STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

THREE MONTHS ENDED SEPTEMBER 30, 2017 AND FOR THE PERIOD FROM APRIL 24, 2017 (DATE OF FORMATION) TO SEPTEMBER 30, 2017

NOVEMBER 9, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the unaudited condensed consolidated interim financial results of Starlight U.S. Multi-Family (No. 1) Value-Add Fund (the "Fund") dated November 9, 2017 prepared as of September 30, 2017, for the three months ended September 30, 2017 and period from April 24, 2017 (date of formation) to September 30, 2017 should be read in conjunction with the Fund's unaudited condensed consolidated interim financial statements and accompanying notes for the same period. These documents are available on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A 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, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, average monthly rents ("AMR"), taxes, and plans and objectives of or involving the Fund. Particularly, matters described at "Future Outlook" are forward-looking information. 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 ability of the Fund to deploy the remaining cash on hand into another value-add investment property; 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 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 Group Property Holdings Inc., (the "Manager" or "Starlight") 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. See "Risks and Uncertainties". 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 MD&A relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian securities law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

BASIS OF PRESENTATION

The Fund's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2017 and period from April 24, 2017 (date of formation) to September 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Fund's presentation currency is United States ("U.S.") dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of U.S. dollars, except for per limited partnership unit of the Fund ("unit") and AMR information. All references to "C$" are to Canadian dollars.

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as gross book value ("Gross Book Value"), indebtedness ("Indebtedness"), interest coverage ratio ("Interest Coverage Ratio"), indebtedness coverage ratio ("Indebtedness Coverage Ratio"), net operating income ("NOI"), funds from operations ("FFO"), adjusted funds from operations ("AFFO"), AMR and economic occupancy are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income (loss) and comprehensive income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Gross Book Value, Indebtedness, Interest Coverage Ratio, Indebtedness Coverage Ratio, NOI, FFO, and AFFO as computed by the Fund may not be comparable to similar measures as reported by other trusts or companies in similar or different industries. The Fund uses these measures to better assess the Fund's underlying performance and provides these additional measures so that investors may do the same.

Gross Book Value is defined as the fair market value of the Fund's investment properties (the "Properties" or "investment properties") here at Portfolio Summary. Gross Book Value is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness is defined as the face value of mortgages payable. Indebtedness is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness to Gross Book Value is defined as the Fund's Indebtedness divided by the Fund's Gross Book Value of the Properties. Indebtedness to Gross Book Value is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Interest Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes plus finance costs, which includes amortization of financing costs and mortgage premiums, fair value adjustments on derivative instruments, less finance income and adjusted for other non-cash items divided by interest expense. Generally, a higher Interest Coverage Ratio indicates a lower credit risk. Interest Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual interest payments and ultimately the ability of the Fund to make cash distributions to unitholders of the Fund ("Unitholders").

Indebtedness Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes plus finance costs, which include amortization of financing costs and mortgage premiums, fair value adjustments on derivative instruments, less finance income and adjusted for other non-cash items divided by interest and principal payments. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy the Fund's debt service obligations. Indebtedness Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual principal and interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

NOI is defined as all property revenue, less direct property costs such as utilities, property taxes (normalized to remove the impact from IFRS Interpretations Committee 21 ("IFRIC 21") for each reporting period), repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property specific administrative costs. NOI is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's operating performance and uses this measure to assess the Fund's property operating performance on an unlevered basis.

Cash provided by operating activities, including interest paid, is a measure of the amount of cash generated from operating activities including interest paid and is presented in this MD&A as the Manager considers this non-IFRS measure when determining the sustainability of future distributions paid to Unitholders.

FFO is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS, excluding fair value adjustments of the investment properties, fair value adjustments on derivative instruments, distributions to Unitholders of units classified as financial liabilities, IFRIC 21 adjustment for property taxes, deferred income tax expense and realized or unrealized foreign exchange gains and losses. FFO payout ratio compares distributions declared to FFO. FFO is a measure of operating performance based on the funds generated from the business before reinvestment or provision for other capital needs. FFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of operating performance and is calculated in accordance with Real Property Association of Canada ("RPAC").

AFFO is defined as FFO subject to certain additional adjustments, including: (i) amortization of fair value mark-to market adjustments on loans assumed; (ii) amortization of financing costs; and (iii) deduction of a reserve for normalized maintenance capital expenditures and suite make ready costs, as determined by the Manager. Other adjustments may be made to AFFO as determined by the Manager. AFFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders after a provision for maintenance capital expenditures. AFFO should not be interpreted as an indicator of cash generated from operating activities, as it does not consider changes in working capital. AFFO has not been calculated in accordance with the RPAC definition, as the Fund makes adjustments for non-cash items to better measure the sustainability of future distributions. This MD&A does not include a presentation of adjusted cash flow from operations as defined by RPAC.

Reconciliations of net income (loss) and comprehensive income (loss) to FFO and AFFO are provided herein at "Non-IFRS Financial Measures – FFO and AFFO". In addition, a reconciliation of cash provided by operating activities including interest paid to AFFO is provided herein at "Non-IFRS Financial Measures – FFO and AFFO" and a reconciliation of NOI from the financial statement presentation of revenue, property operating costs and property taxes is provided herein at "Financial and Operational Highlights".

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. The Fund considers this an important operating metric to evaluate the extent to which revenue potential is being realized. AMR is defined as the total in place rents divided by the total number of suites occupied as at the reporting date.

INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a limited partnership formed under and governed by the laws of the Province of Ontario. The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3. The term of the Fund is targeted to be three years (the "Term"), with two one-year extensions available subject to approval by Starlight U.S. Multi-Family (No. 1) Value-Add GP, Inc., the general partner of the Fund ("Starlight GP"). The Fund may be extended beyond five years by special resolution of the Unitholders. After the closing of the Fund's initial public offering (the "Offering") on June 16, 2017, the Fund acquired two properties consisting of a combined 943 suites. The properties are located in Austin, Texas and Phoenix, Arizona.

The Fund has seven classes of units ("units or "unit"). Class A units denominated in Canadian dollars and class U units denominated in U.S. dollars are listed on the TSX Venture Exchange under the symbols SUVA.A and SUVA.U, respectively. The Fund also has five unlisted limited partnership unit classes, class C units, class D units, class F units, and class H units, which are Canadian dollar denominated, and class E units, which are U.S. dollar denominated.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to:

1. indirectly acquire, own, and operate a portfolio comprised of value-add, income producing multi-family properties that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management that are located in primarily in the States of Arizona, Colorado, Florida, Georgia, Nevada, North Carolina, Tennessee and Texas (the "Primary Markets");
2. make stable monthly cash distributions;
3. increase rental rates through light value-add capital expenditures and the use of revenue management software; and

4. enhance revenue through ancillary income opportunities and reduced operating expenses through active asset management with the use of best-in-class property managers to generate economies of scale with the goal of ultimately directly or indirectly disposing of its interests in the assets by the end of the Term.

In order to meet its investment objectives, the Fund's investment strategy is as follows:

INVESTMENT STRATEGY

The Fund was established for the purpose of investing indirectly in value-add, income producing multi-family properties in the U.S. multi-family real estate market that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management. The Manager believes the U.S. multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes.

ACQUISITION OF VALUE-ADD U.S. MULTI-FAMILY REAL ESTATE

1. Identify value-add acquisition opportunities in the U.S. multi-family residential market by leveraging the Manager's relationships with principals, operators, and brokers located in the Fund's target markets and by its ability to source "off-market" opportunities.
2. Target multi-family assets that are:
    a. properties that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management;
    b. strategically located properties in the Primary Markets with strong job, population and economic growth rates;
    c. strategically located properties within their respective suburban submarkets with barriers to new development; and
    d. stabilized, with the potential to benefit from an active management strategy.
3. Complete a comprehensive due diligence program, including cash flow and value-add return modeling, operating expense reviews, and third-party reports including market studies, structural and environmental assessments and appraisals.
4. Conduct a broad canvass of the lending community, including lenders with whom the Manager enjoys long-term relationships, to secure debt financing on competitive terms.
5. Explore, from time to time, co-investment opportunities involving the Fund and one or more co-investors.

ASSET VALUE ENHANCEMENT THROUGH ACTIVE MANAGEMENT STRATEGY

1. Utilize the Manager's network to source attractive future acquisitions from private equity funds, operators and other real estate asset managers.
2. Increase rental rates through value-add capital improvement programs, including targeted light value-add capital expenditures to rental suites (e.g. kitchen, bathrooms, fenced-in yards, etc.), clubhouse and resident amenity spaces and modernization improvements, rental rate mapping and the use of yield management software.
3. Seek ancillary income opportunities (e.g.door-to-door waste pick-up service).
4. Reduce operating expenses such as staffing, maintenance contracts, advertising and insurance through economies of scale.
5. Utilize reputable best-in-class U.S.-based property managers.

ARIZONA, COLORADO, FLORIDA, GEORGIA, NEVADA, NORTH CAROLINA, TENNESSEE AND TEXAS

The Manager targets acquisitions in the Primary Markets, where markets feature:

a) compelling population, economic and employment growth rates;

b) 'landlord friendly' legal environments; and

c) comfortable climates and quality of life.

The Fund expects to indirectly acquire additional properties in the Primary Markets and the Manager believes that each of the Primary Markets exhibits the characteristics highlighted above.

VALUE REALIZATION THROUGH STRATEGIC DISPOSITIONS

1. Asset value increases are expected by the Manager to be realized through a combination of NOI growth, through, among other things, capital expenditures resulting in increased rental rates and a pricing premium on the aggregated portfolio.
2. The Manager, on behalf of the Fund, plans to execute dispositions throughout the Term on a single asset or portfolio basis through private and public market transactions to maximize value.
3. The private real estate investment market and the public capital markets will be monitored to seek an exit strategy that can be executed with a view towards maximizing disposition proceeds.

PORTFOLIO SUMMARY

As at September 30, 2017, the Fund owned two Properties that have an aggregate of 943 suites and are located in the States of Arizona and Texas.

Property	Location	Suites	Year Completed	Rentable Area (Sq. Ft)	Average Suite Size (Sq. Ft)	Land Area (Acres)	Date of Original Acquisition
Landing at Round Rock	7711 O'Connor Road	583	2001	716,701	1,229	33.21	June 16, 2017
Austin, Texas		**583**	**2001**	**716,701**	**1,229**	**33.21**	
Spectra on 7th South	20425 North 7th Street	360	2007	315,360	876	11.35	June 16, 2017
Phoenix, Arizona		**360**	**2007**	**315,360**	**876**	**11.35**	
Total (Average)		**943**	**(2003)**	**1,032,061**	**(1,121)**	**44.56**	

THE LANDING AT ROUND ROCK

The Landing at Round Rock ("The Landing") is located at 7711 O'Connor Road, Round Rock, Texas, 30 kilometres north of downtown Austin. Completed in 2001, the property is comprised of 44 garden-style three-storey buildings on a 33.21 acre site and offers 583 suites ranging in size from one bedroom to four bedrooms.

SPECTRA SOUTH

Spectra South is located at 20425 North 7th Street, Phoenix, Arizona, 32 kilometres north of downtown Phoenix. Completed in 2007, the property is comprised of 19 garden-style three-storey buildings on a 11.35 acre site and offers 360 suites ranging in size from one bedroom to three bedrooms.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operational performance of the Fund as at September 30, 2017 and for the three months ended September 30, 2017 and for the period from April 24, 2017 (date of formation) to September 30, 2017. Results are compared against the Fund's financial forecast (the "Forecast") included in the Fund's final prospectus dated June 12, 2017 (the "Prospectus"). The Forecast was pro-rated for each property based on the date of purchase for each property so the actual results are compared to the Forecast for the actual period of ownership.

KEY HIGHLIGHTS:

- AMR at September 30, 2017 at $1,223 was 1.3% higher than the Forecast.
- Revenue from property operations for the three months ended September 30, 2017 was $3,505, $89 or 2.5% lower than Forecast due to lower economic occupancy being partly offset by higher AMR.
- Property operating costs including property taxes were $1,509, $20 or 1.3% below the Forecast for the three months ended September 30, 2017.
- NOI was $1,996, $69 or 3.3% lower than Forecast for the three months ended September 30, 2017. Since operations commenced on June 16, 2017, NOI was $2,345, $54 or 2.3% lower than in the Forecast.
- NOI margin for the three months ended September 30, 2017 was 57.0% compared to the forecasted 57.5%. Since operations commenced on June 16, 2017, the Fund's NOI margin was 57.3% compared to Forecast at 57.4%.
- The Fund recognized a fair value increase on its Properties of $5,678 during the three months ended September 30, 2017 driven by capitalization rate compression.
- The Fund's AFFO for the three months ended September 30, 2017 was $865, $69 or 7.4% below Forecast due to the decrease in NOI.
- The Fund's AFFO payout ratio since the commencement of operations on June 16, 2017 was 102.3%, however after adjusting for the fact that the Fund had not yet fully deployed the equity raised in the Offering, the revised AFFO payout ratio was 84.8% compared to Forecast of 81.8%.
- Net income and comprehensive income was $2,924 for the three months ended September 30, 2017 (Forecast – net loss of $355) driven by the fair value increase on the Properties.
- Indebtedness to Gross Book Value was 65.3%, within the Fund's targeted range.
- Interest Coverage Ratio and Indebtedness Coverage Ratio was 2.06 times for the three months ended September 30, 2017.
- As at September 30, 2017, the weighted average interest rate on mortgages payable was 3.23% and the weighted average term to maturity was 2.75 years.
- As at September 30, 2017, the Fund had cash on hand of $10,021. Subsequent to September 30, 2017, the Fund announced that it will be acquiring a 50% interest in Landmark at Coventry Pointe, a 250 suite value-add property completed in 2002 and located in Atlanta, Georgia. The Fund will be fully deployed following the closing of the acquisition. See Subsequent Events.

The Forecast was prepared in accordance with IFRS and was based on management's estimates and using assumptions that reflected management's intended course of action for the periods presented, given management's judgement as to the most probable set of economic conditions. The Forecast was not, when made, a historical fact, but a forward-looking statement about, among other things, the financial condition, results of operations and business of the Fund and is subject to important risks, uncertainties and assumptions that can be found in the Prospectus.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

		As at September 30, 2017
Operational Information		
Number of properties		2
Total suites		943
Weighted average portfolio occupancy %		93.3%
AMR (in actual dollars)	$	1,223
Average monthly rent per square foot (in actual dollars)	$	1.12
Summary of Financial Information		
Gross Book Value		$160,833
Indebtedness		$104,950
Indebtedness to Gross Book Value (1)		65.25%
Weighted average mortgage interest rate		3.23%
Weighted average mortgage term to maturity		2.75 years

	For the three months ended September 30, 2017	Period from April 24, 2017 to September 30, 2017 (1)
Summary of Financial Information		
Revenue from property operations	$3,505	$4,091
Property operating costs	$895	$1,030
Property taxes (2)	$614	$716
NOI	$1,996	$2,345
Net income and comprehensive income	$2,924	$2,987
FFO	$863	$995
FFO per unit - basic and diluted	$0.10	$0.12
AFFO	$865	$997
AFFO per unit - basic and diluted	$0.10	$0.12
Interest Coverage Ratio	2.06 x	2.07 x
Indebtness Coverage Ratio	2.06 x	2.07 x
FFO payout ratio	118.2%	102.5%
AFFO payout ratio	117.9%	102.3%
Weighted average units Outstanding (000s) - basic and diluted	8,180	8,180

(1) The Fund commenced operations following the acquisition of the Initial Properties on June 16, 2017.

(2) 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 purposes of calculating NOI.

FINANCIAL PERFORMANCE

The Fund does not, as a matter of course, publish its business plans, budgets, strategies or make external projections or forecasts, including its anticipated financial position and results of operations. Pursuant to applicable Canadian securities laws, the Fund is required to update the Forecast set out in the Prospectus during the relevant period by identifying any material changes from the Forecast resulting from events that have occurred since it was issued and by comparing the Forecast with actual results for the periods covered.

The Fund is also required to discuss events and circumstances that occurred during the period from April 24, 2017 to September 30, 2017 that are reasonably likely to cause actual results to differ materially from the Forecast for periods that are not yet complete and their expected differences, if any. The Forecast assumed the Properties were owned for the entire three months ended June 30, 2017 and for comparison purposes has been adjusted to reflect the Fund's actual period of ownership of the Properties which commenced on June 16, 2017. The Forecast assumed that the Fund would raise gross subscription proceeds at the closing of the Offering of $57,000 and the Fund raised $64,923. As a result, the Fund has additional cash to deploy and will have higher obligations to Unitholders in the way of distributions when compared to the Forecast which impacts net income (loss) and comprehensive income (loss) due to the higher distributions, impacts FFO and AFFO, as well as FFO and AFFO per unit, and FFO and AFFO payout ratios.

	For the three months ended September 30, 2017	Forecast	Period from April 24, 2017 to September 30, 2017	Forecast
Revenue from property operations	$ 3,505	$ 3,594	$ 4,091	$ 4,182
Property operating costs	(895)	(893)	(1,030)	(1,042)
Income from property operations	2,610	2,701	3,061	3,140
Finance costs	(918)	(933)	(1,063)	(1,077)
Distributions to Unitholders	(1,020)	(845)	(1,020)	(845)
Fund and trust expenses	(207)	(188)	(278)	(277)
Unrealized foreign exchange gain	(6)	-	(3)	-
Fair value adjustment of investment properties	5,678	-	5,678	-
Fair value adjustment IFRIC 21	(614)	(636)	(716)	(741)
Income taxes:				
Current	(8)	(8)	(9)	(9)
Deferred	(2,591)	(446)	(2,663)	(518)
Net income (loss) and comprehensive income (loss)	$ 2,924	$ (355)	$ 2,987	$ (327)

RESULTS OF OPERATIONS

The following discussion compares the Fund's actual results for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 to the Forecast for the same periods.

	Three months ended September 30, 2017	Forecast	% Variance	Period from April 24, 2017 to September 30, 2017	Forecast	% Variance
Revenue from property operations	$ 3,505	$ 3,594	(2.5)%	$ 4,091	$ 4,182	(2.2)%
Property operating costs	895	893	0.2%	1,030	1,042	1.2%
Property taxes (1)	614	636	3.5%	716	741	3.4%
NOI	$ 1,996	$ 2,065	(3.3)%	$ 2,345	$ 2,399	(2.3)%
NOI margin	57.0%	57.5%		57.3%	57.4%	

(1) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat realty taxes as an expense that is amortized during the fiscal year.

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations for the three months ended September 30, 2017 was $3,505, $89 or 2.5% below Forecast due to a reduction in economic occupancy being partly offset by higher AMR than forecasted. The Fund's

economic occupancy for the three months ended September 30, 2017 was 92.8% (Forecast - 94.7%). The Fund's AMR as at September 30, 2017 was $1,223 compared to the Forecast of $1,207, an increase of $16 or 1.3%.
Revenue from property operations for the period from April 24, 2017 to September 30, 2017 was $4,091, $91 or 2.2% below Forecast. The Fund's economic occupancy for the period was 92.8% which was below the forecasted 94.7%. The economic occupancy shortfall was partially offset by higher AMR.

AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as at September 30, 2017 and economic occupancy of the Properties for the three months ended September 30, 2017 compared to the Forecast.

	As at September 30, 2017			Forecast - As at September 30, 2017	
Properties	**Suites**	**AMR**	**Occ %**	**AMR**	**Occ %**
The Landing	583	$ 1,354	94.1%	$ 1,337	95.3%
Spectra South	360	$ 998	90.1%	$ 1,006	93.4%
Total	943	$ 1,223	92.8%	$ 1,207	94.7%

AMR for the Properties as at September 30, 2017 was $1,223 compared to the Forecast of $1,207, an increase of $16 or 1.3%. The Landing AMR was $1,354 compared to the Forecast of $1,337, an increase of $17 or 1.3% and Spectra South AMR was $998 compared to $1,006 in the Forecast, a decrease of $8 or 0.8%. Economic occupancy for the Properties was 92.8% compared to the Forecast of 94.7%. The Landing economic occupancy was 94.1% compared to Forecast of 95.3% and Spectra South economic occupancy was 90.1% compared to Forecast 93.4%.

PROPERTY OPERATING COSTS

Property operating costs were $2 or 0.2% higher than Forecast for the three months ended September 30, 2017 and $12 or 1.2% lower than Forecast for the period from April 24, 2017 to September 30, 2017.

PROPERTY TAXES

Property taxes were $614 for the three months ended September 30, 2017 compared to the forecasted amount of $636. The reduction of $22, or 3.5%, was due to lower anticipated property tax expense at The Landing and Spectra South due to the assessed values received being lower than Forecast.

Property taxes were $716 for the period from April 24, 2017 to September 30, 2017 compared to the Forecast amount of $741. The reduction of $25, or 3.4%, was due to lower anticipated property tax expense at The Landing and Spectra South due to the assessed values received being lower than Forecast.

NOI

NOI was $1,996 for the three months ended September 30, 2017, $69 or 3.3% lower than Forecast mainly due to the lower than expected revenue from property operations which was partially offset by lower than forecasted property taxes. NOI margin was 57.0% for the three months ended September 30, 2017, a reduction of 50 basis points when compared to the Forecast mainly due to the lower revenue from property operations.

NOI was $2,345 for the period from April 24, 2017 to September 30, 2017, $54 or 2.3% lower than Forecast mainly due to the lower than expected revenue from property operations which was partially offset by lower property operating costs and property taxes compared to the Forecast. NOI margin was 57.3% for the three months ended September 30, 2017 (Forecast – 57.4%).

FINANCE COSTS

The Fund's finance costs for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 are summarized below:

		Three months ended September 30, 2017		Forecast		Period from April 24, 2017 to September 30, 2017		Forecast
Interest on mortgages payable	$	857	$	876	$	992	$	1,011
Amortization of financings costs		61		57		71		66
Total	$	918	$	933	$	1,063	$	1,077

Interest on mortgages payable for the three months ended September 30, 2017 was $857 (Forecast - $876). The $19 or 2.2% reduction in interest on mortgages payable was due to the actual U.S. 30-day LIBOR being lower than the rate used in the Forecast.

Interest on mortgages payable for the period from April 24, 2017 to September 30, 2017 was $992 (Forecast - $1,011). The $19 or 2.2% reduction in interest on mortgages payable was due to the actual U.S. 30-day LIBOR being lower than the rate used in the Forecast.

Amortization of financing costs for the three months ended September 30, 2017 was $61 (Forecast - $57). The increase of $4 or 7.0% was due to the Fund incurring higher financing costs than forecasted at the time the investment properties were acquired.

Amortization of financing costs for the period from April 24, 2017 to September 30, 2017 was $71 (Forecast - $66). The variance of $5 or 7.6% was DUE TO THE FUND incurring higher financing costs than forecasted at the time the investment properties were acquired.

DISTRIBUTIONS TO UNITHOLDERS

For the three months ended September 30, 2017 the Fund distributed $1,020 to Unitholders. The Fund's first distribution to Unitholders was paid for the month of July 2017 which represented the Fund's first full month operating the investment properties.

FUND AND TRUST EXPENSES

Fund and trust expenses include costs incurred by the Fund that are not directly attributable to the Properties. These costs include items such as legal and audit fees, director fees, investor relations expenses, directors' and officers' insurance premiums, expenses relating to the administration of the Fund's distributions and other general and administrative expenses associated with the operation of the Fund. Also included in Fund expenses are asset management fees payable to Starlight. See "Related Party Transactions and Arrangements – Arrangements with Starlight".

Fund and trust expenses for the three months ended September 30, 2017 were $207 (Forecast - $188), an increase of $19 or 10.1%. Included in Fund and trust expenses are asset management fees of $136.

Fund and trust expenses for the period from April 24, 2017 to September 30, 2017 were $278 (Forecast - $277), in-line with the Forecast. Also included in Fund and trust expenses are asset management fees of $158.

UNREALIZED FOREIGN EXCHANGE GAIN

The Fund recognized an unrealized foreign exchange loss of $6 for the three months ended September 30, 2017 and an unrealized foreign exchange loss of $3 for the period from April 24, 2017 to September 30, 2017. The loss related to normal course operations.

INVESTMENT PROPERTIES – FAIR VALUE ADJUSTMENTS

The Fund has selected the fair value method to account for real estate classified as investment properties. Fair values are supported by a combination of internal financial information and market data. The determination of fair value is based on, among other things, the amount of rental income from future leases reflecting current market conditions, adjusted for assumptions of future cash flows in respect of current and future leases, capitalization rates and expected occupancy rates.

The Fund is currently working on several value enhancing initiatives at the Properties. At Spectra South, the Fund plans to complete the following in the near term: paint the exterior of the buildings, repair and upgrade the parking lot and entryway, upgrade the clubhouse and fitness centre, refinish the pool and add additional pool furniture along with the ongoing suite upgrade program that includes new plank flooring, upgraded lighting, kitchen faucets, cabinets, bathroom lighting, bathroom hardware and painting.

At The Landing, the Fund plans to complete the following in the near term: upgrade the main clubhouse including the relocation of the leasing office, add a Wi-Fi café and package locker system and repurpose the movie theater and games room. The Fund also plans to complete exterior upgrades to The Landing including exterior painting, enhance the pool including pool deck redesign, landscape upgrades, new pool furniture and games area and also create a barbeque grilling centre. The Fund is in the process of completing a suite upgrade program that includes new plank flooring, stainless steel appliances, upgraded lighting, refinishing kitchen cabinets, kitchen plumbing, installing quartz countertops in kitchens and bathrooms, upgraded bathroom sinks and faucets, lighting and hardware. The planned suite upgrades at both Properties are expected to generate significant increases in rental rates and provide attractive returns on the capital invested.

The Fund recorded a fair value increase on its investment properties of $5,678 for the period from April 24, 2017 to September 30, 2017.

The following table summarizes the change in investment properties held by the Fund for the period.

		Amount
Opening Balance at April 24, 2017	$	-
Acquisition of investment properties		153,978
Capital additions		546
Fair value adjustment		5,678
IFRIC 21 realty tax liability adjustment		631
Balance as at September 30, 2017	$	160,833

The following table reconciles the cost base of investment properties to their fair value:

		As at September 30, 2017
Cost	$	154,524
Cumulative fair value adjustment		5,678
IFRIC 21 realty tax liability adjustment		631
Balance as at September 30, 2017	$	160,833

The key assumptions for investment properties held by the Fund are set out in the following table:

	As at September 30, 2017
Capitalization rates - range	4.75%
Capitalization rate - weighted average	4.75%

The fair values of the Fund’s investment properties are sensitive to changes in the key valuation assumptions. Changes in the weighted average capitalization rates would result in a change to the fair value of the Fund’s investment properties as set out in the following table:

Key assumptions	**Change**		**As at September 30, 2017**
Weighted average:			
Capitalization rate	10-basis-point increase	$	(3,354)
Capitalization rate	10-basis-point decrease	$	3,499

The impact of a 1% change in NOI used to value the investment properties as at June 30, 2017 would affect the fair value by approximately $1,627.

INCOME TAXES – CURRENT

The Fund's current income taxes for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 were $8 and $9, respectively (Forecast - $8 and $9, respectively) relating to Texas franchise taxes accrued at The Landing.

INCOME TAXES - DEFERRED

The Fund recognized a $2,591 deferred tax liability for the three months ended September 30, 2017 as a result of the fair value adjustment on the Properties of $5,678 as well as depreciation for tax purposes on the Properties. For the period from April 24, 2017 to September 30, 2017, the Fund has recognized a deferred tax liability of $2,663. The deferred tax liability is the result of differences between the accounting and tax asset values of the Properties.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 with a comparison to Forecast.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of net loss and comprehensive loss, determined in accordance with IFRS to FFO and AFFO is presented below for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 with a comparison to the Forecast.

	Three months ended September 30, 2017	Forecast	Period from April 24, 2017 to September 30, 2017	Forecast
Net income (loss) and comprehensive income (loss)	$ 2,924	$ (355)	$ 2,987	$ (327)
Add / (Deduct):				
Deferred taxes	2,591	446	2,663	518
Distributions to Unitholders	1,020	845	1,020	845
Unrealized foreign exchange loss	6	-	3	-
Fair value adjustment of investment properties	(5,678)	-	(5,678)	-
FFO	$ 863	$ 936	$ 995	$ 1,036
Add / (Deduct):				
Amortization of financing costs	$ 61	$ 57	$ 71	$ 66
Sustaining capital expenditures and suite renovation reserves	(59)	(59)	(69)	(69)
AFFO	$ 865	$ 934	$ 997	$ 1,033
FFO per unit - basic and diluted	$0.10	$0.13	$0.12	$0.14
FFO payout ratio	118.2%	90.3%	102.5%	81.6%
AFFO per unit - basic and diluted	$0.10	$0.13	$0.12	$0.14
AFFO payout ratio	117.9%	90.5%	102.3%	81.8%
Distributions declared	$ 1,020	$ 845	$ 1,020	$ 845
Weighted average units outstanding:				
Basic and diluted - class A, C, D, E, F, H & U - (000s)	8,180	7,457	8,180	7,457

Basic and diluted FFO and FFO per unit for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 was $863 and $0.10 and $995 and $0.12, respectively (Forecast - $936 and $0.13 and $1,036 and $0.14). FFO was $73 lower than the Forecast during the three months ended September 30. 2017, primarily due to the NOI decrease of $69. FFO was $41 lower than the Forecast during the period from April 24,2017 to September 30, 2017 primarily due to NOI decrease of $54, partially offset by lower finance costs of $14.

Basic and diluted AFFO and AFFO per unit for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 was $865 and $0.10 and $997 and $0.12, respectively (Forecast - $934 and $0.13 and $1,033 and $0.14). AFFO was $69 lower than the Forecast during the three months ended September 30, 2017, due to the NOI decrease of $69. AFFO was $36 lower than the Forecast during the period from April 24, 2017 to September 30, 2017 primarily due to NOI decrease of $54, partially offset by lower interest on mortgages payable of $19.

FFO and AFFO payout ratios for the three months ended September 30, 2017 were 118.2% and 117.9%, respectively (Forecast 90.3% and 90.5%). The payout ratios in the Forecast assumed the Fund had fully deployed the equity raised with distributions of $845. The Fund incurred distributions of approximately $175 on equity raised but not deployed during the three months ended September 30, 2017. Excluding these distributions, the FFO and AFFO payout ratios for the three months ended September 30, 2017 would have been 97.9% and 97.7%, respectively.

FFO and AFFO payout ratios for the period from April 24, 2017 to September 30, 2017 were 102.5% and 102.3%, respectively (Forecast 81.6% and 81.8%). The forecasted payout ratios assume the Fund was fully deployed on its equity raise for the entire period commencing June 16, 2017 and distributions were assumed to be $845. Had the fund raised only the minimum required to close on the Properties, the FFO and AFFO payout ratios for the period from April 24, 2017 to September 30, 2017 would have been 84.9% and 84.8%, respectively.

Sustaining capital expenditures and suite renovations reserves for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 were $59 and $69 respectively, in comparison to the actual figures of $57 and $59, respectively.

The Fund's distributions paid and declared for the period from April 24, 2017 to September 30, 2017 per unit were as follows:

Class A	Class C	Class D	Class E	Class F	Class H	Class U
C$0.15000	C$0.15000	C$0.15000	0.15000	C$0.15000	C$0.05000	0.15000

Reconciliation of cash provided by operating activities determined in accordance with IFRS to AFFO for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 is provided below:

	For the three months ended September 30, 2017	Period from April 24, 2017 to September 30, 2017
Cash provided by operating activities	$ 2,458	$ 1,912
Less: interest paid	(857)	(992)
Cash provided by operating activities - including interest paid	$ 1,601	$ 920
Add / (Deduct):		
Change in non-cash operating w orking capital	(812)	(1,240)
Change in restricted cash	752	752
Fair value adjustment of investment properties relating to IFRIC 21	(623)	631
Unrealized foreign exchange loss	6	3
Sustaining capital expenditures and suite renovation reserves	(59)	(69)
AFFO	$ 865	$ 997

For the period from April 24, 2017 to September 30, 2017 the Fund's cash provided by operating activities - including interest paid of $920, was $100 below the distributions of $1,020. The Fund distributed approximately $175 relating to equity raised during the Offering which had not yet been deployed throughout the period. See Subsequent Events. The source of excess cash for the period from April 24, 2017 to September 30, 2017 was from the Offering. The Fund does not consider there to be an issue with the sustainability of future distributions to Unitholders after deploying the remaining equity from the Offering which it expects to be able to have provided by funds from operations.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Fund expects to be able to meet all of its obligations, including distributions to Unitholders and property maintenance and capital expenditure commitments as they become due. The Fund has financing sources to fulfill its commitments including cash flow from its operating activities and mortgage debt secured by investment properties including availability of future funding to assist with value-enhancing initiatives. As at September 30, 2017, the Fund was in compliance with all of its financial covenants.

CASH FLOWS

Cash flow provided by operating activities represents the primary source of liquidity to fund distributions, debt service and capital improvements. The Fund's cash flow from operating activities is dependent upon the occupancy level of its investment properties, the rental rates on its leases, the collectability of rent from its tenants, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect the Fund's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section.

The following table details the changes in cash for the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017:

	For the three months ended September 30, 2017	Period from April 24, 2017 to September 30, 2017
Cash provided by operating activities	$ 2,459	$ 1,913
Cash (used in) provided by financing activities	(1,878)	163,847
Cash used in investing activities	(524)	(155,739)
Increase in cash	57	10,021
Cash, beginning of period	9,964	-
Cash, end of period	$ 10,021	$ 10,021

Cash on hand as at September 30, 2017 was $10,021. The Fund also held internally restricted cash of $1,876 relating to withholding tax requirements on the acquisition of Spectra South, acquired from an affiliate of the Manager for which the Fund is acting as the withholding agent. After September 30, 2017, the Fund received approval from the Internal Revenue Service approving the withholding tax amount of $1,876 and the payment was completed. See "Related Party Transactions and Arrangements".

Cash provided by operating activities for the three months ended September 30, 2017 was $2,459 and related to cash generated by property operations as well as changes in non-cash working capital.

Cash provided by operating activities for the period from April 24, 2017 to September 30, 2017 was $1,913 related to cash generated by property operations as well as changes in non-cash working capital.

Cash used in financing activities for the three months ended September 30, 2017 was $1,878 including 857 for interest on mortgages payables and $1,020 in distributions to Unitholders.

Cash provided by financing activities for the period from April 24, 2017 to September 30, 2017 was $163,847 and included net proceeds on the issuance of Fund units, net of issuance costs of $61,648, and proceeds from new financing of $104,950. These inflows were partially offset by finance costs paid of $1,731 and distributions to Unitholders of $1,020.

Cash used in investing activities for the three months ended September 30, 2017 was $524 and related solely to capital additions to the investment properties.

Cash used in investing activities for the period April 24, 2017 to September 30, 2017 was $155,739 and related to the acquisition of the Properties for $155,193 and $546 relating to capital additions to the investment properties.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Fund's capital is the aggregate of Indebtedness and net liabilities attributable to Unitholders. The Fund's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions as well as existing debt covenants, as the Fund continues to build Unitholder value and maintain sufficient capital contingency amounts.

As at September 30, 2017, the total capital of the Fund was as follows:

		As at September 30, 2017
Mortgages payable	$	104,950
Net liabilities attributable to Unitholders		64,635
Total capital	$	169,585

DEBT PROFILE

As at September 30, 2017, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 65.3%. The maximum allowable ratio under the Fund's first amended and restated limited partnership agreement dated as of June 12, 2017 is 75%. The weighted average mortgage interest rate for the Fund, as at September 30, 2017 was 3.23% and the weighted average term to maturity of the mortgage portfolio was 2.75 years.

The following table summarizes key liquidity metrics:

		As at September 30, 2017
Indebtedness to Gross Book Value		65.25%
Weighted average interest rate - mortgages		3.23%
Weighted average term to maturity - mortgages		2.75 years
	For the three months ended September 30, 2017	Period from April 24, 2017 to September 30, 2017
Interest Coverage Ratio	2.06	2.07 x
Indebtedness Coverage Ratio	2.06	2.07 x

The Interest Coverage Ratio and the Indebtedness Coverage Ratio for the three months ended September 30, 2017 was 2.06 and 2.06 respectively, and for the period from April 24, 2017 to September 30, 2017 was 2.07 and 2.07 respectively.

The Fund's objective in managing interest rate risk is to minimize the volatility of the Fund's income. The Fund has the option to enter into interest rate cap agreements for all its floating rate mortgages. Loan agreements in respect of the Properties may require the Fund to enter into interest rate cap agreements once 30-day U.S. LIBOR reaches stipulated levels.

MORTGAGES PAYABLE

The following table sets out scheduled principal and interest payments and amounts maturing on the mortgages over each of the next five fiscal years and the weighted average interest rate of maturing mortgages based on the Fund's condensed consolidated financial statements as at September 30, 2017:

	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Percentage of total mortgages payable	Weighted average interest rate of maturing mortgages	Scheduled interest payments
2017	$ -	$ -	$ -	0.00%	0.00%	$ 687
2018	-	-	-	0.00%	0.00%	3,439
2019	-	-	-	0.00%	0.00%	3,439
2020	-	104,950	104,950	100.00%	3.23%	1,740
	$ -	$ 104,950	$ 104,950	100.00%	3.23%	$ 9,305
Unamortized financing costs			(668)			
			$ 104,282			

In addition to the mortgages payable of $104,950, which partly funded the acquisitions of the Spectra South and The Landing, the loan agreements allow for future advances of up to $7,200 to fund the planned value enhancing initiatives at the Properties. As at September 30, 2017 the Fund had yet to drawdown on the available future funding for either investment property.

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the Fund may be involved in litigation and claims in relation to its investment properties. As at the date hereof, in the opinion of management, none of the litigation or claims, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the directors and officers of the Fund and its subsidiaries.

NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The Fund is authorized to issue an unlimited number of units. The beneficial interest in the net income and comprehensive income of the Fund is divided into seven classes of units: class A units; class C units; class D units; class E units; class F units; class H units; and class U units. Below is a summary by Class of the net liabilities attributable to Unitholders for the period from April 24, 2017 to September 30, 2017:

	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Net liabilities attributable to Unitholders, April 24, 2017	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Changes during the period								
Units issued pursuant to the Offering, net of issue costs	12,918	12,061	9,994	9,305	13,118	1,338	2,914	61,648
Re-allocation due to unit conversions	(1,013)	-	2,500	782	(149)	(1,338)	(782)	-
Net income and comprehensive income	577	584	606	489	628	-	103	2,987
Net liabilities attributable to Unitholders, September 30, 2017	$ 12,482	$ 12,645	$ 13,100	$ 10,576	$ 13,597	$ -	$ 2,235	$64,635

UNITS

The following table summarizes the changes in units outstanding for the period from April 24, 2017 to September 30, 2017:

(in thousands of units)	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Outstanding as at April 24, 2017	-	-	-	-	-	-	-	-
Units issued pursuant to the Offering, completed, June 16, 2017	1,834	1,623	1,419	997	1,805	190	312	8,180
Unit conversions	(144)	-	355	84	(20)	(190)	(84)	1
Outstanding, as at Septemer 30, 2017	1,690	1,623	1,774	1,081	1,785	-	228	8,181

As at September 30, 2017, there were 8,180,566 units issued and outstanding, comprised of 1,690,406 class A units, 1,622,500 class C units, 1,773,900 class D units, 1,080,500 class E units, 1,784,980 class F units, nil class H units and 228,280 class U units.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH STARLIGHT

The Fund engaged Starlight to perform certain management services, as outlined below. Starlight is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer who is a director and Chief Executive Officer of the General Partner.

(a) Pursuant to the management agreement dated June 16, 2017 (the "Management Agreement"), the Manager is to perform asset management services for annual fees equal to 0.35% of the sum of:

I. the historical purchase price of the Properties acquired in U.S. dollars; and

II. the cost of any capital expenditures in respect of the Properties since the date of acquisition by the Fund in U.S. dollars.

For the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017 asset management fees of $136 and $158, respectively were charged to Fund and trust expenses. The amount payable to the Manager as at September 30, 2017 was $45.

(b) Pursuant to the Management Agreement, Starlight is entitled to receive an acquisition fee in respect of properties acquired, directly or indirectly, by the Fund as a result of such properties having been presented to the Fund by Starlight calculated as follows:

- 1.0% of the purchase price of a property, on the first $150,000 of properties acquired in each calendar year;
- 0.75% of the purchase price of a property, on the next $150,000 of properties acquired in each calendar year; and
- 0.50% of the purchase price on properties in excess of $300,000 of properties acquired in each calendar year.

For the three months ended September 30, 2017 and for the period from April 24, 2017 to September 30, 2017, the Fund incurred acquisition fees of $nil and $1,535, respectively under the Management Agreement. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition. The acquisition of Spectra South for $59,200 was from an affiliated entity of the Manager and the acquisition fee for Spectra South was $580. The purchase price was based on third party appraised valuations.

In addition, the Fund reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement or such other services which the Fund and the Manager agree in writing are to be provided from time to time by the Manager.

The Management Agreement expires on the winding-up or dissolution of the Fund, unless and until the Management Agreement is terminated in accordance with the termination provisions.

CARRIED INTEREST

The partners of Starlight Investments Value-Add Partnership ("SIVAP") currently being the Manager and the President of the General Partner, through SIVAP's indirect interest in the Starlight U.S. Multi-Family (No. 1) Value-Add Holding LP ("Holding LP"), a 99.99% owned subsidiary of the Fund are entitled to 25% of the total of all amounts each of which is the amount, if any, by which (i) the aggregate amount of distributions which would have been paid on all units of the Fund of a particular class if all Distributable Cash, as defined in the Prospectus, of the Holding LP were received by the Fund (through Starlight U.S. Multi-Family (No. 1) Value-Add Investment LP ("Investment LP"), a 100% owned subsidiary of the Fund and Starlight U.S. Multi-Family (No. 1) Value-Add Investment GP, Inc., a 100% owned subsidiary of the Fund, together with all other amounts distributable by the Fund, and distributed by the Fund (net of any amounts required to provide for expenses and determined without reference to any applicable U.S. taxes payable by or on behalf of the Investment LP) to Unitholders of the Fund in accordance with the Fund's amended and restated limited partnership agreement, exceeds (ii) the aggregate Minimum Return, as defined in the Prospectus, in respect of such class of Units of the Fund (the calculation of which, for greater clarity includes the amount of the Investors Capital Return Base, as defined in the Prospectus), each such excess, if any, to be calculated in U.S. dollars and, in the case of Canadian Dollar Units, based on the applicable exchange rate on the date of distribution for actual distributions paid by the Fund and otherwise on the date of the applicable distribution from the Holding LP to the Investment LP and by the Investment LP to, directly or indirectly, the Fund, provided that, to the extent that the aggregate amount of distributions which would have been paid on all units of the Fund of a particular class pursuant to the foregoing exceed the Minimum Return for such class, the partners of SIVAP (currently being the Manager and the President of the General Partner), through SIVAP's indirect interest in the Holding LP, will be entitled to 50% of each such excess amount (i.e., a catch-up) until the excess, if any, which would have been distributed in respect of such class in excess of the Investors Capital Return Base is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the Manager in respect of such class.

As at September 30, 2017, the Fund had not recognized a liability to SIVAP in relation to the carried interest.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is available in Note 2 in the unaudited consolidated interim financial statements of the Fund for the period April 24, 2017 (date of formation) to June 30, 2017. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that it believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these consolidated financial statements. The estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

INVESTMENT PROPERTIES

The estimates used when determining the fair value of investment properties are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property.

The stabilized future cash flows of each investment property based upon rental income from current leases and assumptions about occupancy rates and market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts and third party appraisals.

FINANCIAL INSTRUMENTS

Critical judgments and estimates are also made in the determination of fair value of financial instruments and include assumptions and estimates regarding future interest rates, the relative creditworthiness of the Fund to its counterparties, the credit risk of the Fund's counterparties relative to the Fund, the estimated future cash flows and discount rates.

LEASES

The Fund makes judgments in determining whether certain leases, in particular tenant leases are accounted for under IFRS as either operating or finance leases. The Fund has determined that all of its leases are operating leases.

INCOME TAXES

The Fund applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes relate to temporary differences arising from its subsidiaries and are measured based on tax rates that are expected to apply in the year when the asset is realized, or the liability is settled.

Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

The Fund's estimate of deferred taxes is based on the assumption that the Fund's liquidating event occurs either through a direct sale of the properties or through a disposition of its ownership interests in its U.S. subsidiaries.

Should the Fund's liquidating event occur through a sale of the Fund's limited partnership interests, the estimated deferred taxes would not be incurred by the Fund.

CARRIED INTEREST

The determination by the Fund as at each Statement of Financial Position date as to whether a provision for carried interest should be recognized to holders of the class B limited partnership units of SIVAP is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders, distributions paid to Unitholders since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed from the limited partners of the Fund and the Minimum Return.

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2017.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the units of the Fund and in the activities of the Fund. Risks and uncertainties are disclosed in the Prospectus in the Risks and Uncertainties section that is available at www.sedar.com. If any of the risks outlined in such disclosure or those outlined in the Prospectus occur or if others occur, the Fund's business, operating results and financial condition could be seriously harmed, and investors may lose all of their investment. Risks affecting the Fund will affect its ability to make distributions on its Units. Other than set out or contemplated herein, management is not aware of any significant changes in risk and uncertainties since June 12, 2017, the date of the Prospectus.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Fund maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility that management's assumptions and judgements may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Based on their evaluations, the Chief Executive Officer and the Chief Financial Officer have concluded that the Fund's internal controls over financial reporting were effective and do not contain any material weaknesses, as at September 30, 2017.

SUBSEQUENT EVENTS

On October 27, 2017, the Fund announced it will be acquiring a 50% interest in Landmark at Coventry Pointe, a 250 suite value-add property located in Atlanta, Georgia for $17,650. The Fund's interest will be partly financed by a first mortgage of $12,070 with the balance provided by cash proceeds from the Fund's Offering. As part of the Fund's business plan, the newly acquired property will be repositioned to a modern standard with upgraded suite finishes and attractive common areas and amenity spaces.

FUTURE OUTLOOK

Starlight believes that the Properties will benefit from stable demand for residential rental accommodation. The Primary Markets exhibit sustained job and population growth and benefit from the continued shift away from home ownership, including because of lifestyle choices. The supply of comparable, multi-suite residential properties continues to be at reasonable levels given the strength of the demand drivers. The strong economic performance across the U.S. and in the Primary Markets is supportive for multi-family real estate fundamentals.

The Fund has initiated its value-enhancing capital expenditure program at the Properties which combined with active asset management initiatives is anticipated to drive strong occupancy, rental and NOI growth. The Fund expects to produce consistent investment returns for Unitholders while carrying out its value enhancing capital initiatives.

QUARTERLY INFORMATION

	For the three months ended September 30, 2017	Period from April 24, 2017 to June 30, 2017 (1)
Revenue from property operations	$ 3,505	$ 586
Property operating costs	895	135
Income from property operations	2,610	451
Finance costs	(918)	(145)
Distributions to Unitholders	(1,020)	-
Fund and trust expenses	(207)	(71)
Unrealized foreign exchange gain	(6)	3
Fair value adjustment on investment properties	5,678	-
Fair value adjustment IFRIC 21	(614)	(102)
Income taxes:		
Current	(8)	(1)
Deferred	(2,591)	(72)
Net income and comprehensive income	$ 2,924	$ 63
FFO	$863	$995
AFFO	$865	$997
FFO per Unit - basic and diluted	$0.10	$0.02
AFFO per Unit - basic and diluted	$0.10	$0.02
Distributions per Unit (2)	$0.12	$0.00

Notes:

(1) Represents the 15-day operating period commencing the date the Initial Properties were acquired to June 30, 2017.

(2) Distributions per unit for each period are based on the total distributions per weighted average unit outstanding during the period.

Additional information relating to the Fund can be found on SEDAR at www.sedar.com.

Dated: November 9, 2017

Toronto, Ontario, Canada