding the Fund's unit performance and distributions, market conditions where the Fund's properties are located, performance by the Fund's properties and a capital investment update are also available in the Fund's August 2020 Newsletter which is available on the Fund's profile at www.starlightus.com.

NON-IFRS FINANCIAL MEASURES

The Fund's consolidated financial statements are prepared in accordance with IFRS. Certain terms that may be used in this press release including AFFO, AFFO payout ratio, AMR, economic occupancy, FFO, FFO payout ratio, gross book value, indebtedness, indebtedness coverage ratio, indebtedness to gross book value, interest coverage ratio and NOI (collectively, the "Non-IFRS Measures") as well as other measures discussed elsewhere in this press release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. Details on Non-IFRS Measures are set out in the Fund's MD&A for the three and six months ended June 30, 2020 are available on the Fund's profile on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws and which reflect the Fund's current expectations regarding future events, including the overall financial performance of the Fund and its properties, including the impact of COVID-19 on the business and operations of the Fund.

Forward-looking information is provided for the purposes of assisting the reader in understanding the Fund's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, the impact of COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's listed units, acquisitions, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, acquisitions, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes and plans and objectives of or involving the Fund. In some cases, forward-looking information can be identified by terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “seek”, “aim”, “estimate”, “target”, “goal”, “project”, “predict”, “forecast”, “potential”, “continue”, “likely”, “schedule”, or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the ability to deploy the remaining proceeds from the Offering; 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; 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 ability to deploy the remaining proceeds from the Offering; 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 ability to complete value-add initiatives; the extent of competition for properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of Starlight Investments US AM Group LP, the manager of the Fund, to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws.

The forward-looking information included in this press release relate only to events or information as of the date on which the statements are made in this press release. Except as specifically required by applicable Canadian law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

To learn more about Starlight U.S. Multi-Family (No. 1) Core Plus Fund, visit www.starlightus.com or contact:

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