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

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

FOR THE THREE MONTHS ENDED MARCH 31, 2018

MAY 16, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the condensed consolidated interim financial results of Starlight U.S. Multi-Family (No. 1) Value-Add Fund (the "Fund") dated May 16, 2018, for the three months ended March 31, 2018 should be read in conjunction with the Fund's audited annual consolidated financial statements for the year ended December 31, 2017 and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 and accompanying notes thereto. 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 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 ability of the Fund to benefit from its value-add program; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of a wholly-owned subsidiary of Starlight Investments US AM Group LP or its affiliates (the "Manager" or "Starlight") to manage and operate the properties of the Fund; 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 March 31, 2018 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" or "units") and AMR information. All references to "C$" are to Canadian dollars.

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as adjusted funds from operations ("AFFO"), AMR, Cash provided by operating activities, including interest paid, economic occupancy, funds from operations ("FFO"), gross book value ("Gross Book Value"), indebtedness ("Indebtedness"), indebtedness coverage ratio ("Indebtedness Coverage Ratio"), Indebtedness to Gross Book Value, interest coverage ratio ("Interest Coverage Ratio") and net operating income ("NOI") 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. AFFO, AMR, Cash provided by operating activities, including interest paid, economic occupancy, FFO, Gross Book Value, Interest Coverage Ratio and NOI 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.

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 (iv) Vacancy costs associated with the suite upgrade program. 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 of the fund ("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 Real Property Association of Canada ("RPAC") definition, as the Fund adjusts 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.

AMR is defined as the total in place rents divided by the total number of suites occupied as at the reporting date.

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.

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.

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, International Financial Reporting Interpretations Committee 21 – *Levies* ("IFRIC 21") adjustment for property taxes, deferred income tax expense and realized or unrealized foreign exchange gains and losses, and provisions for carried interest. 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 RPAC.

Gross Book Value is defined as the fair market value of the Fund's investment properties (the "Properties") as described under the Portfolio Summary. Gross Book Value is presented in this MD&A as the Fund 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 Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes and provisions for carried interest 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.

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 and provisions for carried interest 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.

NOI is defined as all property revenue, less direct property costs such as utilities, property taxes (normalized to remove the impact from 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.

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".

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 (the "Initial Properties") consisting of a combined 943 suites. The Fund's Initial Properties were located in Austin, Texas and Phoenix, Arizona. On January 9, 2018, the Fund acquired a 50% interest in Landmark at Coventry Pointe, a 250 suite property located in Atlanta, Georgia.

The Fund has seven classes of units. 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 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 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 reduce 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. The Manager expects asset value increases to be realized through a combination of NOI growth, achieved by, 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 March 31, 2018, the Fund had an interest in three Properties that have an aggregate of 1,193 suites and are located in the States of Arizona, Georgia and Texas.

Property	Location	Ownership Interest	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, Round Rock, Texas	100%	583	2001	716,701	1,229	33.21	June 16, 2017
Austin, Texas			**583**	**2001**	**716,701**	**1,229**	**33.21**	
Landmark at Coventry Pointe	100 Veranda Chase Drive, Lawrenceville, Georgia	50%	250	2002	328,558	1,314	35.50	January 9, 2018
Atlanta, Georgia			**250**	**2002**	**328,558**	**1,314**	**35.50**	
Spectra on 7th South	20425 North 7th Street, Phoenix, Arizona	100%	360	2007	315,360	876	11.35	June 16, 2017
Phoenix, Arizona			**360**	**2007**	**315,360**	**876**	**11.35**	
Total (Average)			**1,193**	**(2003)**	**1,360,619**	**(1,168)**	**80.06**	

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.

LANDMARK AT COVENTRY POINTE

Landmark at Coventry Pointe ("Coventry Pointe") is located at 100 Veranda Chase Drive, Lawrenceville, Georgia, 40 kilometres north west of downtown Atlanta. Completed in 2002, the property is comprised of 17 garden-style three and four storey buildings on a 35.5 acre site and offers 250 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 March 31, 2018 and for the three months ended March 31, 2018. Results are compared against the Fund's financial forecast (the "Forecast") included in the Fund's final prospectus dated June 12, 2017 (the "Prospectus").

KEY HIGHLIGHTS:

- On January 9, 2018, the Fund acquired a 50% interest in Coventry Pointe, a 250 suite value-add property located in Atlanta, Georgia for $17,563. The Fund's share of the acquisition price was partly financed by the Fund's share of 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, Coventry Pointe will be repositioned to a modern standard with upgraded suite finishes and attractive common areas and amenity spaces.
- The Fund continued to ramp up its value-add capital improvement program during the three-months ended March 31, 2018. The Fund upgraded and re-leased an additional 57 suites achieving average rent increases of $160 per month for each upgraded suite and an estimated average return on investment of 22.9%. Substantially all of the upgrades were made to one and two bedroom suites.
- During the three months ended March 31, 2018, the Fund recognized a fair value increase on its Properties of $10,609 primarily driven by capitalization rate compression.
- Indebtedness to Gross Book Value improved to 61.4% as at March 31, 2018, in comparison to 65.1% as at December 31, 2017.
- Revenue from property operations, including the Fund's 50% interest in Coventry Pointe was $3,745 for the three months ended March 31, 2018. This was $107 or 2.9% higher than Forecast primarily due to the impact of the acquisition of Coventry Pointe, partially offset by a reduction in economic occupancy at the Landing.
- NOI, including the Fund's 50% interest in Coventry Pointe, was $2,091 for the three months ended March 31, 2018 in comparison to Forecast of $2,097. NOI margin for the three months ended March 31, 2018, including the Fund's 50% interest in Coventry Pointe was 55.8% (Forecast – 57.6%).
- Net income and comprehensive income was $5,526 for the three months ended March 31, 2018 (Forecast – net loss and comprehensive loss of $369). The increase during the three months ended March 31, 2018 was primarily due to the fair value increases on the Fund's Properties.
- Economic occupancy for the three months ended March 31, 2018 was 88.3%, in comparison to Forecast of 93.8%. The Landing experienced a slower leasing period for larger three and four bedroom suites. Demand for these suites is typically higher in the second and third quarters.
- The Fund's AFFO for the three months ended March 31, 2018 was $792, in comparison to Forecast of $923. The $131 or 14.2% shortfall to Forecast was primarily related to increased interest expense as a result of the U.S. 30-day London Interbank Offered Rate ("LIBOR") being higher than the rate used in the Forecast and lower economic occupancy at the Landing. The Fund's AFFO payout ratio was 127.0% (Forecast – 91.5%).
- Interest Coverage Ratio and Indebtedness Coverage Ratio was 1.63 times for the three months ended March 31, 2018.
- As at March 31, 2018, the weighted average interest rate on mortgages payable was 3.70% and the weighted average term to maturity was 2.25 years.
- The Fund continues to have a variable rate collar contract in place to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The existing contract expires on November 30, 2018 and allows the Fund to exchange U.S. funds each month within a range of C$1.2680 to C$1.3400.

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 March 31, 2018	As at December 31, 2017
Operational Information		
Number of properties	3	2
Total suites	1,193	943
Economic occupancy (1)	88.3%	90.9%
AMR (in actual dollars)(2)	$ 1,199	$ 1,212
AMR per square foot (in actual dollars)(2)	$ 1.08	$ 1.13
Summary of Financial Information		
Gross Book Value (3)	$191,950	$161,142
Indebtedness (3)	$117,782	$104,950
Indebtedness to Gross Book Value (4)	61.4%	65.1%
Weighted average mortgage interest rate	3.70%	3.41%
Weighted average mortgage term to maturity	2.25 years	2.50 years

	For the three months ended March 31, 2018
Summary of Financial Information	
Revenue from property operations (5)	$3,745
Property operating costs (5)	($954)
Property taxes (5)(6)	($700)
NOI (5)	$2,091
Net income and comprehensive income	$5,526
FFO	$693
FFO per unit - basic and diluted	$0.08
AFFO	$792
AFFO per unit - basic and diluted	$0.10
Interest coverage ratio	1.63 x
Indebtedness coverage ratio	1.63 x
FFO payout ratio	145.2%
AFFO payout ratio	127.0%
Weighted average units Outstanding (000s) - basic and diluted	8,181

(1) Economic occupancy for the three months ended March 31, 2018 and December 31, 2017.

(2) The decrease in AMR and AMR per square foot is primarily related to the weighted average impact of the acqusition of Coventry Pointe which had an AMR and AMR per square foot of $1,077 and $0.82, respectively.

(3) Gross Book Value and Indebtedness include the proportionate amounts of the Fund's 50% interest in Coventry Pointe.

(4) Defined as Indebtedness divided by Gross Book Value.

(5) Revenue from property operations, property operating costs, property taxes and NOI include the proportionate amounts for the Fund's 50% interest in Coventry Pointe.

(6) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI.

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. Material changes from the Forecast are discussed throughout the remainder of this MD&A.

The Forecast assumed that the Fund would raise gross subscription proceeds at the closing of the Offering of $57,000 whereas the Fund raised increased actual proceeds of $64,923. As a result, the Fund had additional cash to deploy and higher obligations to Unitholders by way of distributions when compared to the Forecast. The higher distributions on the excess funds, resulted in a short-term negative variance to Forecast for net income (loss) and comprehensive income (loss), FFO per unit, AFFO per unit, the FFO payout ratio and the AFFO payout ratio. On January 9, 2018, the Fund acquired a 50% interest in Coventry Pointe which was financed by its share of a first mortgage for $12,070, with the balance provided by cash proceeds from the Offering. This transaction resulted in the full deployment of the funds raised in the Offering.

	For the three months ended March 31, 2018	Forecast
Revenue from property operations	$ 3,335	$ 3,638
Property operating costs	(833)	(884)
Property taxes	(2,645)	(2,629)
(Loss) income from property operations	(143)	125
Share of income from investment in joint venture	1,088	
Finance costs	(1,057)	(971)
Distributions to Unitholders	(1,006)	(845)
Dividends to Preferred Shareholders - U.S. REIT series A	(4)	(4)
Fund and trust expenses	(285)	(188)
Unrealized foreign exchange gain	1	-
Fair value adjustment of investment properties	9,664	-
Fair value adjustment IFRIC 21	1,984	1,972
Provision for carried interest	(1,813)	-
Income taxes:		
Current	(7)	(8)
Deferred	(2,896)	(450)
Net income (loss) and comprehensive income (loss)	$ 5,526	$ (369)

RESULTS OF OPERATIONS

The following discussion compares the Fund's actual results for the three months ended March 31, 2018 to the Forecast for the same period. Management has included the operations of its jointly controlled interest in Coventry Pointe throughout its analysis of operations as it considers this property to be a critical contributor to the performance of the Fund.

	Three months ended March 31, 2018 (1)	Forecast	% Variance
Revenue from property operations	$ 3,745	$ 3,638	2.9%
Property operating costs	(954)	(884)	(7.9)%
Property taxes (2)	(700)	(657)	(6.5)%
NOI	$ 2,091	$ 2,097	(0.3)%
NOI margin	55.8%	57.6%	

(1) Revenue from property operations, property operating costs and property taxes include the proportionate amounts of the Fund's 50% ownership of Coventry Pointe.

(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.

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations for the three months ended March 31, 2018 was $3,745, $107 or 2.9% higher than the amount in the Forecast due to additional revenue following the acquisition of Coventry Pointe which was partly offset by a reduction in economic occupancy at the Landing. The Fund's economic occupancy for the three months ended March 31, 2018 was 88.3% (Forecast – 93.4%). The Fund's AMR as at March 31, 2018 was $1,199 compared to the Forecast of $1,247, a decrease of $48 or 3.8%. The decrease was primarily related to the weighted average impact of the acquisition of Coventry Pointe which had an AMR of $1,077.

During the three months ended March 31, 2018, the Fund upgraded and re-leased 57 suites, achieving an average return on investment of 22.9%. Upgraded suites which were leased by March 31, 2018 had a weighted average rent increase of $160 per month (in actual dollars) above the market rent for the equivalent non-upgraded suite. The following table presents the results achieved on the suite upgrade program for the period from January 1, 2018 to March 31, 2018.

	Number of Suites Upgraded and Leased	Rental Premium (per suite, per month) in actual dollars	Return on Investment
The Landing	24	$ 225	22.6%
Spectra South	32	$ 108	23.2%
Coventry Pointe (1)	1	$ 250	23.1%
Combined	**57**	**$ 160**	**22.9%**

(1) The Fund acquired Coventry Pointe on January 9, 2018.

Substantially all of the upgrades identified in the table above were made to one and two bedroom suites. Demand for upgraded suites was stronger for the one and two bedroom configurations and as such the Fund has prioritized upgrading these suites.

AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as at March 31, 2018 compared to the Forecast:

Properties	AMR As at March 31, 2018 Actual	AMR As at March 31, 2018 Forecast [1]
The Landing	$ 1,354	$ 1,392
Spectra South	$ 996	$ 1,025
Coventry Pointe	$ 1,077	N/A
Weighted Average Total	$ 1,199	$ 1,247

[1] The Fund raised gross subscription proceeds in excess of the amount that was included in the Forecast. The interest in Coventry Pointe was purchased using these excess proceeds and as such it was not included in the Forecast.

As at March 31, 2018, the Landing and Spectra South's AMR was $1,354 and $996, respectively, compared to Forecast of $1,392 and $1,025, respectively. The shortfall to Forecast at the Landing was primarily due to higher vacancy in larger suites, which carry higher average rents. The shortfall at Spectra South was primarily related to higher vacancy in suites, which carry higher average rents at the period end. This vacancy in suites which carry higher average rents was primarily related to the timing of lease expiries. Since March 31, 2018, the Fund has seen an improvement in leasing activity with respect to these suites at Spectra South.

The following table presents economic occupancy of the Properties for the three months ended March 31, 2018, compared to Forecast:

Properties	Economic occupancy For the three months ended March 31, 2018 Actual	Economic occupancy For the three months ended March 31, 2018 Forecast [1]
The Landing	85.3%	94.0%
Spectra South	92.7%	93.6%
Coventry Pointe	94.9%	N/A
Total	88.3%	93.8%

[1] The Fund raised gross subscription proceeds in excess of the amount that was included in the Forecast. Coventry Pointe was purchased using these excess proceeds and as such, was not included in the Forecast.

For the three months ended March 31, 2018, economic occupancy at the Landing was 85.3% (Forecast – 94.0%), Spectra South economic occupancy was 92.7% (Forecast – 93.6%) and Coventry Pointe's economic occupancy was 94.9%.

Economic occupancy at the Landing for the three months ended March 31, 2018 was lower than Forecast primarily due to a slower leasing period for larger three and four bedroom suites. The Landing typically experiences higher demand for its three and four bedroom suites in the second and third quarters. When this Property was acquired, the lease expiration profile was not optimal, resulting in uneven lease expirations. The Fund is in the process of optimizing lease expirations for this property in conjunction with the release of upgraded suites.

At Spectra South economic occupancy for the three months ended March 31, 2018 was slightly lower than Forecast, but within the Fund's targeted range.

At Coventry Pointe economic occupancy for the three months ended March 31, 2018 was within the Fund's targeted range.

The table below outlines the Fund's AMR as at March 31, 2018 and economic occupancy for the three months ended March 31, 2018:

	March 31, 2018			December 31, 2017			September 30, 2017			June 30, 2017		
Properties	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)
The Landing	583	$1,354	85.3%	583	$1,348	88.3%	583	$1,354	94.1%	583	$1,345	93.6%
Spectra South	360	$ 996	92.7%	360	$1,003	89.5%	360	$ 998	90.1%	360	$ 995	90.3%
Coventry Pointe	250	$1,077	94.9%	-	-	-	-	-	-	-	-	-
Total	1,193	$1,199	88.3%	943	$1,212	88.7%	943	$1,223	92.8%	943	$1,217	92.6%

(1) Economic occupancy

The Fund's AMR decreased from $1,212 at December 31, 2017 to $1,199 at March 31, 2018. This decrease was primarily related to the weighted average impact of Coventry Pointe on the portfolio's AMR as well as lower AMR at Spectra South, partially offset by increased AMR at the Landing.

PROPERTY OPERATING COSTS

For the three months ended March 31, 2018, property operating costs were $954 (Forecast - $884). The increase of $70 or 7.9% was primarily related to the impact of the acquisition of Coventry Pointe, which was not included in the Forecast.

PROPERTY TAXES

For the three months ended March 31, 2018, property taxes were $700, compared to $657 in the Forecast. The increase of $43 or 6.5% was primarily related to the impact of the acquisition of Coventry Pointe, which was not included in the Forecast.

NOI

NOI was $2,091 for the three months ended March 31, 2018, which was $6 or 0.3% lower than the Forecast. The decrease in NOI is primarily related to lower economic occupancy for the three months ended March 31, 2018 in comparison to the Forecast for the same period, particularly at the Landing.

FINANCE COSTS

The Fund's finance costs for the three months ended March 31, 2018 are summarized below:

	Three months ended March 31, 2018 (1)	Forecast
Interest on mortgages payable	$ 1,037	$ 882
Amortization of financing costs	70	$ 33
Fair value adjustments on derivative instruments	58	-
Total	$ 1,165	$ 915

(1) Interest on mortgages payable and amortization of financing costs include the proportionate amounts of the Fund's 50% interest in Coventry Pointe.

Interest on mortgages payable for the three months ended March 31, 2018 was $1,037 (Forecast - $882). The $155 or 17.6% increase was related to the interest on the mortgage from the Coventry Pointe acquisition ($98) and an increase in LIBOR relative to Forecast. The Fund drew $762 on the mortgages for the value-enhancing initiatives during the three months ended March 31, 2018.

Amortization of financing costs for the three months ended March 31, 2018 was $70 (Forecast - $33). The $37 or 112% increase in amortization of financing costs was due to the acquisition of Coventry Pointe ($10), with the remainder being related to the Fund incurring higher financing costs than forecasted at the time the Properties were acquired.

The fair value adjustment on derivative instruments relates to the Fund entering into a variable rate collar contract to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The Fund entered into the contract on November 30, 2017, which will allow the Fund to exchange U.S. funds each month within a range of C$1.2680 to C$1.3400 for a period of 12-months to fund Canadian dollar distributions. For the three months ended March 31, 2018, the Fund recorded an unrealized loss on derivative instruments of ($58).

DISTRIBUTIONS TO UNITHOLDERS

For the three months ended March 31, 2018 the Fund distributed $1,006 to Unitholders. The Fund paid full distributions for the three-month period ended March 31, 2018, even though the proceeds from the Offering were not fully deployed until January 9, 2018.

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 March 31, 2018 were $285 (Forecast - $188), an increase of $97 or 51.6%. The increase in Fund and trust expenses is primarily related to one-time Fund and trust expenses associated with the issuance of the Preferred shares for U.S. REIT Series A, which are a requirement for the Fund to monitor its U.S. REIT status and was completed in January of 2018. Included in Fund and trust expenses are asset management fees of $151.

UNREALIZED FOREIGN EXCHANGE GAIN

The Fund recognized an unrealized foreign exchange gain of $1 for the three months ended March 31, 2018 relating to expenses incurred in Canadian dollars.

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 completed the full painting of the exterior buildings during the first quarter of 2018. The Fund has commenced work in the second quarter of 2018 to repair and upgrade the parking lot and entry way and expects this work to be completed during the quarter. The Fund plans to complete the following in the near term: 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 has commenced work in the first quarter of 2018 to upgrade the main clubhouse including the relocation of the leasing office, adding a Wi-Fi café and package locker system and repurposing the movie theater and games room. The clubhouse renovation is expected to be completed during the second quarter of 2018. The Fund plans to complete the following in the near term: exterior painting, enhancement of 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.

At Coventry Pointe, the Fund plans to complete the following in the near term: upgrade the main clubhouse including the leasing office and the fitness centre, enhance the pool area with new pool furniture and a grilling station, improve landscaping, complete parking lot repairs, paint building exterior trim and bay window repair. The Fund is also in the process of continuing to work through its ongoing suite upgrade program that includes new plank flooring, stainless steel appliances, refinished kitchen cabinets, quartz countertop, backsplash and upgraded lighting in the kitchens as well as, upgraded sinks and faucets in the kitchens and bathroom, and new hardware.

The planned suite upgrades at all three 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 $9,664 for the three months ended March 31, 2018.

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		154,115
Capital additions		1,148
Fair value adjustment		5,678
IFRIC 21 property tax liability adjustment		201
Balance as at December 31, 2017	$	161,142
Capital additions		1,057
Fair value adjustment on investment properties		9,664
IFRIC 21 property tax liability adjustment		1,292
Balance as at March 31, 2018	$	173,155

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

		As at March 31, 2018
Cost	$	156,320
Cumulative fair value adjustment		15,342
IFRIC 21 realty tax liability adjustment		1,493
Balance as at March 31, 2018	$	173,155

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

	As at March 31, 2018
Capitalization rate	4.54% to 4.86%
Capitalization rate - weighted average	4.74%

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 March 31, 2018
Weighted average:			
Capitalization rate	10-basis-point increase	$	(3,576)
Capitalization rate	10-basis-point decrease	$	3,730

The impact of a 1% change in NOI used to value the investment properties as at March 31, 2018 would affect the fair value by approximately $1,731.

Coventry Pointe is recorded as an equity investment on the Fund's financial statements due to the fact that there is joint control over the property. The investment in joint venture on the balance sheet and share of income in joint venture on the income statement includes a fair value adjustment on investment properties of $945, which represents the Fund's share of the fair value adjustment on its 50% interest in the property. The capitalization rate used to calculate this adjustment was 4.75%. A 10-basis point increase in the capitalization rate would result in a $398 reduction on the Fund's 50% interest in Coventry Pointe. A 10-basis point decrease in the capitalization rate would result in a $417 increase in the Fund's 50% interest in Coventry Pointe. The impact of a 1% change in NOI used to value Coventry Pointe would affect the value of Fund's 50% interest in the property by $195.

INCOME TAXES – CURRENT

The Fund's current income taxes for the three months ended March 31, 2018 was $7 (Forecast - $8) relating to Texas franchise taxes accrued at the Landing.

INCOME TAXES - DEFERRED

The Fund recognized a $2,896 deferred tax liability for the three months ended March 31, 2018 as a result of the fair value adjustment on the Properties of $10,609 (Investment properties - $9,664, investment in joint venture - $945) as well as depreciation for tax purposes on the Properties. 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 March 31, 2018 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 March 31, 2018 with a comparison to the Forecast.

		Three months ended March 31, 2018		Forecast
Net income (loss) and comprehensive income (loss)	$	5,526	$	(369)
Add / (Deduct):				
Distributions to Unitholders		1,006		845
Dividends to Preferred Shareholders		4		-
Deferred taxes		2,896		450
Unrealized foreign exchange loss		(1)		-
Fair value adjustment on derivative financial instruments		58		-
Fair value adjustment on investment in joint venture		(945)		-
Fair value adjustment of investment properties		(9,664)		-
Provision for carried interest		1,813		-
FFO	$	693	$	926
Add / (Deduct):				
Amortization of financing costs	$	60	$	56
Vacancy costs associated with the suite upgrade program	$	98	$	-
Sustaining capital expenditures and suite renovation reserves		(59)		(59)
AFFO	$	792	$	923
FFO per unit - basic and diluted		$0.08		$0.12
FFO payout ratio		145.2%		91.3%
AFFO per unit - basic and diluted		$0.10		$0.12
AFFO payout ratio		127.0%		91.5%
Distributions declared	$	1,006	$	845
Weighted average units outstanding:				
Basic and diluted - class A, C, D, E, F, H & U - (000s)		8,181		7,457

Basic and diluted FFO and FFO per unit for the three months ended March 31, 2018 was $693 and $0.08, respectively (Forecast - $926 and $0.12). FFO was $233 lower than the Forecast during the three months ended March 31, 2018, primarily as a result of lower economic occupancy at the Landing and higher interest on mortgages payable due to an increase in the 30-day LIBOR in comparison to Forecast.

Basic and diluted AFFO and AFFO per unit for the three months ended March 31, 2018 was $792 and $0.10, respectively (Forecast - $923 and $0.12). AFFO was $131 lower than the Forecast primarily as a result of lower economic occupancy at the Landing and higher interest on mortgages payable due to an increase in the 30-day LIBOR in comparison to Forecast. FFO and AFFO payout ratios for the three months ended March 31, 2018 were 145.2% and 127.0%, respectively (Forecast 91.3% and 91.5%).

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite renovations of $59 for the three months ended March 31, 2018 (Forecast - $59). The reserve is used in the calculation of AFFO as it removes fluctuations in AFFO resulting from seasonality in actual sustaining capital expenditures and suite renovation costs. The use of the reserve also eliminates any potential fluctuations in AFFO due to non-recurring or less frequent sustaining capital expenditures. Sustaining capital expenditure reserves are based on third party property condition assessment reports, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate in the Primary

Markets. Actual sustaining capital expenditures and suite renovation costs incurred during the three-month period ended March 31, 2018 were $67.

The Fund's distributions paid and declared per unit for the three months ended March 31, 2018 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 March 31, 2018 is provided below:

		For the three months ended March 31, 2018
Cash provided by operating activities	$	3,079
Less: interest paid		(939)
Cash provided by operating activities - including interest paid	$	2,140
Add / (Deduct):		
Change in non-cash operating working capital		(1,155)
Change in restricted cash		(1,689)
Fair value adjustment of investment properties relating to IFRIC 21		1,292
Fair value adjustment relating to IFRIC 21 on investment in joint ventures		155
Amortization of financing costs related to joint venture		10
Vacancy costs associated with the suite upgrade program		98
Sustaining capital expenditures and suite renovation reserves		(59)
AFFO	$	792

The Fund's cash provided by operating activities, including interest paid for the three months ended March 31, 2018, was in excess of distributions paid to Unitholders by $1,134.

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 improvements. 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 March 31, 2018, 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 March 31, 2018:

		For the three months ended March 31, 2018
Cash provided by operating activities	$	3,079
Cash used in financing activities		(1,064)
Cash used in investing activities		(6,821)
Decrease in cash		(4,806)
Cash, beginning of period		7,393
Cash, end of period	$	2,587

Cash on hand as at March 31, 2018 was $2,587.

Cash provided by operating activities for the three months ended March 31, 2018 was $3,079 and related primarily 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 March 31, 2018 was $1,064 including finance costs paid of $942, distributions to Unitholders of $1,006, primarily offset by $762 in proceeds from new financing and $125 in proceeds from the issuance of preferred shares by the U.S. REITs.

Cash used in investing activities for the three months ended March 31, 2018 was $6,821 and related to the acquisition of a 50% interest in Coventry Pointe ($5,812) and capital additions to Properties ($1,057)

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 March 31, 2018, the total capital of the Fund was as follows:

		As at March 31, 2018
Mortgages payable	$	105,712
Net liabilities attributable to Unitholders		70,688
Total capital	$	176,400

Debt Profile

As at March 31, 2018, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 61.4%. The maximum allowable ratio under the Fund's first amended and restated limited partnership agreement dated June 12, 2017 is 75%. The weighted average mortgage interest rate for the Fund, as at March 31, 2018 was 3.70% and the weighted average term to maturity of the mortgage portfolio was 2.25 years.

The following table summarizes key liquidity metrics:

	As at March 31, 2018
Indebtedness to Gross Book Value	61.4%
Weighted average interest rate - mortgages	3.70%
Weighted average term to maturity - mortgages	2.25 years
	For the three months ended March 31, 2018
Interest Coverage Ratio	1.63 x
Indebtedness Coverage Ratio	1.63 x

The Interest Coverage Ratio and the Indebtedness Coverage Ratio for the three months ended March 31, 2018 were 1.63x and 1.63x, 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 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 three fiscal years and the weighted average interest rate of maturing mortgages based on the Fund's condensed consolidated financial statements as at March 31, 2018:

	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
2018	-	-	-	0.00%	0.00%	4,030
2019	-	-	-	0.00%	0.00%	4,334
2020	-	105,712	105,712	100.00%	3.70%	2,590
	$ -	$ 105,712	$ 105,712	100.00%	3.70%	$ 10,954
Unamortized financing costs			(550)			
			$ 105,162			

In addition to the initial mortgages payable of $104,950, which partly funded the acquisitions of the Spectra South and the Landing, the loan agreements allowed for advances of up to $7,200 to fund the planned value enhancing initiatives at the Properties. As at March 31, 2018, the Fund had drawn $762 of the available advance for value enhancing initiatives at both properties.

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 March 31, 2018:

	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	(931)	-	2,418	782	(149)	(1,338)	(782)	-
Net income and comprehensive income	683	687	708	576	739	-	121	3,514
Net liabilities attributable to Unitholders, December 31, 2017	$ 12,670	$ 12,748	$ 13,120	$ 10,663	$ 13,708	$ -	$ 2,253	$65,162
Re-allocation due to unit conversions	(161)	-	227	-	(66)	-	-	-
Net income and comprehensive income	1,061	1,081	1,131	904	1,158	-	191	5,526
Net liabilities attributable to Unitholders, March 31, 2018	$ 13,570	$ 13,829	$ 14,478	$ 11,567	$ 14,800	$ -	$ 2,444	$70,688

UNITS

The following table summarizes the changes in units outstanding for the period from April 24, 2017 to March 31, 2018

(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	(132)	-	343	84	(20)	(190)	(84)	1
Outstanding, as at December 31, 2017	1,702	1,623	1,762	1,081	1,785	-	228	8,181
Unit conversions	(22)	-	31	-	(9)	-	-	-
Outstanding, as at March 31, 2018	1,680	1,623	1,793	1,081	1,776	-	228	8,181

As at March 31, 2018, there were 8,180,834 units issued and outstanding, comprised of 1,680,274 class A units, 1,622,500 class C units, 1,792,800 class D units, 1,080,500 class E units, 1,776,480 class F units, nil class H units and 228,280 class U units.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH STARLIGHT

The Fund engaged an affiliate of 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 Starlight GP.

(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 March 31, 2018 asset management fees of $151 were charged to Fund and trust expenses. The amount payable to the Manager as at March 31, 2018 was $51 (December 31, 2017 - $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 March 31, 2018, the Fund incurred acquisition fees of $177, related to the acquisition of Coventry Pointe, 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 a 50% interest in Coventry Pointe for $17,563 was from an affiliated entity of the Manager. 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 Starlight GP, 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, 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 (as defined in the Prospectus) is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the Manager in respect of such class.

As at March 31, 2018, the Fund has recognized a $1,813 liability to SIVAP in relation to the carried interest.

ACQUISITION OF COVENTRY POINTE

On January 9, 2018, the Fund acquired a 50% interest in Coventry Pointe for $17,563. The remaining 50% interest in the property was indirectly acquired by Daniel Drimmer, a director and Chief Executive Officer of Starlight GP and principal of the Fund's Manager. All decision making in respect of Coventry Pointe, including day-to-day material decisions, will be jointly made by Mr. Drimmer and the Fund through established governance practices. The purchase price was based on a valuation from a third party appraisal.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is available in Note 2 of the audited consolidated financial statements of the Fund as at December 31, 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:

ACCOUNTING FOR ACQUISITIONS

Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment affects the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Fund's acquisitions are generally determined to be asset purchases, as the Fund does not acquire an integrated set of processes as part of the acquisition transaction.

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 be applied 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.

CONSOLIDATION

The Fund has determined that it controls all of its subsidiaries, with the exception of Coventry Pointe which the Fund jointly controls with an affiliated entity of the Manager, including the significant subsidiaries (as defined in the audited consolidated financial statements for the year ended December 31, 2017). In making this determination it considered the relationships between the Fund, the Manager, and the significant subsidiaries including ownership interests, voting rights and management agreements. Through this analysis it was determined that the Manager is an agent of 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 (as defined in the Prospectus).

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's audited consolidated financial statements for the year ended December 31, 2017 and the notes contained therein as well as the Fund's condensed consolidated interim financial statements for the three months ended March 31, 2018.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the units of the Fund and activities of the Fund. Risks and uncertainties are disclosed in the Fund's MD&A for the year ended December 31, 2017. The Fund's MD&A for the year ended December 31, 2017 is available on SEDAR at www.sedar.com. Current and prospective investors of the Fund should carefully consider such risk factors. Other than set out or contemplated herein, management is not aware of any significant changes in risk and uncertainties since March 7, 2018, the date of the Fund's MD&A for the period from April 24, 2017 (date of formation) to December 31, 2017.

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.

All control systems have inherent limitations, 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. As a growing enterprise, management anticipates that the Fund will be continually evolving and enhancing its systems of controls and procedures.

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 March 31, 2018.

FUTURE OUTLOOK

Starlight believes 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 March 31, 2018	For the three months ended December 31, 2017	For the three months ended September 30, 2017	Period from April 24, 2017 to June 30, 2017 (1)
Revenue from property operations	$ 3,335	$ 3,380	$ 3,505	$ 586
Property operating costs	(833)	(875)	(895)	(135)
Property taxes	(2,645)	-	-	-
(Loss) income from property operations	$ (143)	$ 2,505	$ 2,610	$ 451
Share of income from investment in joint venture	1,088	-	-	-
Finance costs	(1,057)	(893)	(918)	(145)
Distributions to Unitholders	(1,006)	(1,004)	(1,020)	-
Distributions to Preferred Shareholders	(4)			
Fund and trust expenses	(285)	(218)	(207)	(71)
Unrealized foreign exchange gain (loss)	1	-	(6)	3
Fair value adjustment on Properties	9,664	-	5,678	-
Fair value adjustment IFRIC 21	1,984	(554)	(614)	(102)
Provision for carried interest	(1,813)	-	-	-
Income taxes:				
Current	(7)	(8)	(8)	(1)
Deferred	(2,896)	699	(2,591)	(72)
Net income and comprehensive income	$ 5,526	$ 527	$ 2,924	$ 63
FFO	$693	$778	$863	$132
AFFO	$792	$780	$865	$132
FFO per Unit - basic and diluted	$0.08	$0.10	$0.10	$0.02
AFFO per Unit - basic and diluted	$0.10	$0.10	$0.10	$0.02
Distributions per Unit (2)	$0.12	$0.12	$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: May 16, 2018

Toronto, Ontario, Canada