

Starlight U.S. Multi-Family (No. 1) Value-Add Fund To Acquire Remaining Interest in Apartment Complex in Atlanta, Georgia



Toronto – **April 9, 2019** – Starlight U.S. Multi-Family (No. 1) Value-Add Fund (TSX.V: SUVA.A, SUVA.U) (the “Fund”) announced today that it has entered into an agreement to acquire the remaining interest of approximately 8.5% (the “Acquisition”) in Landmark at Coventry Pointe (“Coventry Pointe”). Following completion of the Acquisition, the Fund expects to own a 100% interest in Coventry Pointe, a 250-unit, garden style, value-add multi-family property completed in 2002 and located in Atlanta, Georgia. The Acquisition is expected to be satisfied using a portion of the cash proceeds (the “Cash Proceeds”) from the refinancing described below, together with the assumption of the vendor’s portion of the property level financing.

The Fund also announced today that concurrently with the Acquisition, it expects to refinance the mortgage at Coventry Pointe for net proceeds of approximately US\$2.6 million, which is expected to provide the Fund with a US\$3.8 million capital advance line which can be drawn to fund future value-add initiatives at Coventry Pointe. The mortgage is expected to bear interest at LIBOR + 200 bps and provide for interest only repayments until maturity in January 2021 (the “Refinancing”). As noted above, the proceeds from the Refinancing are expected to be used to partially fund the Acquisition.

Pursuant to a purchase and sale agreement effective April 8, 2019, as may be amended from time to time (the “Purchase Agreement”), the Fund has agreed to purchase the remaining interest of approximately 8.5% in Coventry Pointe for the purchase price of approximately US\$3.70 million less assumed debt of approximately US\$2.43 million, subject to adjustment for net working capital attributable to the approximate 8.5% interest not owned before the Acquisition. The Purchase Agreement contains customary representations and warranties for a transaction of this nature. Subject to the satisfaction or waiver of conditions precedent, the purchase of Coventry Pointe is scheduled to close on or about April 11, 2019 and is conditional upon the approval of the TSX Venture Exchange.

“The purchase of the remaining interest in Coventry Pointe from refinancing proceeds demonstrates the Fund’s success in implementing its value-add strategy to enhance asset values. 100% ownership of the property by the Fund is expected to be immediately accretive to the Fund,” commented Evan Kirsh, the Fund’s President.

Coventry Pointe

Coventry Pointe consists of 18, three and four storey walk-up buildings on a 35.5 acre site comprised of one- bedroom, two-bedroom and three-bedroom suites. The apartment suites feature white raised-panel cabinets, white appliances including dishwashers and microwaves, brushed nickel and chrome hardware, vinyl flooring, and pantries in the kitchen. Bedrooms and living areas include carpet flooring, wiring for ceiling fans, crown molding, oversized walk-in closets, and porches/balconies. The bathrooms are outfitted with garden tubs, tile surrounds, and vinyl flooring. Indoor amenities include a spacious clubhouse, business centre, fitness room, and an enclosed mail centre. Outdoor amenities include a resort-quality swimming pool, two tennis courts, a dog park, a large playground with a variety of equipment, a picnic area, green space with nature paths, and a car wash station. As part of the Fund’s business plan, Coventry Pointe is being repositioned to a modern standard with upgraded suite finishes, attractive common areas and amenity spaces, and improved curb appeal. As of April 1, 2019, Coventry Pointe’s occupancy was 93.6%.



Interest of Related Party

The Acquisition constitutes a “related party transaction” under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Fund relied on the exemptions from the formal valuation and minority approval requirements set out in subsection 5.5(a) and paragraph 5.7(1)(a) of MI 61-101, respectively. The Acquisition was approved by the Fund’s board of directors (other than Daniel Drimmer, who declared his interest in the Acquisition and was recused from voting) in accordance with the Fund’s amended and restated limited partnership agreement dated as of June 12, 2017.

Property Management

Following completion of the Acquisition, The Worthing Companies (“Worthing”) will continue as the property manager at Coventry Pointe. Worthing currently manages three multi-family communities for Starlight U.S. Multi-Family in Atlanta, Georgia, including Coventry Pointe.

The Fund Portfolio

The Fund has interests in and operates a portfolio comprising 1,193 multi-family suites in three value-add, income producing apartment communities located in Phoenix, Arizona; Atlanta, Georgia; and Austin, Texas.



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 diversified income-producing rental properties in the U.S. multi-family real estate market.

Forward-Looking Information

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 current expectations and plans relating to the successful completion of the Refinancing and acquisition of Coventry Pointe, the repositioning of Coventry Pointe, the overall improvement of the financial performance of the Fund resulting from the acquisition of Coventry Pointe, and readers are cautioned that such statements may not be appropriate for other purposes. Forward looking information may relate to 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, 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, including those relating to the Refinancing and acquisition of Coventry Pointe, to differ materially from current expectations of estimated or anticipated events or results. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

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 and the financial performance of the Fund resulting from the Refinancing and acquisition of Coventry Pointe, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the ability of the Fund to complete the Refinancing and acquisition of Coventry Pointe, including approval by the TSX Venture Exchange; 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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