

Starlight U.S. Multi-Family (No. 1) Core Plus Fund Announces Closing of the Sale of its Entire Portfolio of Seven Class “A” Institutional Quality Multi-Family Properties for Approximately US\$600 Million



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Toronto, Ontario – October 26, 2021 – Starlight U.S. Multi-Family (No. 1) Core Plus Fund (TSXV: SCPO) (the “Fund”) is pleased to announce the completion of the Fund’s previously announced transaction (the “Transaction”), pursuant to which the Fund sold its portfolio of seven multi-family properties totaling 2,219 units located in the southern United States (the “Fund Portfolio”) to Sherrin U.S. Multi-Family (No. 1) Holding LP (the “Purchaser”) pursuant to an acquisition agreement dated September 10, 2021. An overwhelming number of the Fund’s unitholders (the “Unitholders”) approved the Transaction at the special meeting of Unitholders held on October 19, 2021.

“We would like to thank our Unitholders for their continued support of the Starlight U.S. Multi-Family platform and for their strong participation in Starlight U.S. Multi-Family (No.1) Core Plus Fund. We are proud of the performance of the Fund’s properties, particularly during the COVID-19 pandemic, which has resulted in Unitholders earning significant returns that materially exceeded our initial targeted internal rate of return,” said Evan Kirsh, President of the Fund’s general partner.

The Transaction valued the Fund Portfolio at approximately US\$600.0 million. After adjustment for the Fund’s closing working capital of US\$2.6 million and capital expenditures incurred up to the closing of the Transaction of US\$2.4 million, the total cash proceeds to the Fund were US\$271.2 million, with the Purchaser indirectly assuming all of the Fund’s existing debt in the amount of approximately US\$ 333.8 million.

The proceeds from the Transaction will be distributed to the Unitholders as soon as practicable by way of a cash distribution per unit of the Fund (“Unit”) in the following approximate amounts:

Class of Units	Pre-US Tax Consideration	Pre-US Tax IRR	Post-US Tax Consideration
Class A	C\$13.19	26.8%	C\$12.05
Class C	C\$13.96	26.7%	C\$12.75
Class D	C\$13.19	26.8%	C\$12.05
Class E	US\$14.61	32.0%	US\$13.33
Class F	C\$13.63	26.7%	C\$12.45
Class I	C\$14.51	29.6%	C\$13.30
Class U	US\$14.14	32.0%	US\$12.90

The net proceeds of the Transaction, after applicable U.S. taxes paid, will be distributed to Unitholders as part of the cancellation of all issued and outstanding Units other than the Units beneficially owned and controlled by Daniel Drimmer. Any U.S. taxes paid from the Fund’s proceeds of disposition are generally expected to be recognized as having been paid by the Unitholders for purposes of the foreign tax credit and foreign tax deduction rules in the *Income Tax Act* (Canada), subject to the detailed rules and limitations therein.

The Class A Units are expected to be delisted from the TSX Venture Exchange effective as of the close of trading on October 26, 2021. The Fund will cease to be a reporting issuer in each of the provinces of Canada in which it was a reporting issuer thereafter.

About Starlight U.S. Multi-Family (No. 1) Core Plus 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 U.S. multi-family real estate market.

For the Fund's complete consolidated financial statements and management's discussion and analysis ("MD&A") for the second quarter ended June 30, 2021 and any other information relating to the Fund, please visit www.sedar.com.

Forward-looking Statements

This press release contains forward-looking statements and information relating to expected future events that involve risks and uncertainties. Such forward-looking information is typically indicated by the use of words such as "will", "may", "expects" or "intends".

The forward-looking statements and information contained in this press release include, without limitation, tax recognition of the distributions, the delisting of the Class A Units and the Fund ceasing to be a reporting issuer. Such forward-looking information and statements involve risks and uncertainties and are based on Fund management's current expectations, intentions and assumptions. If unknown risks arise, or if any of the assumptions underlying the forward-looking information and statements prove incorrect, actual results may differ materially from management expectations as projected in such forward-looking information and statements. Examples of such risks and uncertainties include, but are not limited to, the occurrence of any event, change or other circumstances that could give rise to the effects of local and national economic, credit and capital market conditions, including changes in interest rates, foreign exchange rates, government regulations or in tax laws; and other risk factors described in the management information circular and the Fund's continuous disclosure materials from time to time, available on SEDAR at www.sedar.com. Accordingly, although management believes that the Fund's expectations expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information. COVID-19 and any guidelines, recommendations, or measures to prevent its spread have cast additional uncertainty on the Fund's assumptions, expectations, future outlook, anticipated events and projections. There can be no assurance that such assumptions will continue to be valid, including if and to the extent COVID-19 or any guidelines, recommendations, or measures to prevent its spread impact management's current expectations, intentions and assumptions. The Fund disclaims any intention or obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable law.

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

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