STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND ANNOUNCES Q1-2021 FINANCIAL RESULTS INCLUDING AFFO PAYOUT RATIO OF 74% AND ACCELERATION OF VALUE-ADD UPGRADE PROGRAM

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Toronto – **May 11, 2021** – Starlight U.S. Multi-Family (No.1) Core Plus Fund (TSXV: SCPO.UN) (the “Fund”) announced today its results of operations and financial condition for the three months ended March 31, 2021 (“Q1-2021”). Certain comparative figures are included for the three months ended March 31, 2020 (“Q1-2020”) and December 31, 2020 (“Q4-2020”), respectively.

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.

“Despite the continuation of a challenging operating environment created by COVID-19, the Fund continued to demonstrate strong operating results in Q1-2021 with an AFFO payout ratio of approximately 74% and a significant acceleration of its in-suite value-add upgrade program with 36 units completed during Q1-2021 at an average return on investment of approximately 23%,” commented Evan Kirsh, the Fund’s President. “The Fund has benefited from recent strong leasing trends with the Fund’s average physical occupancy on May 10, 2021 at approximately 96% putting the Fund in a favourable position to accelerate rent growth increases driven by value-add upgrades as the economic recovery continues across its primary markets.”

Q1-2021 HIGHLIGHTS

- The Fund recognized a fair value gain on investment properties of $30,096 during Q1-2021, contributing to the cumulative 10.6% increase over the aggregate purchase price of the Fund’s properties. The fair value gain was primarily driven by capitalization rate compression resulting from increasing demand in the investment market for multi-family properties across the Fund’s primary markets.
- As at May 10, 2021, the Fund collected approximately 98.2% of rents for Q1-2021. The Fund also anticipates an increase in collections for April 2021 with the Fund collecting approximately 98.0% of rents up to May 10, 2021 and further amounts expected to be collected in future periods.
- The Fund achieved economic occupancy of 93.5% during Q1-2021 which has since increased to approximately 96.0% physical occupancy, with all of the Fund’s properties having a physical occupancy of approximately 95.0% or greater as at May 10, 2021.
- Despite the challenging operating conditions presented by the COVID-19 global pandemic (“COVID-19”), the Fund was able to achieve rent growth of 1.9% at the Initial Properties (as defined below) from March 31, 2020 to March 31, 2021 and annualized rent growth of 1.2% during Q1-2021 across all of the Fund’s properties.
- During Q1-2021, revenue, net operating income (“NOI”) and adjusted funds from operations (“AFFO”) were significantly above Q1-2020 primarily as a result of Q1-2020 only including 33 days of operating activity as the Fund completed the acquisition of the Initial Properties on February 28, 2020.
- AFFO for Q1-2021 was $2,598 (Q1-2020 - $377) with the Fund’s fully deployed AFFO payout ratio improving to 74.4% (Q4-2020 - 76.7% and Q1 2020 - 79.3%).
- The Fund significantly increased the number of value-add upgrades completed during Q1-2021 with 36 suites upgraded and re-leased (Q4-2020 - 16). The Fund will continue to focus

on increasing the number of in-suite value-add upgrades throughout the remainder of 2021 while ensuring that the targeted rental premiums and return on investment are achieved.

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 is well positioned to navigate through this challenging time and continues to undertake proactive measures at the properties to combat the spread, assist tenants where needed and implement other measures to minimize business interruption.

The Fund's operating results for Q1-2021 have continued to be resilient despite the operating conditions created by COVID-19. The Fund continues 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 immunization programs have commenced 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. According to the U.S. Department of Labor, unemployment rates for March 2021 declined to 6.0% (from a peak of approximately 15% in April 2020) with 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.

Certain market data published during March and April 2021 also highlights a positive outlook for key multi-family fundamentals including strengthening occupancy, rent growth and collection rates which have started to translate into the operating results of various owners of multi-family properties, including those in the markets the Fund operates in. These trends, in conjunction with the Primary Markets exhibiting sustained job and population growth historically as a result of lifestyle choices as well as positive net migration, should continue to support further demand for multi-family apartments in future periods. In addition, previous economic downturns have typically been followed by periods of above market rent growth for multi-family properties in the U.S.

COVID-19 has also significantly disrupted active and new construction of comparable product in the markets the Fund operates in which may create a temporary imbalance in supply of comparable, multi-suite residential properties. This imbalance, alongside the continued economic recovery and improving fundamental statistics, could be supportive of favourable supply and demand conditions for the properties and could result in future increases in occupancy and rent growth. The Fund believes it is well positioned to take advantage of these conditions should they transpire given the quality of its properties and the benefit of having a tenant pool employed across a diverse job base. Since the COVID-19 outbreak commenced, based on available investment sales information, capitalization rates in the markets the Fund operates in have compressed on average by approximately 50-75 basis points.

Further disclosure surrounding the impact of COVID-19 are included in the Fund Management's Discussion and Analysis ("MD&A") for Q1-2021 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, 2021 and for Q1-2021, including a comparison to December 31, 2020 and for Q1-2020 are provided below:

	As at March 31, 2021	As at December 31, 2020
Operational Information (1)		
Number of properties	7	7
Total suites	2,219	2,219
Economic Occupancy (2)	93.5%	94.3%
AMR (in actual dollars)	$ 1,323	$ 1,319
AMR per square foot (in actual dollars)	$ 1.37	$ 1.37
Summary of Financial Information		
Gross Book Value	$ 539,561	$ 508,403
Indebtedness	$ 336,425	$ 339,657
Indebtedness to Gross Book Value	62.4%	66.8%
Weighted average interest rate - as at period end (3)	2.38%	2.53%
Weighted average loan term to maturity	3.23 years	3.47 years
	Q1-2021	**Q1-2020**
Summary of Financial Information		
Revenue from property operations	$ 9,043	$ 1,354
Property operating costs	$ (2,512)	$ (369)
Property taxes (4)	$ (1,232)	$ (175)
Adjusted income from operations / NOI	$ 5,299	$ 810
Fund and trust expenses	$ (533)	$ (100)
Finance costs	$ (2,325)	$ (487)
Other income and expenses (5)	$ 14,605	$ (776)
Net income (loss) and comprehensive income (loss)	$ 17,046	$ (552)
FFO	$ 2,506	$ 372
FFO per Unit - basic and diluted	$ 0.11	$ 0.02
AFFO	$ 2,598	$ 377
AFFO per Unit - basic and diluted	$ 0.12	$ 0.02
Weighted average interest rate - average during period (3)	2.39%	2.96%
Interest coverage ratio	2.31 x	2.31 x
Indebtedness coverage ratio	2.31 x	2.31 x
FFO payout ratio	77.2%	157.9%
AFFO payout ratio	74.4%	155.8%
Weighted Average Units Outstanding (000s) - basic and diluted	22,181	22,181

(1) The Fund commenced operations following the acquisition of Initial Properties on February 28, 2020 and subsequently acquired Southpoint Crossing on April 30, 2020, 401 Teravista on May 28, 2020, The Bluffs at Highlands Ranch on December 15, 2020 and LaVie Southpark on December 15, 2020.

(2) Economic occupancy for Q1-2021 and for the three months ended December 31, 2020.

(3) The weighted average interest rates presented as at March 31, 2021 and December 31, 2020 as well as during Q1-2021 and Q1-2020 reflect the prevailing index rate, U.S. 30-day London Interbank Offered Rate or U.S. 30-day Secured Overnight Financing Rate, as applicable to each loan, as at that date.

(4) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee interpretation 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) Includes distributions to Unitholders, dividends to preferred shareholders, unrealized foreign exchange loss, realized foreign exchange gain, fair value adj. of investment properties, provision for carried interest current income taxes and deferred income taxes.

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES RECONCILIATION TO AFFO

AFFO for Q1-2021 was $2,598 (Q1-2020 - $377) with the Fund's AFFO payout ratio on a fully deployed basis improving to 74.4% in Q1-2021 from 155.8% in Q1-2020 (fully deployed AFFO payout ratio assuming the Fund paid distributions based on the pro-rata equity deployed throughout Q1-2020 was 79.3%). The increase in AFFO and decrease in the fully deployed AFFO payout ratio relative to Q1-2020 is primarily due to an increase in NOI and reduction in the Fund's weighted average interest rate, partially offset by higher asset management fees from the additional property acquisitions completed by the Fund throughout 2020.

A reconciliation of cash provided by (used in) operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for Q1-2021 and Q1-2020 are provided below:

		Q1-2021		Q1-2020
Cash provided by (used in) operating activities	$	4,597	$	(3,712)
Less: interest paid		(2,080)		(303)
Cash provided by (used in) operating activities - including interest paid	**$**	**2,517**	**$**	**(4,015)**
Add / (Deduct):				
Change in non-cash operating working capital		1,133		3,216
Change in restricted cash		(924)		1,196
Vacancy costs associated with the suite upgrade program		36		6
Sustaining capital expenditures and suite renovation reserves		(164)		(26)
AFFO	**$**	**2,598**	**$**	**377**

SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Fund repaid $650 of the principal balance outstanding on the unsecured loan with a related party. After repayment, the remaining principal balance outstanding is $650.

NON-IFRS FINANCIAL MEASURES

The Fund's audited 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, 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 MD&A for Q1-2021 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 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 portfolio as well as the impact of COVID-19 on the markets in which the Fund operates, including the Manager's belief of the increased desire to live in less densely populated areas, and the potential for favourable market conditions for multi-family real estate following economic downturns and the trading price of the Fund's listed units, 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. Those risks and uncertainties include: 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 and the trading price of the Fund's listed 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; and the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise. 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 and the trading price of the Fund's listed units; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; 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 loan 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 the Manager to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws.

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.

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 United States multi-family real estate market. The Fund currently owns interests in seven properties, consisting of 2,219 suites with an average year of construction in 2003. The Fund's portfolio consists of Autumn Vista Apartments, Grand Oak at Town Park, Tuscany Bay Apartments, (the "Initial Properties") as well as Southpoint Crossing, 401 Teravista, The Bluffs at Highlands Ranch and LaVie Southpark.

For the Fund's complete unaudited interim consolidated financial statements for the three months ended March 31, 2021 and 2020 and MD&A for the three months ended March 31, 2021 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 2021 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-**

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