

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



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Toronto – **June 4, 2018** – 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 an additional interest of approximately 41.5% in Landmark at Coventry Pointe (“Coventry Pointe”), a 250 suite, garden style, value-add multi-family property completed in 2002, that is located in Atlanta, Georgia (the “Acquisition”). The Acquisition will utilize a portion of the proceeds from a recently completed refinancing of a property wholly-owned by the Fund (the “cash proceeds”) together with assumed financing. Upon the acquisition of the additional interest in Coventry Pointe, the Fund will own an aggregate interest of approximately 91.5% in Coventry Point.

The remaining interest of approximately 8.5% in Coventry Pointe will remain under the ownership of Daniel Drimmer, a director and the Chief Executive Officer of Starlight U.S. Multi-Family (No. 1) Value-Add GP, Inc., the Fund’s general partner, and the principal of the Fund’s asset manager, Starlight Group Property Holdings Inc. All decision making in respect of Coventry Pointe, including day-to-day and material decisions, will be made by the Fund through established governance practices.

“The purchase of an additional interest in Coventry Pointe through proceeds from a refinancing demonstrates the Fund’s success in implementing its value-add strategy to enhance asset values and also highlights the Fund’s ability to redeploy capital on an accelerated basis,” commented Evan Kirsh, the Fund’s President.

Pursuant to a purchase and sale agreement effective June 4, 2018, as may be amended from time to time (the “Purchase Agreement”), the Fund has agreed to purchase additional interest of approximately 41.5% in Coventry Pointe for the purchase price of US\$15.59 million. 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 June 12, 2018 and is conditional upon the approval of the TSX Venture Exchange.

In connection with the Acquisition, the purchase price of US\$15.59 million will be satisfied by the cash proceeds together with financing assumed by the Fund in the amount of US\$11.53 million, comprised of US\$10.01 million from the initial funding and US\$1.51 million of future funding for capital expenditures. The loan was secured on January 9, 2018 for a three-year term, with two one-year extensions available, and comprised a total of US\$24.14 million of initial funding and US\$3.65 million of future funding for capital expenditures. Financing is interest-only and is payable at an annual rate of one-month LIBOR + 2.00%. The Fund and Mr. Drimmer each continue to assume responsibility for the liabilities of Coventry Pointe on a pro-rata ownership basis.

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 currently 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 will continue to be repositioned to a modern standard with

upgraded suite finishes and attractive common areas and amenity spaces, and the property's curb appeal will be improved. As of June 1, 2018, Coventry Pointe's occupancy was 94.0%.

Following completion of the Acquisition, the Fund will continue to retain The Worthing Companies ("Worthing"), a well-known development and property management company in the United States, to property manage Coventry Pointe. Worthing currently manages two 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 interests in diversified income-producing rental properties in the U.S. multi-family real estate market.

Securities Law

The acquisition of the additional interest in Coventry Pointe 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 October 12, 2016.

Forward-Looking Information

This news release contains statements that may constitute forward-looking statements within the meaning of Canadian securities laws and which reflect the Fund's current expectations regarding future events, including statements concerning the acquisition and financing of Coventry Pointe and the timing thereof, the repositioning of Coventry Pointe, the property manager of Coventry Pointe, and the overall improvement of the financial performance of the Fund resulting from the acquisition of Coventry Pointe. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for Fund or the real estate industry are forward-looking statements. In some cases, forward-looking statements can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

The forward-looking statements in this news release involve risks and uncertainties, including those set forth in the Fund's materials filed with the Canadian securities regulatory authorities from time to time at www.sedar.com. Actual results could differ materially from those projected herein. Those risks and uncertainties include, among other things, risks related to: the ability to complete the acquisition and financing of Coventry Pointe; reliance on the Fund's manager; the expected benefits of the ownership of Coventry Pointe; the property management of Coventry Pointe; the experience of the Fund's officers and directors; substitutes for residential real estate rental suites; reliance on property management; competition for real property investments and tenants; and U.S. market factors.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in developing such forward-looking statements 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 overall improvement of the financial performance of the Fund's portfolio resulting from the acquisition and financing of Coventry Pointe; the ability of the manager of the Fund to manage and operate the Fund's properties; the ability of the property managers selected to manage the Fund's properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Readers are cautioned against placing undue reliance on forward-looking

statements. Except as required by applicable Canadian securities laws, none of the Fund or its manager undertake any obligation to update or revise publicly any forward-looking statements, 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.

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

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