STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND ANNOUNCES THIRD QUARTER 2019 FINANCIAL RESULTS INCLUDING SAME PROPERTY NOI GROWTH OF 10.8%

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Toronto – **November 14, 2019** – Starlight U.S. Multi-Family (No.1) Value-Add Fund (TSXV: SUVA.A) (TSXV: SUVA.U) (the "Fund") announced today its results of operations and financial condition for the three months ended September 30, 2019 (the "Third Quarter") and for the nine months ended September 30, 2019.

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.

Value-Add Program Highlights

- The Fund continued to implement its value-add capital improvement program during the Third Quarter. Rental premiums continued to increase during the Third Quarter as the Fund upgraded and re-leased 89 suites achieving average rent increases of $223 per month per suite representing an estimated average return on investment of 27.6%. Since inception of the Fund, 385 suites have been upgraded and re-leased achieving average rent increases of $188 per month per suite and an estimated average return on investment of 26.9%. The Fund's value-add initiatives have resulted in significant improvements to common areas, amenities and building exteriors.

Third Quarter Highlights

- Total portfolio revenue from property operations for the Third Quarter was $4,800, an 8% increase over the same period in the prior year primarily as a result of same property revenue growth of 6.2% as well as the acquisition of the remaining outstanding interests in The Veranda on April 12, 2019. Same property revenue growth for the Third Quarter was primarily driven by a 200 basis point increase in same property occupancy to 94.4%, same property ancillary income growth of 7.6% excluding non-recurring recoveries in the prior period and same property AMR growth of 4.4% reflecting the impact of the Fund's value-add capital improvements program.
- Total portfolio net operating income ("NOI") for the Third Quarter was $2,820 (three months ended September 30, 2018 - $2,510), representing an increase of $310 or 12.4% relating to same property NOI growth of 10.8%, driven by a strong same property revenue increase and a reduction in same property operating costs attributable to efficient cost management at the properties, as well as the acquisition of the remaining ownership interest in The Veranda, being partially offset by increases in same property taxes.
- The Fund recognized a fair value gain on the Fund's investment properties (the "Properties") during the Third Quarter of $2,726 based on the value of consideration that the unitholders of the Fund ("Unitholders") are expected to receive as part of the acquisition transaction described further below (see "Subsequent Events").
- Adjusted Funds from Operations ("AFFO") for the Third Quarter increased by 19.9% to $933 (three months ended September 30, 2018 - $778) resulting in an AFFO payout ratio of 104.7% (three months ended September 30, 2018 – 123.3%).
- Portfolio AMR as at September 30, 2019 was $1,274, an increase of 4.6% from $1,218 as at September 30, 2018. The strong rental growth continues to reflect increasing average rents from suites which were upgraded and re-leased as part of the value-add capital improvement program (see "Third Quarter Value-Add Initiatives").

Subsequent Events

On November 14, 2019, the Fund entered into an agreement with Clearwater U.S. Multi-Family (No. 2) Holding LP (the “Purchaser”), a limited partnership formed by the Public Sector Pension Investment Board (“PSP”) and Daniel Drimmer, Chief Executive Officer and director of the general partner of the Fund (“Fund GP”), pursuant to which the Purchaser will indirectly acquire the Fund’s Properties in an all-cash transaction (the “Transaction”). The Transaction is valued at approximately $239,600,000[(1)] and includes gross cash consideration of approximately $92,100,000[(1)] payable to the Fund, with the Purchaser also indirectly assuming all of the Fund’s existing debt in the amount of approximately $147,500,000[(1)]. In connection with the Transaction, the Fund expects to distribute the net proceeds from the sale of the Fund’s Properties, after applicable U.S. taxes paid, to the Unitholders, cancel all outstanding units of the Fund (“Units”) and dissolve the Fund, all in accordance with the Fund’s limited partnership agreement (the “Acquisition Agreement”).

In connection with the Transaction, Unitholders are expected to receive, before deducting U.S. taxes, a special distribution of C$12.35 per Class A Unit, C$13.11 per Class C Unit, C$12.35 per Class D Unit, C$12.79 per Class F Unit, $12.38 per Class E Unit and $12.38 per Class U Unit (based on the Bank of Canada average daily exchange rate on November 13, 2019 of US$1.00 to C$1.3249). There are no Class H Units outstanding. The actual distribution to be received by Unitholders of Canadian denominated units will be subject to the prevailing Canadian/U.S. dollar exchange rate available to the Fund at the closing of the Transaction.

The Acquisition Agreement provides for among other things, customary representations, warranties and covenants, including customary non-solicitation covenants from the Fund and a “fiduciary out” that allows the board of directors of Starlight GP ("Starlight GP Board") to accept a superior proposal in certain circumstances, subject to a “right to match” in favor of the Purchaser and payment of a $10,000,000[(1)] termination fee to the Purchaser.

The Transaction is expected to close in January 2020, subject to the satisfaction or waiver of certain closing conditions including: Unitholder approval of the Transaction, lender consents, approval of the Transaction from the TSX-V and certain other customary closing conditions. Following closing of the Transaction, the Class A units and the Class U units are expected to be delisted from the TSX-V, the Fund will apply to cease to be a reporting issuer, and the Fund will be dissolved.

In connection with such process, Origin Merchant Partners has provided an opinion (the “Fairness Opinion”) to the Special Committee and the Fund GP Board to the effect that, as of the date of such opinion and based upon and subject to the limitations, qualifications, assumptions and other matters set out therein, the consideration to be received by public Unitholders (which excludes, among others, directors and senior officers of the Fund, the Fund GP and their affiliates, as well as the Purchaser and its affiliates) pursuant to the Transaction and the related special distribution to Unitholders is fair, from a financial point of view, to such Unitholders. Based on the Fairness Opinion, the reasons set out above and other considerations, the Special Committee concluded that the Transaction is in the best interests of the Fund and Unitholders and, accordingly, recommended that the Fund GP Board approve the Transaction and related matters and recommend that Unitholders vote in favour of the Transaction and related matters.

Further information relating to the Transaction including required approvals can be found in the press release announcing the Transaction which is available on SEDAR at www.sedar.com under the Fund's profile as well as on the Fund's website at www.starlightus.com.

(1) All amounts are in actual U.S. Dollars.

Third Quarter Value-Add Initiatives

In the Third Quarter, the Fund continued a second generation upgrade program at Spectra South which added quartz countertops and tile backsplashes to the kitchens of previously renovated suites. The second generation program has provided additional rent premiums when compared to first generation upgrades and repositions the suites at the top of the market. An additional upgrade program has been undertaken which targets unrenovated suites, with a scope that combines the first generation and second generation upgrade programs.

The Fund also continued with its suite upgrade program at The Landing which includes plank flooring, stainless steel appliances, upgraded lighting, refinished kitchen cabinets, upgraded kitchen sinks and faucets, and the addition of quartz countertops in kitchens and bathrooms. The program continues to achieve substantial rental premiums on upgraded suites. The Fund has completed upgrades to the main clubhouse (including the relocation of the leasing office, adding a Wi-Fi café and package locker system and repurposing the movie theatre and games room into a larger, open-concept media room) as well as adding an exterior barbecue grilling centre, painting the exterior of Phase II of the property, installing new pool furniture, replacing the community playground and adding an outdoor putting green. The Fund has now completed all planned major common area upgrades and continues to focus on the suite upgrade program.

In addition, during the Third Quarter at The Veranda, the Fund completed landscaping enhancements, seal coating of the parking lot, breezeway LED light conversions and power washing and staining all building breezeways. This work is in addition to improvements previously completed in the past year including rebranding the property to The Veranda by installing new monument signs, updating marketing materials, revising search engine optimization, utilizing a new website “LiveattheVeranda.com” and installing new furniture and fixtures in the model unit. Other improvements in 2019 included replacement of the controlled access gate system at the property’s entrance, renovating the clubhouse and leasing office, converting the common area laundry room to a package locker room, upgrading the fitness centre, enhancing the pool area including new pool furniture and a grilling station, and painting of repairing building exterior trim and bay windows. For the remainder of 2019, the Fund continues to complete the ongoing suite upgrade program, which includes new plank flooring, stainless steel appliances, refinished kitchen cabinets, quartz countertops, backsplashes, as well as upgraded lighting, sinks, faucets and hardware in the kitchens and bathrooms.

The planned suite upgrades at all three properties are expected to continue to generate significant increases in rental rates and attractive returns on the capital invested.

Financial Condition and Operating Results

	IFRS - As at September 30, 2019	Adjusted - As at September 30, 2019	IFRS - As at December 31, 2018	Adjusted - As at December 31, 2018 [1]
Operational Information				
Number of properties	3	3	3	3
Total suites	1,193	1,193	1,193	1,172
Economic occupancy [2]	94.4%	94.4%	92.9%	92.9%
Same property AMR (in actual dollars)	$ 1,303	$ 1,303	$ 1,255	$ 1,255
Same property AMR per square foot (in actual dollars)	$ 1.12	$ 1.12	$ 1.08	$ 1.08
Summary of Financial Information				
Gross Book Value	$237,350	$237,350	$226,200	$222,575
Indebtedness	$146,010	$146,010	$140,689	$140,689
Indebtedness to Gross Book Value	61.5%	61.5%	62.2%	62.2%
Weighted average mortgage interest rate	4.02%	4.02%	4.52%	4.52%
Weighted average mortgage term to maturity	0.93 years	0.93 years	1.67 years	1.67 years

	IFRS - Third Quarter [3]	Adjusted - Third Quarter [3]	IFRS - Three months ended September 30, 2018 [3]	Adjusted - Three months ended September 30, 2018 [4]	IFRS - Nine months ended September 30, 2019 [3]	Adjusted - Nine months ended September 30, 2019 [4]	IFRS - Nine months ended September 30, 2018 [3]	Adjusted - Nine months ended September 30, 2018 [4]
Revenue from property operations	$4,800	$4,800	$4,524	$4,446	$14,106	$14,017	$11,456	$12,134
Property operating costs	($1,269)	($1,269)	($1,346)	($1,310)	($3,633)	($3,602)	($3,186)	($3,389)
Property taxes [5]	($711)	($711)	($626)	($626)	($2,264)	($2,264)	($2,005)	($2,005)
Income from rental operations / NOI	$2,820	$2,820	$2,552	$2,510	$8,209	$8,151	$6,265	$6,740
Net income and comprehensive income	$5,057	$5,057	$5,782	$5,782	$364	$364	$10,279	$10,279
FFO		$890		$743		$2,098		$1,669
FFO per unit - basic and diluted		$0.11		$0.09		$0.26		$0.20
AFFO		$933		$778		$2,446		$2,200
AFFO per unit - basic and diluted		$0.11		$0.10		$0.30		$0.27
Interest coverage ratio		1.61x		1.57x		1.53x		1.60x
Indebtedness coverage ratio		1.61x		1.57x		1.53x		1.60x
FFO payout ratio		109.8%		129.1%		138.9%		178.9%
AFFO payout ratio		104.7%		123.3%		119.2%		135.7%
Weighted average units Outstanding (000s) - basic and diluted		8,182		8,182		8,182		8,181

(1) Total suites, gross book value and indebtedness include the proportionate amounts of the Fund's approximate 91.5% interest in The Veranda as at December 31, 2018.

(2) Economic occupancy for the three months ended September 30, 2019 and year-ended December 31, 2018.

(3) Revenue from property operations, property operating costs and property taxes are those reported in the condensed consolidated interim financial statements, adjusted to exclude the impact of IFRIC 21. Net income and comprehensive income excludes any amounts attributable to the noncontrolling interest during each period.

(4) Revenue from property operations, property operating costs, property taxes and NOI include the proportionate amounts for the Fund's approximate 91.5% interest in The Veranda for the period from January 1 - April 11, 2019, 100% interest from April 12 - September 30, 2019, 50% interest in The Veranda for the period from January 9 - June 12, 2018 and 91.5% interest from June 13 - September 30, 2018.

(5) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI.

Cash Provided by Operating Activities to AFFO

AFFO for the Third Quarter increased by 19.9% to $933 and the AFFO payout ratio was 104.7% (three months ended September 30, 2018 - $778 and 123.3%). The increase in AFFO and decrease in AFFO payout ratio was mainly due to NOI growth as well as the acquisition of the remaining interest in The Veranda during 2019 being partially offset by increases in finance costs due to higher mortgage balances outstanding during the Third Quarter relative to the same period in the prior year.

The Fund was formed as a “closed-end” limited partnership with an initial term of three years, a target yield of 6.0% and a targeted minimum 14% pre-tax investor internal rate of return across all classes of units of the Fund. Although the payout ratio was in excess of 100%, distributions have been maintained at 6.0% while interest costs have increased as a result of increases in the U.S. 30-day London Interbank Offering Rate since the Fund’s inception. Subsequent to September 30, 2019, an agreement was reached to sell the Properties (see “Subsequent Events”).

A reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards (“IFRS”) to AFFO for the three and nine months ended September 30, 2019 along with the comparative 2018 period were as follows:

	Third Quarter	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Cash provided by operating activities	**$ 2,636**	**$ 2,061**	**$ 7,774**	**$ 6,856**
Less: interest paid	(1,578)	(1,457)	(4,900)	(3,513)
Cash provided by operating activities - including interest paid	**1,058**	**604**	**2,874**	**3,343**
Add / (Deduct):				
Change in non-cash operating working capital	(907)	94	(524)	(1,354)
Change in restricted cash	802	504	103	(447)
Fair value adjustment of investment properties relating to IFRIC 21	—	25	24	828
Fair value adjustment relating to IFRIC 21 on investment in joint ventures	—	—	—	255
Amortization of financing costs related to joint venture	—	—	—	19
Net income attributable to non-controlling interests	—	(419)	(32)	(426)
Special distribution relating to non-controlling interest	—	—	221	—
Gain on acquisition of non-controlling interest	—	—	(125)	—
Vacancy costs associated with the suite upgrade program	55	45	130	186
Sustaining capital expenditures and suite renovation reserves	(75)	(75)	(225)	(204)
AFFO	**$ 933**	**$ 778**	**$ 2,446**	**$ 2,200**

About Starlight U.S. Multi-Family (No. 1) Value-Add 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 three properties, consisting of 1,193 suites with an average year of construction in 2003.

For the Fund's complete consolidated financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2019 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 2019 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 International Financial Reporting Standards ("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 Management Discussion & Analysis for the Third Quarter 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. 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 the completion of the Transaction, future results, 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. 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 completion of the Transaction; 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.

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 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) Value-Add Fund, visit www.starlightus.com or contact:

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