STARLIGHT U.S. RESIDENTIAL FUND ANNOUNCES Q1 2022 RESULTS AHEAD OF FORECAST DRIVEN BY 11% ANNUALIZED RENT GROWTH

Not for distribution to U.S. newswire services or for dissemination in the United States.

Toronto – **May 10, 2022** – Starlight U.S. Residential Fund (TSXV: SURF.A and SURF.U) (the "Fund") announced today its results of operations and financial condition for the three months ended March 31, 2022 ("Q1-2022").

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.

"We are pleased to announce the Fund's strong operating performance in the Fund's first full quarter of operations, with revenues and net operating income both ahead of forecast," commented Evan Kirsh, the Fund's President. "The Fund continued to achieve strong rental growth with in-place rents at the end of Q1-2022 being approximately 4.7% ahead of forecast and annualized rent growth of 11% during the quarter, positioning the Fund to take advantage of favorable market conditions."

Q1-2022 HIGHLIGHTS

- During Q1-2022, the Fund recorded a fair value gain on Emerson at Buda ("Emerson"), Bainbridge Sunlake ("Sunlake"), Indigo Apartments ("Indigo") and Lyric Apartments ("Lyric") (collectively, the "MF Properties") of $20,574, a 6.2% increase over the aggregate purchase price since the MF Properties were acquired by the Fund in late 2021. The fair value gain during Q1-2022 was driven by net operating income ("NOI") growth and capitalization rate compression from strong demand in the investment market for multi-family properties across the primary markets in which the Fund operates ("Primary Markets").
- During Q1-2022, the Fund acquired 38 single-family rental homes in Atlanta, Georgia for a total of $8,547 and completed capital upgrades on 41 single-family rental homes.
- Subsequent to March 31, 2022, the Fund entered into a $56,000 loan payable secured by Emerson, which in addition to the cash on hand in the Fund, was used to partly fund the acquisition of Eight at East, a 264-suite multi-family property in Orlando, Florida with the remainder anticipated to be used to partly fund the acquisition of a partial interest in The Ventura ("Ventura"), a 272-suite multi-family property in Phoenix, Arizona which is currently under contract.
- Following the anticipated completion of the Ventura acquisition during the three months ended June 30, 2022, the Fund will have fully deployed the proceeds from its initial public offering on November 15, 2021 (the "Offering"), having assembled a portfolio of 1,973 multi-family suites across six markets and approximately 100 single-family rental homes.
- Q1-2022 total portfolio revenue and NOI were $6,577 and $4,108, respectively, representing a 109.7% and 107.6% increase relative to the financial forecast included in the Fund's prospectus dated October 28, 2021 ("Forecast") primarily as a result of Lyric, Emerson, and the single-family rental homes ("Non-Forecast Properties") not being included in the Forecast. For Indigo and Sunlake ("Forecast Properties"), Q1-2022 revenue and NOI were $3,240 and $2,116, ahead of Forecast by 3.3% and 6.9%, respectively, primarily due to higher than forecasted AMR and ancillary income as well as strong cost management.

- Significant increases in rent growth were achieved during Q1-2022 with the Fund reporting in-place rents ahead of Forecast by 4.7% for the total portfolio and ahead of Forecast by 1.5% for the Forecast Properties.
- The Fund achieved 11.0% annualized rent growth during Q1-2022, with increases driven by continued growth in demand for multi-family suites due to the economic strength following the downturn created by the outbreak of the coronavirus (SARS – CoV2) and its variants ("COVID-19") in the U.S. and the Primary Markets.
- Q1-2022 net income and comprehensive income was $10,299 (Forecast - loss of $395). The variance relative to the Forecast was primarily driven by the fair value gain on investment properties.
- Adjusted funds from operations ("AFFO") for Q1-2022 was $2,497, representing an increase of $1,512 or 153.5% relative to the Forecast primarily due to Non-Forecast Properties not being included in the Forecast, partly offset by higher fund and trust expenses and finance costs related to the Forecast Properties.
- As at May 9, 2022, the Fund had collected approximately 98.7% of rents for Q1-2022, with further amounts expected to be collected in future periods, demonstrating the Fund's strong operating performance.

COVID-19 IMPACT

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 believes it is well positioned to navigate through this challenging time and continues to undertake proactive measures at the Fund's properties to combat the spread of COVID-19, assist tenants where needed and implement other measures to minimize business interruption. The Fund intends 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 vaccination programs continue 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 and the approval of a third and fourth COVID-19 dose by the U.S. Food and Drug Administration to help further advance immunization efforts in preventing the spread of COVID-19. However, there is a risk that delays in the timely administration of vaccination programs, changing strains of the virus, including the occurrence of new variants of COVID-19, or reluctance to receive vaccinations could prolong the impacts of COVID-19 and have the potential to cause further adverse economic conditions. According to the U.S. Department of Labor, unemployment rates for March 2022 declined to 3.6% (from a peak of approximately 15% in April 2020) with such 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.

Further disclosure surrounding the impact of COVID-19 are included in the Fund Management's Discussion and Analysis ("MD&A") in the "COVID-19" and "Future Outlook" sections for Q1-2022 under the Fund's profile, which is available on www.sedar.com.

FINANCIAL CONDITION AND OPERATING RESULTS

Highlights of the financial and operating performance of the Fund as at March 31, 2022 and December 31, 2021 and for Q1-2022 are provided below:

					March 31, 2022		December 31, 2021
Key Multi-Family Operational Information[(1)]							
Number of multi-family properties owned [(1)]					4		4
Total multi-family suites					1,437		1,437
Economic occupancy [(2)]					94.6%		95.6%
AMR (in actual dollars)				$	1,451	$	1,412
AMR per square foot (in actual dollars)				$	1.56	$	1.49
Number of Single-Family Rental Homes [(1)]					87		49
					March 31, 2022		**December 31, 2021**
		Single-Family		**Multi-Family**	**Total**		**Total**
Selected Financial Information							
Gross book value	$	21,866	$	457,814	$ 479,680	$	449,539
Indebtedness	$	11,976	$	216,719	$ 228,695	$	221,646
Indebtedness to gross book value		54.8%		47.3%	47.7%		49.3%
Weighted average interest rate - as at period end [(3)]		3.20%		2.30%	2.35%		1.97%
Weighted average loan term to maturity		0.58 years		2.64 years	2.53 years		2.84 years
					Q1-2022		**Forecast Q1-2022** [(7)]
Summarized Income Statement							
Revenue from property operations				$	6,577	$	3,137
Property operating costs					(1,524)		(710)
Property taxes [(4)]					(945)		(448)
Adjusted Income from operations / NOI				$	4,108	$	1,979
Fund and trust expenses					(542)		(271)
Finance costs [(5)]					(1,005)		(744)
Distributions to unitholders of the Fund ("Unitholders")					(2,462)		(993)
Distributions to preferred shareholders					(8)		-
Unrealized foreign exchange gain					6		-
Realized foreign exchange loss					(14)		-
Fair value adjustment on investment properties					20,574		-
Provision for carried interest					(2,995)		-
Income taxes: - current					(22)		-
- deferred					(7,341)		(366)
Net income (loss) and comprehensive income (loss)				$	10,299	$	(395)
Other Selected Financial Information							
Funds from operations ("FFO")				$	2,077	$	964
FFO per Unit - basic and diluted				$	0.07	$	0.08
AFFO				$	2,497	$	985
AFFO per Unit - basic and diluted				$	0.08	$	0.08
Weighted average interest rate - average during period [(6)]					2.10%		2.12%
Interest coverage ratio					3.00 x		2.56 x
Indebtedness coverage ratio					3.00 x		2.56 x
Distributions to Unitholders				$	2,461	$	993
Weighted average Units outstanding (000s) - basic/diluted					31,820		12,520

(1) The Fund commenced operations following the acquisition of Sunlake, Indigo, and 28 single-family homes on November 15, 2021. The number of multi-family properties and single-family rental homes presented is as at each reporting date above.

(2) Economic occupancy for Q1-2022 and the period from September 23, 2021 (date of formation) to December 31, 2021.

(3) The weighted average interest rate on loans payable is presented as at March 31, 2022 reflecting the prevailing index rate, U.S. 30-day London Interbank Offered Rate, as at that date or based on the average rate for the applicable periods as it relates to quarterly rates. The figures presented do not include the impact of the Emerson loan payable or Eight at East loan payable entered into subsequent to March 31, 2022.

(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) Finance costs include interest expense on loans payable, non-cash amortization of deferred financing costs, as well as fair value changes in derivative financial instruments.

(6) The weighted average interest rate on loans payable reflects the average prevailing index rate applicable to each of the loans payable throughout each period presented. The figures presented do not include the impact of the Emerson loan payable or Eight at East loan payable entered into subsequent to March 31, 2022.

(7) Forecast Q1-2022 only includes results related to the Forecast Properties.

SUBSEQUENT EVENTS

(a) Emerson financing:

On April 6, 2022, the Fund entered into an agreement for a $56,000 loan payable secured by Emerson, with an additional $1,687 available to draw on to fund future capital expenditures at the property. The loan payable carries a two-year term and requires interest-only payments until maturity at the one-month term Secured Overnight Financing Rate ("SOFR") + 2.60% with a SOFR floor of 0.05%. The Fund also purchased an interest rate cap related to the Emerson loan payable with a strike rate of 2.75%, which effectively provides for a maximum interest rate of 5.35% for the associated loan payable in the event SOFR exceeds 2.75%. The net proceeds from the Emerson loan payable were used to fund a portion of the acquisition of Eight at East, with the remaining amount anticipated to be used to fund a portion of the acquisition of Ventura.

(b) Eight at East acquisition:

On April 27, 2022, the Fund acquired Eight at East, a 264-suite multi-family property located in Orlando, Florida for $91,750. A portion of the purchase price was financed by a loan payable of $64,225 secured by Eight at East which carries a three-year term and requires interest-only payments until maturity at SOFR + 2.60% with a SOFR floor of 0.10%. The balance of the purchase price was financed using a portion of the net proceeds from the Emerson loan payable described above and cash remaining from the Offering.

(c) Single-family rental home acquisitions:

Subsequent to March 31, 2022, the Fund acquired an additional five single-family rental homes for an aggregate purchase price of $1,064.

(d) Ventura acquisition:

Subsequent to March 31, 2022, the Fund entered into an agreement to purchase a 90% interest in Ventura, a 272-suite multi-family property located in Phoenix, Arizona for $130,700 (representing the Fund's share). The acquisition is anticipated to be funded using $1,000 of acquisition deposits which were previously made and included in prepaid expenses and other assets as at March 31, 2022, a $91,500 first mortgage loan payable and the Fund's cash on hand (including proceeds from the Emerson financing described above). The anticipated closing date of the purchase is on or about May 20, 2022.

NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

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, AMR, economic occupancy, FFO, 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. Gross book value is defined as the fair market value of the investment properties as determined in accordance with IFRS. Indebtedness is defined as the principal amount of loans payable outstanding as at a specific reporting date. 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. Further details on Non-IFRS Measures are set out in the Fund's MD&A in the "Non-IFRS Financial Measures" section for Q1-2022 and are available on the Fund's profile on SEDAR at www.sedar.com.

A reconciliation of the Fund's interest coverage ratio and indebtedness coverage ratio are provided below:

Interest and indebtedness coverage ratios		Q1-2022		Forecast Q1-2022 (1)
Net income (loss) and comprehensive income (loss)	$	10,299	$	(395)
Add: non-cash or one-time items and distributions (2)		(7,950)		1,437
Adjusted net income and comprehensive income	$	2,349	$	1,042
Interest coverage ratio (3)		3.00 x		2.56 x
Indebtedness coverage ratio (4)		3.00 x		2.56 x

(1) Forecast Q1-2022 only includes results related to the Forecast Properties.

(2) Non-cash or one-time items consist of deferred taxes, amortization of financing costs and loan premiums, fair value adjustments on derivative instruments, provisions for carried interest, and unrealized foreign exchange losses.

(3) Interest coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense divided by interest expense.

(4) Indebtedness coverage ratio is calculated as adjusted net income and comprehensive income plus interest expense divided by interest expense and mandatory principal payments on the Fund's loans payable.

CASH PROVIDED BY OPERATING ACTIVITIES RECONCILIATION TO AFFO

The Fund was formed as a "closed-end" fund with an initial term of three years, a targeted yield of 4.0% and a targeted minimum 11% pre-tax investor internal rate of return across all classes of units ("Units") of the Fund.

AFFO and AFFO per Unit for Q1-2022 were $2,497 and $0.08, respectively (Forecast - $985 and $0.08), representing an increase of $1,512 or 153.5%, primarily due to higher than forecasted NOI as a result of the NOI from the Non-Forecast Properties which were not included in the Forecast, partially offset by higher fund and trust expenses and finance costs as well as vacancy costs associated with the home upgrade program for the single-family rental homes.

A reconciliation of the Fund's cash provided by operating activities determined in accordance with IFRS to FFO and AFFO for Q1-2022 is provided below:

		Q1-2022
Cash provided by operating activities	$	22
Less: interest costs		(1,171)
Cash used in operating activities - including interest costs	**$**	**(1,149)**
Add / (Deduct):		
Change in non-cash operating working capital		3,250
Change in restricted cash		257
Amortization of financing costs		(281)
FFO	**$**	**2,077**
Add / (Deduct):		
Amortization of financing costs		281
Vacancy costs associated with the single-family rental home upgrade program		253
Sustaining capital expenditures and suite or home renovation reserves		(114)
AFFO	**$**	**2,497**

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 properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's TSX Venture Exchange listed and unlisted Units, acquisitions including Ventura, financing, 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 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 statements involve 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, that assumptions may not be correct and that objectives, strategic goals and priorities may not be achieved. Those risks and uncertainties include: the impact of COVID-19 on the Fund's properties as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Units and unlisted 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; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof, and the availability of residential properties (including single-family rental homes) for acquisition; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; the availability of debt financing; and availability and the price at which properties may be acquired including Ventura. 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; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof; the inventory of residential real estate properties (including single-family rental homes); the availability of residential properties for acquisition and the price at which such properties may be acquired including Ventura; the ability of the Fund to benefit from any value-add program the Fund conducts at certain properties; the price at which the Fund's properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of the Fund's properties; the availability of mortgage financing and current interest rates; the capital structure of the Fund; the extent of competition for residential properties; the growth in NOI generated from value-add initiatives; the population of residential real estate market participants; assumptions about the markets in which the Fund operates; expenditures and fees in connection with the maintenance, operation and administration of the Fund's properties; the ability of Starlight Investments US AM Group LP or its affiliates ("the Manager") to manage and operate the Fund's properties; 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 COVID-19 on the Fund's business, operations and performance or the volatility of the Units; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) that 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. 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 securities law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

About Starlight U.S. Residential Fund

The Fund is a "closed-end" fund formed under and governed by the laws of the Province of Ontario, pursuant to an initial declaration of trust dated September 23, 2021. The Fund was established for the primary purpose of directly or indirectly acquiring, owning and operating a portfolio primarily composed of income producing residential properties in the U.S. residential real estate market that can achieve significant increases in rental rates as a result of undertaking high return, value-add capital expenditures and active asset management. As at March 31, 2022, the Fund owned interests in four multi-family properties consisting of 1,437 suites as well as 87 single-family rental homes.

For the Fund's complete unaudited condensed consolidated interim financial statements and MD&A for the three months ended March 31, 2022 and any other information related 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 May 2022 Newsletter which is available on the Fund's profile at www.starlightus.com.

Please visit us at **www.starlightus.com** and connect with us on LinkedIn at **www.linkedin.com/company/starlight-investments-**

Evan Kirsh
President
Starlight U.S. Residential Fund
+1-647-725-0417
ekirsh@starlightus.com

Martin Liddell
Chief Financial Officer
Starlight U.S. Residential Fund
+1-647-729-2588
mliddell@starlightinvest.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.