NEWSLETTER AUGUST 2018

Starlight U.S. Multi-Family (No. 1) Value-Add Fund (the “Fund”) is listed on the TSX Venture Exchange (TSXV: SUVA.A/SUVA.U). The Fund currently owns interests in 1,193 suites in three apartment communities (the “Properties”). The Fund is sponsored and asset managed by a wholly-owned subsidiary of Starlight Group Property Holdings Inc. (the “Manager”). The Fund’s mandate is to invest in a portfolio primarily 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 that are located in the Southern United States (“U.S.”). The Fund’s primary objective is to generate stable monthly cash distributions for its unitholders and enhance the value of its assets through active management and light value-add capital expenditures.

The Fund continued to accelerate its value-add capital improvement program during the three-months ended June 30, 2018. The Fund upgraded and re-leased 65 suites achieving average rent increases of $155 per month for each upgraded suite representing an estimated average return on investment of 23.9%. Substantially all of the upgrades were made to one and two bedroom suites. Management continues to focus on the renovation of common areas and additional suites to continue to increase rental rates.

The Landing at Round Rock (Austin, TX 2001 Renovated Clubhouse)

Landmark at Coventry Pointe (Atlanta, GA 2016 Clubhouse Renovation Rendering)

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Unit Information and Distributions

Monthly Distributions

Since inception, the Fund has paid monthly distributions equal to 6.0% on an annualized basis. There are no Class H Units outstanding.

CDN$0.05000 per Class A Unit	CDN$0.05000 per Class C Unit	CDN$0.05000 per Class D Unit	US$0.05000 per Class E Unit	CDN$0.05000 per Class F Unit	US$0.05000 per Class U Unit

U.S. Multi-Family Market Trends

National Occupancy Levels and Home Ownership Rates

According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate was unchanged in June 2018 at 4.2%. The Fund's target demographic, the 20 to 34-year-old cohort, has continued to fuel apartment rental demand for newly constructed apartments. According to the U.S. Census Bureau, home ownership was 64.3% in the second quarter of 2018. Apartment occupancy rates and rental growth continue to be strong with MPF Research ("MPF") reporting second quarter 2018 U.S. apartment occupancy of 95.4%. Year-over-year rent growth across these markets was 2.5%.

Metropolitan Market Information

The Fund owns interests in 1,193 suites in three cities across three States. The following highlights the key macroeconomic and property data in each city and sub-market.

Atlanta Market Trends

Strong Employment Growth

According to the U.S. Bureau of Labor Statistics, the Atlanta Metropolitan Area gained 49,000 jobs from June 2017 to June 2018, an increase of 1.8%. The unemployment rate in June 2018 was 4.0% in Atlanta, 20 basis points below the national average of 4.2%.

Occupancy Projections

According to MPF, second quarter 2018 occupancy levels for Atlanta were 94.5%. Rental growth for the quarter was 2.1%, with year-over-year rent growth of 3.1%. MPF's one-year forecast for Atlanta for occupancy levels to decrease to 94.0%, with improved rental growth of 3.7%.

Atlanta Submarkets

According to MPF, the Atlanta submarket where the Fund has invested – Southeast Gwinnett County – remained strong in occupancy and rental growth for the second quarter of 2018. Southeast Gwinnett County's occupancy rate was 94.8%, with an annual rent growth of 4.6%. MPF expects the occupancy rate to increase over the next year to 95.1%.

Austin Market Trends

Strong Employment Growth

According to the U.S. Bureau of Labor Statistics, the Austin Metropolitan Area gained 35,700 jobs from June 2017 to June 2018, an increase of 3.4%. The unemployment rate in June 2018 was 3.2% in Austin, 100 basis points below the national average of 4.2%.

Occupancy Projections

According to MPF, second quarter 2018 occupancy levels for Austin were 94.2%. Rental growth for the quarter was 2.2%, with year-over-year rent growth of 0.6%. MPF's one-year forecast for Austin is for occupancy levels to increase to 94.3%, with improved rental growth of 3.0%.

Austin Submarkets

According to MPF, the Austin submarket where the Fund has invested – Round Rock/Georgetown – had a second quarter occupancy rate of 94.9%, with an annual rent growth of 0.4%. MPF expects the occupancy rate in Round Rock/Georgetown to decrease slightly over the next year to 94.7% due to new supply.

Phoenix Market Trends

Strong Employment Growth

According to the U.S. Bureau of Labor Statistics, the Phoenix Metropolitan Area gained 61,400 jobs from June 2017 to June 2018, an increase of 3.1%. The unemployment rate in June 2018 was 4.2% in Phoenix, in line with the national average.

Occupancy Projections

According to MPF, second quarter 2018 occupancy levels for Phoenix were 95.3%. Rental growth for the quarter was 2.5%, with year-over-year rent growth of 4.9%. MPF's one-year forecast for Phoenix for occupancy levels to decrease to 94.3%, with rental growth of 3.1%.

Phoenix Submarkets

According to MPF, the Phoenix submarket where the Fund has invested – Deer Valley – remained strong in occupancy and rental growth. Deer Valley's occupancy rate was 94.8%, with an annual rent growth of 0.6%. MPF expects the occupancy rate in Deer Valley to decrease over the next year to 94.2%.

Investment Market Update

Commercial real estate investment demand continues to be strong nationally. There is significant demand from real estate private equity firms that have recently raised funds. Capitalization rates for suburban, Class "A", multi-family products in the Fund's metropolitan markets are approximately 4.25% to 5.25%, depending on the quality and location of the apartment community.

Ten Year U.S. Treasury bonds were yielding approximately 2.89% as at August 29, 2018. Lender spreads have compressed to offset increases in treasury yields and all-in interest rates continue to remain low versus historical levels with debt readily available at lower leverage levels.

Property Improvements

The Fund is currently working on several value enhancing initiatives at its Properties. At Spectra South, the Fund completed the full painting of the exterior buildings during the first quarter of 2018. In the second quarter of 2018, repairs and upgrades to the parking lot and entry way were completed. 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 at Round Rock, the Fund completed in the second quarter of 2018 upgrades to the main clubhouse including the relocation of the leasing office, added a Wi-Fi café and package locker system and repurposed the movie theatre and games room. In the third quarter of 2018, the Fund expects to complete the full painting of the exterior buildings for the second phase of the property. The Fund also plans to complete the following in the near term: 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 also continuing with the ongoing 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 Landmark at Coventry Pointe, the Fund completed upgrades in the second quarter 2018 to the fitness centre, pool area and the addition of a grilling station. The Fund plans to complete the following in the near term: upgrade the main clubhouse including the leasing office, improve landscaping, complete parking lot repairs, paint building exterior trim and repair bay windows. 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.

Property Management and Rental Rates

Property Management

The Fund benefits from the local real estate expertise and market intelligence of best-in-class property managers. Alliance Residential Company, the seventh largest third-party manager in the U.S., provides property management for Spectra South. Roscoe Properties Inc., a third-party manager in the U.S. with local market expertise and experience, provides property management for The Landing at Round Rock. The Worthing Companies, a third-party manager in the U.S. provides property management for Landmark at Coventry Pointe.

Implementation of Yield Management Software

The Manager has implemented yield management software at all of its Properties. This software provides updated pricing on a daily basis, optimizing asking rents and renewal rents in real time, based on supply and demand for different apartment unit types.

Ancillary Services Update

The Manager continues to maximize ancillary revenue by ensuring the ancillary rates are at market levels. Privacy yards for select suites are being installed at The Landing at Round Rock which generates approximately $100 per month of additional ancillary income per yard. At Landmark at Coventry Pointe, the Fund has introduced reserved parking spaces which generates a rental premium of $25 per space per month. All properties offer trash pick-up services.

Outlook

The Manager believes its portfolio will continue to see strong demand for residential rental accommodation based on the quality of its apartment communities, low unemployment rates and strong job growth. The performance of the U.S. economy and local markets continue to support improved multi-family real estate fundamentals. In addition, the Fund continues its value-enhancing capital expenditure program at its Properties which combined with active asset management initiatives is anticipated to drive strong occupancy, rental and net operating income growth. The Fund expects to produce consistent investment returns for unitholders while carrying out its value enhancing capital initiatives.

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This Newsletter is not intended for distribution in any jurisdiction that would require the filing of a prospectus, registration statement, offering memorandum or similar document under the applicable laws of such jurisdiction or would result in the Fund having any reporting or other obligation in such jurisdiction. Accordingly, neither the Fund nor the Manager has done anything that would permit the possession or distribution of this Newsletter in any jurisdiction where action for that purpose is required.

This Newsletter contains statements that may constitute forward-looking information within the meaning of Canadian securities laws and which reflect current expectations of the Fund's management regarding future events, including statements concerning: the payment of distributions; the value of the Fund's properties; the trading price of units; national and local real estate market conditions and economic variables; rental rates; occupancy rates; currency exchange rates; the potential results from yield management software; and type, timing and cost of capital improvements.

The forward-looking statements involve risks and uncertainties, including those discussed in the Fund's materials filed with the Canadian securities regulatory authorities from time to time at www.sedar.com, which could cause the actual results and performance of the Fund to differ materially from the forward-looking statements contained in this Newsletter. Those risks and uncertainties include, among other things, risks related to: the reliance on the Manager; the performance of the value-add initiative, the experience of the Fund's officers and directors; real estate ownership; substitutes for residential real estate rental suites; government regulation; financing; interest rate fluctuations; reliance on property management; competition for real property tenants; fluctuations in capitalization rates; U.S. market factors; and currency exchange rates.

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 mortgage financing and current interest rates; the extent of competition between properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund intends to or does operate; the ability of the Manager to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Readers are cautioned against placing undue reliance on forward-looking statements. Except as required by applicable Canadian securities laws, neither the Fund nor the Manager undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

This newsletter contains statistical data, market research and industry forecasts that were obtained from government and industry publications and reports or are based on estimates derived from such publications and reports and the Manager's knowledge of, and experience in, the markets in which the Fund operates. Actual outcomes may vary materially from those forecast in such publications or reports. While the Fund and its Manager believe this data to be reliable, market and industry data cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed.