STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND ANNOUNCES CONTINUED FINANCIAL RESILIENCY AND NORMALIZED AFFO PAYOUT RATIO OF 72.3%

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Toronto – **November 12, 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 September 30, 2020 (the "Third Quarter”) and nine months ended September 30, 2020, which includes 216 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 September 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.

THIRD QUARTER HIGHLIGHTS

- The Fund continued to achieve solid operating results for the Third Quarter, highlighting the resiliency of the Fund’s portfolio in light of a challenging operating environment created by the novel coronavirus global pandemic (“COVID-19”). As at the date of issuance of this press release, the Fund had collected approximately 98.3% of rents for the Third Quarter and achieved economic occupancy for the Third Quarter of 95.5%.
- Net operating income (“NOI”) was 48.1% above the financial forecast included in the Fund’s prospectus dated January 31, 2020 (the “Forecast”) for the Third Quarter due to the acquisition of Southpoint Crossing (“Southpoint”) and 401 Teravista (“Teravista”) (together, the “Subsequent Acquisitions”) which were not included in the Forecast. In addition, the Fund achieved significant reductions in interest expense on mortgages payable as a result of a declining U.S. 30-day London Interbank Offered Rate (“LIBOR”). The Fund’s weighted average interest rate during the Third Quarter was 2.03% (as at September 30, 2020 – 2.02%).
- The adjusted funds from operations (“AFFO”) payout ratio for the Third Quarter was 86.3% (Forecast - 83.3%), with the slight increase over the Forecast 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 Third Quarter even though 100% of the Offering proceeds had not yet been fully deployed. Assuming the Fund had paid distributions based on the actual equity deployed during the Third Quarter, distributions would have been $1,544 and the AFFO payout ratio would have been 72.3%, significantly below the forecasted AFFO payout ratio of 83.3% (see “Non-IFRS Financial Measures”).
- Revenue from property operations for the Third Quarter was $6,071, representing an increase of $2,173 or 55.7% compared to 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 Third Quarter was $3,830, marginally behind the Forecast by $67 or 1.7%. The Fund achieved annualized rent growth of approximately 1.7% for the period from March 31, 2020 to September 31, 2020 during the COVID-19 pandemic despite significant declines in AMR for multi-family properties in the U.S. rental markets in which the Fund owns properties.
- During the Third Quarter, the Fund recorded a fair value gain on investment properties of $16,769, representing an average increase of 5.7% over the purchase prices paid for the Fund’s properties.
- Net income and comprehensive income attributable to Unitholders for the Third Quarter was $10,594, representing an increase of $10,726 relative to the Forecast.
- AFFO for the Third Quarter was $2,135, representing an increase of $1,035 or 94.1% relative to the Forecast primarily due to 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 partially offset by higher than forecasted fund and trust expenses attributable to the Forecast not including asset management fees for the Subsequent Acquisitions.
- Subsequent to September 30, 2020, the Fund secured a $250,000 credit facility to strategically reposition its debt capital structure (the “Credit Facility”) and obtained an initial draw of $127,650 to refinance the mortgages payable for each of Grand Oak at Town Park (“Grand Oak”), Southpoint and Teravista (the “Mortgage Refinancing”) which resulted in net proceeds to the Fund of approximately $26,800 (see “Subsequent Events”). The Credit Facility has a four-year term with interest only payments until maturity at the U.S. 30-day Secured Overnight Financing Rate plus 2.35%. The remaining committed availability on the Credit Facility of $122,350 provides the Fund with significant financing capacity for future acquisitions and refinancings. Upon completion of the Mortgage Refinancing as at October 15, 2020, the Fund’s weighted average interest rate was approximately 2.19% and the weighted average term to maturity was extended to 2.90 years.
- Upon completion of the Mortgage Refinancing, the Fund had approximately $51,874 of available liquidity and $3,094 of additional liquidity available to draw from the capital lines associated with the mortgages at the properties to fund future

capital expenditures. The Fund is continuing to evaluate additional acquisition opportunities which meet the investment criteria and objectives of the Fund.

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. The Fund’s operating results for the Third Quarter continued to be positive despite the unprecedented operating conditions created by COVID-19. The Fund is well positioned to navigate through this challenging time and continues to undertake proactive measures at the properties, assist tenants where required and implement other measures to minimize business interruption. The measures that have been implemented include leasing increasingly through electronic platforms with in-person leasing tours being conducted only where requested and access to common areas being restricted or increasingly sanitized to combat the spread of the virus. The Fund continues to follow the directions provided by the Federal and State governments and public health authorities.

The ongoing response to COVID-19 varies by state and local jurisdictions and some of the state governments have implemented stay at home orders and other measures to minimize the spread of the virus. These uncertain economic conditions resulting from COVID-19 may adversely impact the demand for residential housing or rental collection rates in future periods. However, the Tampa, Nashville, Atlanta, Raleigh 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 some capital expenditures to preserve the Fund’s liquidity and comply with applicable laws or to those which the Fund believes will generate a strong return despite the uncertainty caused by the outbreak.

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

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

FINANCIAL CONDITION AND OPERATING RESULTS

		As at September 30, 2020
Operational Information (1)		
Number of properties		5
Total suites		1,558
Economic occupancy (2)		95.5%
AMR (in actual dollars)		$1,241
AMR per square foot (in actual dollars)		$1.24
Summary of Financial Information		
Gross book value		$315,562
Indebtedness(3)		$167,622
Indebtedness to gross book value		53.1%
Weighted average mortgage interest rate - period end (4)		2.02%
Weighted average mortgage term to maturity(3)		0.47 years
	Third Quarter	**Nine months ended September 30, 2020**
Summary of Financial Information		
Revenue from property operations	$6,071	$12,216
Property operating costs	($1,747)	($3,461)
Property taxes (5)	($841)	($1,677)
Income from rental operations / NOI	$3,483	$7,078
Net income and comprehensive income	$10,594	$9,447
Funds from operations ("FFO")	$2,027	$3,893
FFO per unit - basic and diluted	$0.09	$0.18
AFFO	$2,135	$4,076
AFFO per unit - basic and diluted	$0.10	$0.18
Weighted average mortgage interest rate - average during reporting period (6)	2.03%	2.16%
Interest coverage ratio	3.57 x	3.20 x
Indebtedness coverage ratio	3.57 x	3.20 x
FFO payout ratio	90.9%	107.9%
AFFO payout ratio	86.3%	103.0%
Weighted average units outstanding (000s) - basic and diluted	22,181	22,181

(1) The Fund commenced operations following the acquisition of Grand Oak, Tuscany Bay Apartments and Autumn Vista Apartments ("Autumn Vista") on February 28, 2020 and subsequently acquired Southpoint on April 30, 2020 and Teravista on May 28, 2020.
(2) Economic occupancy for the Third Quarter.
(3) Subsequent to September 30, 2020, the Fund completed the Mortgage Refinancing (see "Subsequent Events"). Upon completion of the Mortgage Refinancing, the Fund's weighted average term to maturity was extended to 2.90 years as at October 15, 2020.
(4) The weighted average mortgage interest rate is presented as at September 30, 2020 reflecting LIBOR as at that date. Upon completion of the Mortgage Refinancing, the Fund's weighted average interest rate was approximately 2.19% as at October 15, 2020.
(5) 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.
(6) The weighted average mortgage interest rate presented for Third Quarter and nine months ended September 30, 2020 reflects the average LIBOR rate prevailing throughout each period presented. The LIBOR rate for the nine months ended September 30, 2020 has been adjusted to reflect the operating period from February 28, 2020 to September 30, 2020.

CASH USED BY OPERATING ACTIVITIES RECONCILIATION TO AFFO

The Fund was formed as a “closed-end” limited partnership with an initial term of three years, a targeted yield of 4.5% and a targeted minimum 12% pre-tax investor internal rate of return across all classes of units. Although the AFFO 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 during the Initial Reporting Period was funded from the Fund’s cash position. There was no such shortfall during the Third Quarter.

A reconciliation of cash used in operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the Third Quarter and nine months ended September 30, 2020 are provided below:

	Third Quarter	Nine months ended September 30, 2020
Cash provided by operating activities	**$ 3,940**	**$ 5,554**
Less: interest paid	(872)	(1,947)
Cash provided by operating activities - including interest paid	**3,068**	**3,607**
Add / (Deduct):		
Change in non-cash operating working capital	(1,126)	(1,250)
Change in restricted cash	304	1,928
Vacancy costs associated with the suite upgrade program	7	29
Sustaining capital expenditures and suite renovation reserves	(118)	(238)
AFFO	**$ 2,135**	**$ 4,076**

SUBSEQUENT EVENTS

Subsequent to September 30, 2020, the Starlight U.S. Multi-Family (No. 1) Core Plus REIT Inc. issued 125 series A, preferred shares ("shares") that are held by U.S. residents. The shares are redeemable at the option of Starlight U.S. Multi-Family (No.1) Core Plus REIT Inc., a subsidiary of the Fund, at a redemption value of $1 per share. The shares pay a cumulative dividend at 12% per annum, semi-annually on June 30 and December 31, and have no voting rights.

On October 15, 2020, the Fund entered into the Credit Facility and completed the Mortgage Refinancing (see "Third Quarter Highlights"). As part of the Mortgage Refinancing, the Fund also entered into an interest rate cap for a term of three years which effectively provides for a maximum interest rate of 4.10% on the total principal outstanding under the Mortgage Refinancing. The Mortgage Refinancing proceeds were primarily used to repay the existing mortgages payable at Grand Oak, Southpoint and Teravista and repay $6,952 of the mortgage payable at Autumn Vista.

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 nine months ended September 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 November 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 nine months ended September 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 including the availability of multi-family properties to acquire and the Fund's ability to source properties to acquire; 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 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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