STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND ANNOUNCES SECOND QUARTER FINANCIAL RESULTS INCLUDING SAME PROPERTY NOI GROWTH OF 16.1%

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Toronto – **August 13, 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 June 30, 2019 (the "Second Quarter") and six months ended June 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 Second Quarter. Rental premiums continued to increase during the Second Quarter as the Fund upgraded and re-leased 65 suites achieving average rent increases of $206 per month per suite representing an estimated average return on investment of 28.4%. Since inception of the Fund, 296 suites have been upgraded and re-leased achieving average rent increases of $180 per month per suite and an estimated average return on investment of 26.8%. The Fund's value-add initiatives have resulted in significant improvements to common areas, amenities and building exteriors.

Second Quarter Highlights

- On April 12, 2019, the Fund acquired the remaining 8.50705% interest in The Veranda (formerly known as Landmark at Coventry Pointe) for $1,310. Upon closing of the acquisition, the Fund owned 100% of The Veranda.
- During the Second Quarter, the Fund refinanced the mortgage at The Veranda for net proceeds of $2,694. After completion of the refinancing, the mortgage secured on the property amounted to $28,554 with an additional $3,800 capital advance line available to fund future value-add initiatives at The Veranda. 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.
- Total portfolio revenue from property operations for the Second Quarter was $4,680, an 18.7% increase over the same period in the prior year primarily due to the acquisition of additional ownership interests in The Veranda during and since the three months ended June 30, 2018, as well as same property revenue growth of 8.8%. Same property revenue growth was driven by a 350 basis point increase in same property occupancy to 93.2%, strong ancillary income growth and 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 Second Quarter was $2,687, representing a 25.6% increase over the same period in the prior year, relating to the acquisition of additional ownership interests in The Veranda and same property NOI growth of 16.1%, driven by strong same property revenue growth and a reduction in same property operating costs attributable to efficient cost management at the properties being partially offset by increases in same property taxes.
- The Fund recognized a fair value gain on investment properties during the Second Quarter of $1,068 which was primarily as a result of capitalization rate compression.
- Adjusted Funds from Operations ("AFFO") for the Second Quarter was $761 (three months ended June, 30 2018 - $620) resulting in an AFFO payout ratio of 126.9% (three months ended June 30, 2018 – 164.7%).
- 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 June 30, 2019 was $1,258, an increase of 4.3% from $1,206 as at June 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 "Second Quarter Value-Add Initiatives").

Second 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 second generation program is expected to provide additional rental premiums to the first generation upgrades and reposition the suites at the top of the market. The new upgrade program targets unrenovated suites, with a scope that combines the first generation and second generation upgrade programs. In addition to suite upgrades, package lockers were installed in the clubhouse and landscaping enhancements were completed at Spectra South.

The Fund 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. 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 into a larger, open-concept media room) as well as adding an exterior barbeque grilling centre, painting the exterior of Phase II of The Landing, and the installation of new pool furniture and an outdoor putting green. The Fund has now completed all immediately planned major common area upgrades at The Landing and will continue to focus on the suite upgrade program.

The Fund completed the rebranding of the property from Landmark at Coventry Pointe to The Veranda. The rebranding included installation of new monument signs, updated collateral materials, revised search engine optimization, and conversion to the new website "LiveattheVeranda.com". In addition, new furniture and fixtures were installed in the model suite and the controlled access gate system was replaced at The Veranda's entrance. Previous improvements include the clubhouse and leasing office renovation; conversion of the common area laundry room to a package locker room; upgrades to the fitness centre; enhancements to the pool area including new pool furniture and the addition of a grilling station; and the painting of the building exterior trim and bay window repairs. The Fund plans to complete the following in the remainder of 2019: (i) landscaping enhancements; (ii) parking lot repairs and sealcoating; and (iii) the 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 June 30, 2019	Adjusted - As at June 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]	93.2%	93.2%	92.9%	92.9%
Same property AMR (in actual dollars)	$ 1,289	$ 1,289	$ 1,255	$ 1,255
Same property AMR per square foot (in actual dollars)	$ 1.11	$ 1.11	$ 1.08	$ 1.08
Summary of Financial Information				
Gross Book Value	$232,920	$232,920	$226,200	$222,575
Indebtedness	$144,579	$144,579	$140,689	$138,506
Indebtedness to Gross Book Value	62.1%	62.1%	62.2%	62.2%
Weighted average mortgage interest rate	4.40%	4.40%	4.52%	4.52%
Weighted average mortgage term to maturity	1.18 years	1.18 years	1.67 years	1.67 years

	IFRS - Second Quarter [3]	Adjusted - Second Quarter [4]	IFRS - Three months ended June 30, 2018 [3]	Adjusted - Three months ended June 30, 2018 [4]	IFRS - Six months ended June 30, 2019 [3]	Adjusted - Six months ended June 30, 2019 [4]	IFRS - Six months ended June 30, 2018 [3]	Adjusted - Six months ended June 30, 2018 [4]
Revenue from property operations	$4,690	$4,680	$3,597	$3,942	$9,306	$9,217	$6,932	$7,688
Property operating costs	($1,216)	($1,211)	($1,007)	($1,123)	($2,364)	($2,333)	($1,840)	($2,079)
Property taxes [5]	($782)	($782)	—	($679)	($1,553)	($1,553)	($2,645)	($1,379)
Income from rental operations / NOI	$2,692	$2,687	$2,590	$2,140	$5,389	$5,331	$2,447	$4,230
Net (loss) income and comprehensive (loss) income	($2,105)	($2,105)	($1,029)	($1,029)	($4,693)	($4,693)	$4,497	$4,497
FFO		$474		$233		$1,208		$926
FFO per unit - basic and diluted		$0.06		$0.03		$0.15		$0.11
AFFO		$761		$620		$1,507		$1,422
AFFO per unit - basic and diluted		$0.09		$0.08		$0.18		$0.17
Interest coverage ratio		1.47x		1.66x		1.49x		1.64x
Indebtedness coverage ratio		1.47x		1.66x		1.49x		1.64x
FFO payout ratio		203.8%		438.2%		160.4%		218.9%
AFFO payout ratio		126.9%		164.7%		128.6%		142.5%
Weighted average units Outstanding (000s) - basic and diluted		8,182		8,181		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 June 30, 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 IFRIC 21. Net (loss) income and comprehensive (loss) 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 The Veranda for the period from January 1 - April 11, 2019, 100% interest from April 12 - June 30, 2019 and 50% interest in The Veranda for the period from January 9 - June 12, 2018 and 91.5% interest from June 13 - June 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 Second Quarter was $761 (three months ended June 30, 2018 - $620). The AFFO payout ratio was 126.9% for the Second Quarter (three months ended June 30, 2018 – 164.7%). The increase in AFFO and decrease in the AFFO payout ratio was mainly due to same property NOI growth as well as the acquisition of additional ownership interests in The Veranda during 2018 and the remaining approximate 8.5% on April 12, 2019, being partially offset by increases in interest costs.

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 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 three and six months ended June 30, 2019 along with the comparative 2018 period were as follows:

	Second Quarter	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash provided by operating activities	$ 2,699	$ 1,716	$ 5,138	$ 4,795
Less: interest paid	(1,736)	(1,118)	(3,327)	(2,057)
Cash provided by operating activities - including interest paid	963	598	1,811	2,738
Add / (Deduct):				
Change in non-cash operating w orking capital	(883)	(306)	383	(1,453)
Change in restricted cash	603	737	(699)	(952)
Fair value adjustment of investment properties relating to IFRIC 21	—	(489)	24	803
Fair value adjustment relating to IFRIC 21 on investment in joint ventures	—	99	—	255
Amortization of financing costs related to joint venture	—	8	—	19
Net income attributable to non-controlling interests	4	—	(32)	—
Special distribution relating to non-controlling interest	221	—	221	—
Gain on acquisition of non-controlling interest	(125)	—	(125)	—
Vacancy costs associated w ith the suite upgrade program	53	43	74	141
Sustaining capital expenditures and suite renovation reserves	(75)	(70)	(150)	(129)
AFFO	$ 761	$ 620	$ 1,507	$ 1,422

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 six months ended June 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 August 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 Second 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:

Evan Kirsh
President
Starlight U.S. Multi-Family (No. 1) Value-Add Fund
+1-647-725-0417
ekirsh@starlightus.com

Martin Liddell
Chief Financial Officer
Starlight U.S. Multi-Family (No. 1) Value-Add Fund
+1-647-729-2588
mliddell@starlightinvest.com

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