

## FOR IMMEDIATE RELEASE

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND ANNOUNCES 2016 AFFO 3.3% ABOVE FORECAST AND SOLID MARKET GROWTH FOR ITS INITIAL REPORTING PERIOD

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**TORONTO, March 7, 2017** – Starlight U.S. Multi-Family (No. 5) Core Fund (TSX.V: STUS.A, STUS.U) (the “Fund”) today announced its results of operations and financial condition for the period from August 26, 2016 (date of formation) to December 31, 2016 (the “Initial Reporting Period”). The Fund commenced operations on October 18, 2016 after the exchange of limited partnership units of Starlight U.S. Multi-Family Core Fund, Starlight U.S. Multi-Family (No. 2) Core Fund, Starlight U.S. Multi-Family (No. 3) Core Fund, and Starlight U.S. Multi-Family (No. 4) Core Fund (the “Arrangement Funds”) and common shares of Campar Capital Corporation for limited partnership units (“units”) of the Fund, collectively (the “Plan of Arrangement”) and after closing its initial public offering (the “Offering”).

All amounts in this news release are in thousands of United States dollars unless otherwise stated. All references to “C\$” are to Canadian dollars. The forecast figures below represent the financial forecast (the “Forecast”) as set out in the final long form prospectus of the Fund dated October 12, 2016.

### Initial Reporting Period Highlights

- Successful creation of unique, 2011 average vintage, Class “A” diversified sun belt portfolio.
- On October 18, 2016, commenced operations of 5,882 suites in 20 new Class “A” properties located in the States of Florida, Georgia, North Carolina and Texas (the “Arrangement Properties”).
- On October 18, 2016, completed the Offering for aggregate gross proceeds of \$47,020 to partly finance the acquisitions of South Blvd Apartments, Las Vegas, Nevada (October 18, 2016); The Views at Coolray Field, Atlanta, Georgia (October 20, 2016); and City North at Sunrise Ranch, Austin, Texas (October 31, 2016) (the “IPO Properties”) collectively with the Arrangement Properties, (the “Portfolio”).
- Increased scale and geographical diversification of the Portfolio through the acquisition of the IPO Properties, consisting of three new Class “A” properties in attractive target markets of Atlanta, Austin and Las Vegas. The resulting Class “A” Portfolio totaling 6,792 suites has a weighted average year of completion of 2011.
- On October 19, 2016, entered into a C\$23M credit facility to partly finance the acquisitions of the IPO Properties and to provide additional liquidity for future initiatives.
- Refinanced five properties for gross proceeds of \$171,679 and repaid existing mortgages on these properties as well as all of the Fund’s outstanding mezzanine loans. The new loans have a five year term and were refinanced at an effective rate of 2.97%, a significant reduction from the weighted average interest rate on the loans repaid of 3.89%.
- For the Initial Reporting Period, the Fund’s adjusted funds from operations (“AFFO”) was 3.3% above Forecast, AFFO per unit was \$0.11 (Forecast - \$0.11) and the AFFO payout ratio at 90.4% was a 380 basis point improvement to Forecast.
- As at December 31, 2016, the Fund’s indebtedness to gross book value was 65.4%, within the Fund’s targeted range.
- The Fund’s interest coverage ratio was a strong 2.99 times for the Initial Reporting Period.

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- The Fund's weighted average interest rate on mortgages payable was 2.90% and the weighted average term to maturity was 4.23 years as at December 31, 2016.

## Portfolio Highlights

The following property level highlights for the three and twelve months ended December 31, 2016 include periods in which the Arrangement Properties were owned by the Arrangement Funds:

- Portfolio Average Monthly Rent ("AMR") increased by 2.0% to \$1,167 and economic occupancy was 93.1% during the twelve months ended December 31, 2016.
- Same property AMR increased by 2.4% during the twelve months ended December 31, 2016 reflecting strong growth in Austin, Dallas, Orlando / Tampa (average – 5.3%) partly offset by weaker demand in the Houston market due to the impact on the local economy of the lower price of oil.
- Net Operating Income ("NOI") growth of 27.3% and a 150 basis points increase in NOI margin to 57.9% for the three months ended December 31, 2016 was driven by contributions from the IPO Properties and rent growth across the Portfolio.
- Same property NOI growth of 3.1% and a 60 basis points increase in same property NOI margin to 57.2% for the three months ended December 31, 2016, was primarily driven by significant margin increases in the Orlando / Tampa markets due to AMR growth of 5.6%, occupancy increases and cost reductions.

## Operating Results

The Funds revenue from property operations for the Initial Reporting Period was \$19,679 and NOI was \$14,438, compared to the Forecast of \$19,773 and \$14,597, respectively. Revenue from property operations was \$94 or 0.5% lower than Forecast, which the Fund attributed to slightly lower than forecasted rental rates in the Austin and Houston markets. Occupancy was in-line with the Forecast at 92.9%. NOI was \$159 or 1.1% lower than Forecast due to slightly lower revenue from property operations coupled with slightly higher general and administrative costs. As at December 31, 2016, the Fund's AMR was \$1,167 and AMR per square foot was \$1.21. AFFO was 3.3% above the Forecast during the Initial Reporting Period resulting in both AFFO per unit and the AFFO payout ratio being superior to Forecast. The Fund considers AFFO to be an important measure in determining the sustainability of future distributions to be paid to Unitholders.

## Financial Position

As of December 31, 2016, the Fund's indebtedness to gross book value was 65.4%. The Fund had a strong interest coverage ratio and indebtedness coverage ratio for the Initial Reporting Period of 2.99 and 2.84 times respectively. The weighted average interest rate on the Fund's mortgages payable was 2.90% as at December 31, 2016, an improvement from 3.05% when the Fund first owned all 23 properties as at October 31, 2016, despite U.S. 30-day LIBOR increasing during the Initial Reporting Period from 0.53% to 0.77%. The Fund currently has C\$11M of unused capacity on its credit facility. From November 1, 2016 to December 31, 2016 the Fund purchased and cancelled 196,000 class A limited partnership units ("Class A units") under the normal course issuer bid (the "NCIB") for C\$1,730, the equivalent of \$1,296.

## Subsequent Events

As of March 7, 2017 and subsequent to December 31, 2016, the Fund had purchased an additional 155,900 Class A units under the NCIB at a total cost of C\$1,426, the equivalent of \$1,082.



## About Starlight U.S. Multi-Family (No. 5) Core 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 diversified income producing rental properties in the U.S. multi-family real estate market. The Fund currently owns 23 properties, consisting of 6,792 suites with an average year of completion in 2011.

For complete consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the Initial Reporting Period, and any other information relating to the Fund, please visit [www.sedar.com](http://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 March 2017 Newsletter which is available on the Fund's profile at [www.starlightus.com](http://www.starlightus.com).

## Non-IFRS Financial Measures


The Fund's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms used in this news release including NOI, "same property", AFFO, indebtedness, gross book value, indebtedness to gross book value, interest coverage ratio and indebtedness coverage ratio (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 Initial Reporting Period and are available on the Fund's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## Forward-looking Statements

Certain statements contained in this news release constitute forward-looking information within the meaning of Canadian securities laws. 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, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes, the Fund's use of its NCIB, and plans and objectives of or involving the Fund. Particularly, matters described at "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking 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. 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 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 population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of Starlight Group Property Holdings Inc., the manager of the Fund to manage and operate



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the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws.

Although the Fund believes the expectations reflected in such forward-looking information are reasonable and represent the Fund's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information.

Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing for such properties, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this news release relate only to events or information as of the date on which the statements are made in this news 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. 5) Core Fund, visit [www.starlightus.com](http://www.starlightus.com) or contact:

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