STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND ANNOUNCES FIRST QUARTER FINANCIAL RESULTS INCLUDING NORMALIZED SAME PROPERTY NOI GROWTH OF 15.1%

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Toronto – **May 7, 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 March 31, 2019 (the "First Quarter").

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. Since inception of the Fund, 231 suites have been upgraded and re-leased achieving average rent increases of $173 per month per suite and an estimated average return on investment of 25.5%. The rental premiums continued to increase during the First Quarter, which is typically a lower demand and slower seasonal leasing period, as the Fund upgraded and re-leased 28 suites achieving average rent increases of $206 per month per suite and an estimated average return on investment of 27.2%. The Fund's value-add initiatives have resulted in significant improvements to common areas, amenities and building exteriors.

First Quarter Highlights

- Total portfolio revenue from property operations for the First Quarter was $4,537, a 21.1% increase over the same period in the prior year primarily as a result of the acquisition of 50% of Coventry Pointe on January 9, 2018 and an additional 41.5% approximate interest acquired on June 12, 2018, as well as same property revenue growth of 10.6%. Same property revenue growth was driven primarily by a 460 basis point increase in same property occupancy to 92.2%, strong ancillary income growth and AMR growth of 4.8%, reflecting the impact of the Fund's value-add capital improvements program.
- Total portfolio net operating income ("NOI") for the First Quarter was $2,645, a 26.6% increase over the same period in the prior year, relating to the acquisition of the Coventry Pointe interests throughout 2018 and same property NOI growth of 19.2%, primarily related to strong revenue growth which was partly offset by increases in property operating costs and property taxes. Excluding certain adjustments for recovery of expenses incurred in 2018 and the certain adjustments to property taxes, same property NOI growth was 15.1%.
- The Fund recognized a fair value gain on investment properties during First Quarter of $892 which was primarily as a result of increases in the NOI at the Properties.
- Adjusted Funds from Operations "(AFFO") for the First Quarter was $746 (three months ended March 31, 2018 - $792) resulting in an AFFO payout ratio of 130.2% (three months ended March 31, 2018 – 127.0%).
- The Fund utilizes a variable rate collar contract to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The contract expires on December 10, 2019 and allows the Fund to exchange U.S. funds each month within a range of C$1.3125 to C$1.3725
- Portfolio AMR as at March 31, 2019 was $1,243, representing an annualized increase of 5.9% from $1,225 at December 31, 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 "Value-Add Initiatives").

Subsequent Events

- On April 12, 2019, the Fund refinanced the mortgage at Landmark at Coventry Pointe (“Coventry Pointe”) for net proceeds of approximately $2,600. After completion of the refinancing, the mortgage outstanding amounted to $28,540 with an additional $3,800 capital facility which can be drawn to fund future value-add initiatives at Coventry Pointe (the "Refinancing"). The mortgage bears interest at U.S. 30-day London Interbank Offering Rate (“LIBOR”) + 2.00% and requires interest only payments until maturity in January 2021. The proceeds from the Refinancing were partially used to fund the acquisition of the remaining 8.50705% interest in Coventry Pointe described below.
- On April 12, 2019, the Fund acquired the remaining 8.50705% interest in Coventry Pointe from an affiliate of the Manager for $1,310, which includes the Fund assuming the affiliates pro-rata share of liabilities of Coventry Pointe outstanding at the time of acquisition. Upon closing of the acquisition, the Fund owned 100% of Coventry Pointe. The Fund also purchased an interest rate cap for $5 as required by the lender to protect against increases in interest costs.

First Quarter Value-Add Initiatives

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 new upgrade program will also target unrenovated suites, with a scope that combines the first generation and second generation upgrade programs. The second generation program is expected provide additional rent premiums to the first generation upgrades and reposition the suites at the top of the market.

The Fund continued its suite upgrade program at the Landing at Round Rock 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 property is achieving substantial rental premiums on upgraded suites. In 2018, the Fund 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) as well as adding an exterior barbeque grilling centre, painting the exterior of Phase II of the property, and installing of new pool furniture and an outdoor putting green. The Fund has now completed all immediately planned major common area upgrades at the property but will continue to focus on the suite upgrade program.

The Fund completed the main clubhouse renovation, including the leasing office and the conversion of the common area laundry room to a package locker room at Coventry Pointe. Upgrades to the fitness centre, enhancements to the pool area, including new pool furniture and the addition of a grilling station, were completed in the second quarter of 2018 while painting of building exterior trim and bay window repairs were completed in the third quarter of 2018. The Fund plans to complete the following throughout 2019: (i) enhancements to landscaping, (ii) parking lot repairs, (iii) new signage and rebranding, and (iii) its ongoing suite upgrade program, which includes new plank flooring, stainless steel appliances, refinished kitchen cabinets, quartz countertops, backsplashes and 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 March 31, 2019		Adjusted - As at March 31, 2019 (1)		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		1,172		1,193		1,172
Economic occupancy (2)		92.5%		92.5%		92.9%		92.9%
Same property AMR (in actual dollars)	$	1,275	$	1,275	$	1,255	$	1,255
Same property AMR per square foot (in actual dollars)	$	1.09	$	1.09	$	1.08	$	1.08
Summary of Financial Information								
Gross book value		$229,483		$225,808		$226,200		$222,575
Indebtedness		$141,770		$139,554		$140,689		$138,506
Indebtedness to gross book value		61.8%		61.8%		62.2%		62.2%
Weighted average mortgage interest rate		4.49%		4.49%		4.52%		4.52%
Weighted average mortgage term to maturity		1.42 years		1.42 years		1.67 years		1.67 years

	IFRS - First Quarter (3)	Adjusted -First Quarter (4)	IFRS - Three months ended March 2018 (3)	Adjusted - Three months ended March 31, 2018 (4)
Revenue from property operations	$4,616	$4,537	$3,745	$4,155
Property operating costs	($1,148)	($1,121)	($955)	($1,077)
Property taxes (5)	($771)	($771)	($700)	($700)
Income from rental operations / NOI	$2,697	$2,645	$2,090	$2,378
Net (loss) income and comprehensive (loss) income	($2,588)	($2,588)	$5,526	$5,526
FFO		$734		$693
FFO per unit - basic and diluted		$0.09		$0.08
AFFO		$746		$792
AFFO per unit - basic and diluted		$0.09		$0.10
Interest coverage ratio		1.46x		1.73x
Indebtedness coverage ratio		1.46x		1.73x
FFO payout ratio		132.4%		145.2%
AFFO payout ratio		130.2%		127.0%
Weighted average units Outstanding (000s) - basic and diluted		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 Coventry Pointe.

(2) Economic occupancy for the three months ended March 31, 2019 and three months 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 International Financial Reporting Interpretations Committee 21 – Levies ("IFRIC 21"). Net income excludes any amounts attributable to the non-controlling 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 Coventry Pointe for the three months ended March 31, 2019 and 50% interest in Coventry Pointe for the three months ended March 31, 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 First Quarter was $746 (three months ended March 31, 2018 - $792). The AFFO payout ratio was 130.2% for the First Quarter (three months ended March 31, 2018 – 127.0%). The decrease in AFFO and increase in the AFFO payout ratio was mainly due to increases in finance costs following increases in LIBOR and higher mortgage balances outstanding during the First Quarter partially offset by increases in NOI.

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. Although the payout ratio in 2018 was in excess of 100%, distributions have been maintained at 6.0% while interest costs have increased as a result of increases in LIBOR since the Fund's inception. The Fund continues to focus on its active management strategy and value-add capital improvement program which the manager of the Fund expects will yield improvements in NOI in future periods. The Fund believes that maintaining the targeted distributions is in the best interests of investors based on the Fund's terminal nature as compared to a perpetual real-estate investment trust and the Fund's investment objectives and strategy.

A reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the First Quarter along with the comparative 2018 period were as follows:

	First Quarter	Three months ended March 31, 2018
Cash provided by operating activities	**$ 2,437**	**$ 3,067**
Less: interest paid	(1,591)	(939)
Cash provided by operating activities - including interest paid	**846**	**2,128**
Add / (Deduct):		
Change in non-cash operating working capital	(142)	(1,144)
Change in restricted cash	(1,302)	(1,688)
Fair value adjustment of investment properties relating to IFRIC 21	1,434	1,292
Fair value adjustment relating to IFRIC 21 on investment in joint ventures	-	155
Amortization of financing costs related to joint venture	-	10
Net income attributable to non-controlling interests	(36)	-
Vacancy costs associated with the suite upgrade program	21	98
Sustaining capital expenditures and suite renovation reserves	(75)	(59)
AFFO	**$ 746**	**$ 792**

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 interests in 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 First Quarter 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 May 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 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 First 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 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 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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