



STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

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

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

NOVEMBER 7, 2018

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# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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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. 5) Core Fund (the “Fund”) dated September 30, 2018 and for the three and nine months ended September 30, 2018, should be read in conjunction with the Fund’s unaudited condensed consolidated interim financial statements and accompanying notes for the same period as well as the audited consolidated financial statements and accompanying notes for year ended December 31, 2017. These documents are available on SEDAR at [www.sedar.com](http://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 population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of Starlight Investments US AM Group LP (the “Manager”) 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 law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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## BASIS OF PRESENTATION

The Fund’s unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 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”) 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”), net operating income (“NOI”) and same property operating results and same property 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, Indebtedness, Indebtedness Coverage Ratio, Indebtedness to Gross Book Value, Interest Coverage Ratio, Indebtedness to Gross Book Value, Interest Coverage Ratio, NOI and same property operating results and NOI as computed by the Fund may not be comparable to similar measures as reported by other funds 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; (iii) service fees; (iv) current taxes relating to withholding tax and dispositions; and (v) 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 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 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 the Real Property Association of Canada.

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. 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 being calculated in accordance with Real Property Association of Canada.

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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 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 and the Fund’s unsecured credit facility (“Credit Facility”). 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 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 Indebtedness divided by the Gross Book Value. 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.

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.

Same property operating results and NOI (revenue less property operating costs and realty taxes) are presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund’s operating performance for Properties owned by the Fund and Properties previously owned by Starlight U.S. Multi-Family Core Fund (“Fund No. 1”), Starlight U.S. Multi-Family (No. 2) Core Fund (“Fund No. 2”), Starlight U.S. Multi-Family (No. 3) Core Fund (“Fund No. 3”) and Starlight U.S. Multi-Family (No. 4) Core Fund (“Fund No. 4”) and collectively with Fund No. 1, Fund No. 2, Fund No. 3 and Fund No. 4 (the “Arrangement Funds”) continuously for a selected reporting period and does not take into account the impact of the operating performance of the Properties acquired during or subsequent to the reporting period.

Reconciliations of net income (loss) and comprehensive income (loss) to FFO, and FFO to 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 to AFFO” and a reconciliation of NOI from the financial statement presentation of revenue, property operating costs and realty taxes is provided herein at “Financial and Operational Highlights”.

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## 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. 5) Core GP, Inc., the general partner of the Fund (“Starlight GP”). The Fund may be extended beyond five years by special resolution of the Unitholders. The Fund was established for the primary purpose of indirectly owning an aggregate of 5,882 multi-family apartment suites in 20 properties located in the States of Florida, Georgia, North Carolina and Texas, in the United States (the “Arrangement Properties”). The Arrangement Properties were indirectly acquired through the exchange of limited partnership units of the Arrangement Funds and the common shares of Campar Capital Corporation for limited partnership units of the Fund (the “Plan of Arrangement”).

Subsequent to the completion of the Plan of Arrangement and following completion of the Fund’s public offering (the “Offering”) of units and the filing of the Fund’s final long form prospectus (the “Prospectus”) dated October 12, 2016, the Fund indirectly acquired three additional properties comprised of an aggregate of 910 suites located in the States of Georgia, Nevada and Texas in the markets of Atlanta, Las Vegas and Austin, respectively, in the United States (the “IPO Properties”).

As at September 30, 2018, the Fund had an aggregate of 7,289 suites located in the states of Arizona, Colorado, Florida, Georgia, Nevada, North Carolina, Tennessee and Texas (the “Primary Markets”).

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 (“TSX-V”) under the symbols STUS.A and STUS.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 recently constructed, Class “A” stabilized, income producing multi-family real estate properties in the Primary Markets;
2. make stable monthly cash distributions; and
3. enhance the operating income and property values of the Fund’s assets through active management, with the goal of ultimately directly or indirectly disposing of its interests in the assets at a gain by the end of the Fund’s Term.

## INVESTMENT STRATEGY

The Fund was established for the primary purpose of investing indirectly in recently constructed, Class “A”, core income producing rental properties in the U.S. multi-family real estate market. 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. The Manager believes the Properties will benefit from their locations in strong submarkets with favourable demographics, and expects the Properties held have excellent prospects for rental growth going forward. The Properties also benefit from the Manager’s active asset management strategies designed to enhance rental income and reduce expenses going forward.

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

## ACQUISITION OF CORE U.S. MULTI-FAMILY REAL ESTATE

1. Identify additional 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. constructed in 2012 or later, Class “A” core, stabilized properties with the potential to benefit from active management;
  - b. located in the Primary Markets, each with favourable demographics and fundamentals;
  - c. located in mature areas with barriers to new development; and

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- d. stabilized with the potential to benefit from an active asset management strategy.
3. Complete a comprehensive due diligence program, including cash flow and 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.

### *ASSET VALUE ENHANCEMENT THROUGH ACTIVE MANAGEMENT STRATEGY*

1. Acquire primarily from merchant builders and private equity funds (not operators).
2. Prepare a property-specific asset management plan to improve NOI margins by:
  - a. identifying and realizing upon ancillary income opportunities; and
  - b. utilizing reputable best-in-class U.S. based property managers.
3. Perform targeted, discrete capital expenditures in order to increase asking rental rates.
4. Strengthen tenant relationships and increase tenant retention through customer service initiatives and new service offerings.
5. Implement revenue management software and seek ancillary income opportunities (e.g. door-to-door waste pick-up services).
6. Reduce operating expense such as staffing, maintenance contracts, advertising and insurance through economies of scale.
7. Perform selective, discrete in-suite capital expenditures (e.g. faux wood flooring, granite counter tops, fenced-in yards, etc.) and cosmetic improvements to increase rental rates.

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

The Manager targets acquisitions in the Primary Markets, which 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 properties in the Primary Markets and the Manager believes that each of these States exhibits the characteristics above.

### *VALUE REALIZATION THROUGH DISPOSITION PROCESS*

1. Asset value increases are expected to be primarily realized through NOI growth.
2. The Manager, on behalf of the Fund, will 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 on a tax efficient basis.

The Manager, on behalf of the Fund, may also consider reducing its exposure in any one of the Primary Markets by disposing of certain Properties during the Term and replacing such Properties with newer vintage properties having greater potential NOI growth, while achieving improved geographical diversification of the Fund's overall portfolio and achieving a more balanced distribution of Properties within the Primary Markets.

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## PORTFOLIO SUMMARY

As at September 30, 2018, the Fund had an aggregate of 7,289 suites located across the Primary Markets. The Properties are geographically diversified across the Primary Markets with a weighted average year of completion of 2012. Full descriptions of the Properties and defined terms are included under “Property Descriptions” on Page 33.

Property	Location	Suites	Year Completed	Rentable Area (Sq. Ft)	Average Suite Size (Sq. Ft)	Land Area (Acres)	Date of Original Acquisition
Sorelle Apartments	2399 Parkland Drive, Atlanta, Georgia	401	2009	352,347	879	5.09	September 9, 2015
The Views at Coolray Field	755 Braves Avenue, Lawrenceville, Georgia	206	2015	169,455	823	2.51	October 20, 2016
<b>Atlanta, Georgia</b>		<b>607</b>	<b>2012</b>	<b>521,802</b>	<b>860</b>	<b>7.60</b>	
Palm Valley Apartments	1301 North A.W. Grimes Boulevard, Round Rock, Texas	340	2009	330,300	971	18.60	November 18, 2013
The Allure	701 N. Vista Ridge Blvd, Cedar Park, Texas	334	2013	329,104	985	19.97	July 10, 2014
Broadstone Travesia Apartments	3701 Quick Hill Road, Austin, Texas	396	2008	344,286	869	19.40	March 2, 2015
City North at Sunrise Ranch	2800 Sunrise Road, Round Rock, Texas	384	2009	364,432	949	20.60	October 31, 2016
<b>Austin, Texas</b>		<b>1,454</b>	<b>2010</b>	<b>1,368,122</b>	<b>941</b>	<b>78.57</b>	
The Village at Marquee Station	2110 Cinema Drive, Fuquay Varina, North Carolina	265	2014	263,865	996	17.69	February 26, 2016
<b>Raleigh, North Carolina</b>		<b>265</b>	<b>2014</b>	<b>263,865</b>	<b>996</b>	<b>17.69</b>	
Alexander Village	9224 Graham Ridge Drive, Charlotte, North Carolina	320	2015	311,432	973	18.47	March 29, 2018
<b>Charlotte, North Carolina</b>		<b>320</b>	<b>2015</b>	<b>311,432</b>	<b>973</b>	<b>18.47</b>	
The Callie	8025 Forest Lane, Dallas, Texas	261	2016	224,030	858	6.54	December 8, 2017
Soho Parkway Apartments	6653 McKinney Ranch Parkway, McKinney, Texas	379	2008	366,274	966	15.04	April 1, 2014
<b>Dallas, Texas</b>		<b>640</b>	<b>2012</b>	<b>590,304</b>	<b>922</b>	<b>21.58</b>	
Carrick Bend	11525 Community Center Drive, North Glenn, Colorado	228	2014	211,946	930	9.00	June 26, 2017
<b>Denver, Colorado</b>		<b>228</b>	<b>2014</b>	<b>211,946</b>	<b>930</b>	<b>9.00</b>	
Falls at Copper Lake	9140 Highway 6 North, Houston, Texas	374	2008	375,396	1,004	18.18	April 23, 2013
Falls at Eagle Creek	9702 North Sam Houston Parkway, Humble, Texas	412	2009	380,756	924	22.13	September 16, 2013
Yorktown Crossing	15903 Yorktown Crossing Parkway, Houston, Texas	312	2009	278,292	892	12.18	August 28, 2014
<b>Houston, Texas</b>		<b>1,098</b>	<b>2009</b>	<b>1,034,444</b>	<b>942</b>	<b>52.49</b>	
South Blvd Apartments	10200 Giles Street, Las Vegas, Nevada	320	2012	333,576	1,042	14.25	October 18, 2016
<b>Las Vegas, Nevada</b>		<b>320</b>	<b>2012</b>	<b>333,576</b>	<b>1,042</b>	<b>14.25</b>	
Copperfield Apartments	670 Ken Pilkerton Drive, Smyrna, Tennessee	288	2015	312,600	1,085	21.83	August 1, 2017
<b>Nashville, Tennessee</b>		<b>288</b>	<b>2015</b>	<b>312,600</b>	<b>1,085</b>	<b>21.83</b>	
Spectra North	20425 North 7th Street, Phoenix, Arizona	274	2012	264,684	966	15.30	June 16, 2017
<b>Phoenix, Arizona</b>		<b>274</b>	<b>2012</b>	<b>264,684</b>	<b>966</b>	<b>15.30</b>	
Altis at Grand Cypress	1901 Cypress Preserve Dr, Tampa, Florida	304	2014	303,426	998	62.11	April 10, 2015
<b>Tampa, Florida</b>		<b>304</b>	<b>2014</b>	<b>303,426</b>	<b>998</b>	<b>62.11</b>	
Verano Apartments	2200 Villa Verano Way, Kissimmee, Florida	384	2008	390,936	1,018	21.94	April 10, 2015
Pure Living Heathrow	740 Savory Place, Heathrow, Florida	252	2009	307,230	1,219	28.53	May 7, 2015
The Reserves at Alafaya	3715 Alafaya Heights Road, Orlando, Florida	264	2014	278,124	1,054	46.26	July 2, 2015
Altis at Sand Lake	7118 Altis Way, Orlando, Florida	315	2016	310,889	987	13.52	February 1, 2018
<b>Orlando, Florida</b>		<b>1,215</b>	<b>2012</b>	<b>1,287,179</b>	<b>1,059</b>	<b>110.25</b>	
Boardwalk Med Center	7838 Huebner Road, San Antonio, Texas	276	2011/2014	241,236	874	11.91	September 30, 2016
<b>San Antonio, Texas</b>		<b>276</b>	<b>2013</b>	<b>241,236</b>	<b>874</b>	<b>11.91</b>	
<b>Total (Weighted Average)</b>		<b>Total</b>	<b>7,289</b>	<b>(2012)</b>	<b>7,044,616</b>	<b>966</b>	<b>441</b>

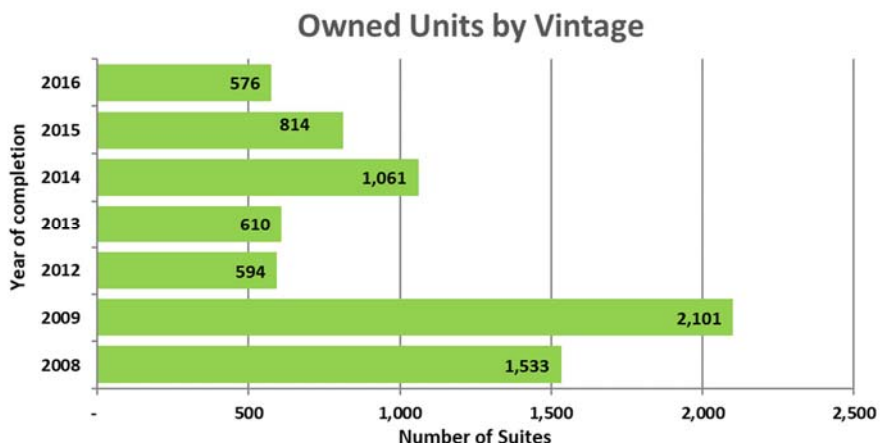
## ACQUISITIONS AND DISPOSITIONS

During the nine-months ended September 30, 2018, the Fund disposed of two Properties, The Villages at Sunset Ridge, a 2013 vintage property located in Houston, Texas (“Sunset Ridge”) and Greenhaven Apartments, a 2009 vintage property located in Dallas, Texas (“Greenhaven”). The net proceeds were redeployed on a partially tax deferred basis under the Internal Revenue Code section 1031 (“1031 exchange”) to acquire Alexander Village in Charlotte, North Carolina (2015 vintage) on March 29, 2018. In addition, the Fund acquired Altis at Sand Lake in Orlando, Florida (2016 vintage) on February 1, 2018 using proceeds from the refinancing of five Properties. The disposition of Sunset Ridge and Greenhaven combined with the acquisition of Alexander Village and Altis at Sand Lake completed the Fund’s strategic capital recycling initiative to improve the average vintage and geographical diversification of its Properties. The weighted average vintage of the Properties improved from 2011 to 2012 and the net acquisition activity during 2018 resulted in an additional 162 suites being added to the Fund’s portfolio and enhanced geographical diversification.



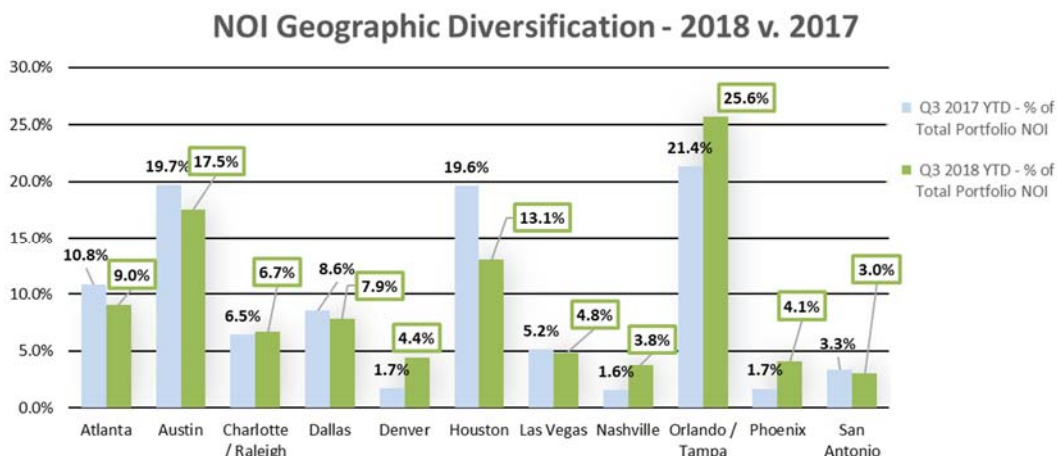
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**VINTAGE OF OWNED UNITS**



**PROPORTION OF NOI BY MARKET**

The geographical diversification of the Fund based on NOI for the nine months ended September 30, 2018 and September 30, 2017 is as follows:



As a result of the Fund’s strategic capital recycling initiative to further improve the vintage and enhance the geographical diversification of the portfolio during 2017 and the first half of 2018, NOI has increased for the nine months ended September 30, 2018 compared with the same period in the prior year (see “Results of Operations”). The Fund has also further diversified the NOI within the Primary Markets with investments in Denver, Nashville and Phoenix amounting to 12.3% of the Fund’s NOI during the nine months ended September 30, 2018, compared to 5.0% during the same period in 2017.

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## FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operational performance of the Fund as at September 30, 2018, and for the three and nine months ended September 30, 2018, including a comparison to the Fund’s financial and operational performance as at September 30, 2017, and for the three and nine months ended September 30, 2017.

### HIGHLIGHTS:

- Completed the program to strategically recycle capital into newer properties further enhancing the vintage and geographical diversification of its portfolio while disposing of smaller assets.
  - Disposed of two properties in Texas with an average vintage of 2011 and reinvested the proceeds on a partially tax-deferred basis into Alexander Village, a 320-suite property in Charlotte, North Carolina (2015 vintage).
  - Proceeds from the refinancing of five properties were used to acquire Altis at Sand Lake, a 315-suite property in Orlando, Florida (2016 vintage).
- Revenue from property operations for the three months ended September 30, 2018 was \$28,283, a 10.9% increase over the three months ended September 30, 2017 (\$25,507), reflecting growth from net acquisition activity and AMR growth of 3.5%.
- The Fund’s economic occupancy improved by 40 basis points to 93.5% for the three months ended September 30, 2018 compared to the same period in 2017.
- During the three months ended September 30, 2018, the Fund’s AMR increased by 2.0% on an annualized basis and occupancy improved by 90 basis points compared to the second quarter of 2018.
- NOI for the three months ended September 30, 2018 was \$16,078, a 13.3% increase over the same period in the prior year, primarily due to new properties acquired as part of the Fund’s capital recycling program as well as increases in AMR and strong ancillary income growth offset by higher property operating costs and taxes.
- Net (loss) income and comprehensive (loss) income for the three months ended September 30, 2018 was a loss of \$2,614, in comparison to income of \$40,941 for the same period in the prior year. Net income and comprehensive income for the three months ended September 30, 2017 was primarily driven by an \$81,730 fair value increase on investment properties.
- AFFO for the three months ended September 30, 2018 was \$4,601 (three months ended September 30, 2017 - \$6,267). AFFO payout ratio was 135.7% for the three months ended September 30, 2018 (three months ended September 30, 2017 – 98.1%). The decrease in AFFO and the increase in the payout ratio was primarily related to higher interest on mortgages payable due to increases in the U.S. 30-day London Interbank Offered Rate (“LIBOR”) being partly offset by NOI growth.
- Subsequent to September 30, 2018, the Fund refinanced all outstanding debt to strategically reposition the portfolio’s financing structure in order to:
  - Fix the interest rate on the majority of the Fund’s indebtedness;
  - Significantly reduce the weighted average interest rate on the Fund’s mortgages payable; and
  - Extend the weighted average term to maturity on the Fund’s mortgages payable.
- The refinancing of the Fund’s debt consisted of:
  - The Fund entering into an agreement for a new pooled mortgage secured by all 23 properties of the Fund for total proceeds of approximately \$800,450 and comprised of three tranches with a weighted average term to maturity of 6.1 years and a weighted average interest rate of approximately 3.84% (see “Subsequent Events”). The refinancing resulted in the Fund fixing the interest rate on approximately 80% of its mortgages payable while reducing the Fund’s weighted average interest rate on its mortgages payable by approximately 52 basis points and extending the weighted average term to maturity to 6.1 years;
  - Entering into a third amending agreement to the Credit Facility which allows the Fund to borrow up to \$130,000 (see “Subsequent Events”); and
  - Repayment of the balances of mortgages payable and the amounts outstanding under the Credit Facility which resulted in net proceeds after transactions costs of \$4,095 (see “Subsequent Events”).

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## PROPERTY LEVEL HIGHLIGHTS FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 INCLUDING A COMPARISON TO THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017:

- Portfolio AMR as at September 30, 2018 was \$1,230, representing an increase of 3.5% from \$1,188 at September 30, 2017. AMR growth was particularly strong in Orlando/Tampa (7.2%), Dallas (6.3%) and Houston (3.2%). Economic occupancy for the three months ended September 30, 2018 was 93.5%, representing a 40 basis point increase compared to the same period in 2017.
- Same property AMR as at September 30, 2018 was \$1,217, representing a 1.8% increase from \$1,195 at September 30, 2017. Same property AMR growth was particularly strong in Orlando/Tampa (4.6%). Same property economic occupancy for the three months ended September 30, 2018 was 93.7%, representing a 70-basis point increase in comparison to the same period in the prior year.
- Same property NOI was \$13,357 for the three months ended September 30, 2018 (2017 - \$12,942), representing an increase of \$415 or 3.2%. The was due to AMR growth, ancillary income growth and increases in occupancy partly offset by higher property operating costs and property taxes.

## FINANCIAL POSITION AS AT SEPTEMBER 30, 2018:

- Indebtedness to Gross Book Value at September 30, 2018 was 64.85% representing an increase from 63.81% at December 31, 2017. The increase in Indebtedness to Gross Book Value was primarily related to the refinancing of five of the Fund’s Properties during the first quarter of 2018.
- As at September 30, 2018, the weighted average interest rate on mortgages payable was 4.32% and the weighted average term to maturity was 3.94 years. Subsequent to September 30, 2018, the existing mortgages payable were repaid in full with the proceeds of the mortgage refinancing and amendment to the Credit Facility (see “Subsequent Events”). As a result, the weighted average interest rate on mortgages payable was reduced to 3.84% and the weighted average term to maturity extended to 6.1 years.

## FINANCIAL PERFORMANCE SUMMARY

	Three months ended		Three months ended		Nine months ended		Nine months ended	
	September 30, 2018		September 30, 2017		September 30, 2018		September 30, 2017	
Revenue from property operations	\$	28,283	\$	25,507	\$	82,367	\$	74,386
Property operating costs		(7,666)		(7,048)		(21,888)		(19,763)
Property taxes <sup>(1)</sup>		-		-		(16,832)		(16,898)
Income from rental operations		20,617		18,459		43,647		37,725
Finance costs		(11,003)		(6,727)		(32,605)		(19,701)
Distributions to Unitholders		(6,244)		(6,150)		(18,766)		(18,410)
Dividends to Preferred Shareholders - U.S. REIT's series A		(19)		(20)		(58)		(59)
Fund and trust expenses		(2,375)		(1,374)		(5,216)		(4,122)
Transaction costs on disposition of investment properties		-		-		(389)		(1,056)
Unrealized foreign exchange gain (loss)		(211)		(552)		494		(1,020)
Realized foreign exchange gain (loss)		-		85		(208)		132
Fair value adjustment of investment properties		-		81,730		42,653		99,726
Fair value adjustment IFRIC 21		(4,540)		(4,036)		3,270		4,689
Provision for carried interest		3,103		-		(4,322)		-
Income taxes:								
Current		(109)		(48)		(1,119)		(253)
Deferred		(1,833)		(40,426)		(18,535)		(49,098)
Net (loss) income and comprehensive (loss) income	\$	(2,614)	\$	40,941	\$	8,846	\$	48,553

<sup>(1)</sup> As a result of the IFRIC 21 treatment of property taxes, the financial performance of the Fund includes property taxes for the full fiscal year as an expense during the three months ended March 31, 2017 and 2018. See Results of Operations for NOI excluding the impact of the IFRIC 21 adjustment during the three and nine months ended September 30, 2017 and 2018.

**STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

	As at September 30, 2018		As at December 31, 2017	
<b>Operational Information</b>				
Number of properties		23		23
Total suites		7,289		7,127
Economic occupancy <sup>(1)</sup>		92.3%		91.8%
AMR (in actual dollars)	\$	1,230	\$	1,196
AMR per square foot (in actual dollars)	\$	1.27	\$	1.25
<b>Summary of Financial Information</b>				
Gross Book Value <sup>(2)</sup>		\$1,385,694		\$1,267,840
Indebtedness <sup>(2)</sup>		\$898,592		\$808,989
Indebtedness to Gross Book Value		64.85%		63.81%
Weighted average mortgage interest rate		4.32%		3.60%
Weighted average mortgage term to maturity		3.94 years		4.16 years
	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
<b>Summary of Financial Information</b>				
Revenue from property operations	\$28,283	\$25,507	\$82,367	\$74,386
Property operating costs	(\$7,666)	(\$7,048)	(\$21,888)	(\$19,763)
Property taxes <sup>(3)</sup>	(\$4,539)	(\$4,267)	(\$13,561)	(\$12,439)
NOI	\$16,078	\$14,192	\$46,918	\$42,184
Net (loss) income and comprehensive (loss) income	(\$2,614)	\$40,941	\$8,846	\$48,553
FFO	\$3,553	\$6,145	\$9,428	\$16,796
FFO per unit - basic and diluted	\$0.07	\$0.13	\$0.19	\$0.34
AFFO	\$4,601	\$6,267	\$14,668	\$20,344
AFFO per unit - basic and diluted	\$0.09	\$0.13	\$0.30	\$0.41
Interest Coverage Ratio	1.52 x	2.10 x	1.56 x	2.24 x
Indebtness Coverage Ratio	1.52 x	1.91 x	1.54 x	2.05 x
FFO payout ratio	175.7%	100.1%	199.0%	109.6%
AFFO payout ratio	135.7%	98.1%	127.9%	90.5%
Weighted average units Outstanding (000s)				
- basic and diluted	48,967	49,024	49,003	49,126
<b>Notes:</b>				
(1) Economic occupancy for the nine months ended September 30, 2018 and year-ended December 31, 2017.				
(2) The December 31, 2017 Gross Book Value and Indebtedness includes Sunset Ridge which was classified as held for sale.				
(3) 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 purposes of calculating NOI.				

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## RESULTS OF OPERATIONS

The following discussion compares the Fund’s results for the three and nine months ended September 30, 2018 to the same periods in the prior year.

	Three months ended September 30, 2018		Three months ended September 30, 2017		% Change	Nine months ended September 30, 2018		Nine months ended September 30, 2017		% Change
Revenue from property operations	\$	28,283	\$	25,507	10.9%	\$	82,367	\$	74,386	10.7%
Property operating costs		7,666		7,048	(8.8%)		21,888		19,763	(10.8%)
Property taxes <sup>(1)</sup>		4,539		4,267	(6.4%)		13,561		12,439	(9.0%)
NOI	\$	16,078	\$	14,192	13.3%	\$	46,918	\$	42,184	11.2%
NOI margin		56.8%		55.6%			57.0%		56.7%	

(1) Property taxes presented above 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 September 30, 2018 was \$28,283, an increase of \$2,776 or 10.9% compared to the three months ended September 30, 2017, primarily due to net acquisition activity as well as growth in AMR, ancillary income and occupancy across the portfolio. The Fund acquired an additional 47 suites during 2017 through net acquisitions and has acquired an additional 162 suites to date in 2018.

AMR increased by \$42 or 3.5% on an annualized basis during the three months ended September 30, 2018, driven primarily by strong rental growth in Houston, Dallas and Orlando/Tampa, which was partly offset by declines in Charlotte/Raleigh (see “Average Monthly Rent”).

Economic occupancy was 93.5% for the three months ended September 30, 2018 (September 30, 2017 – 93.1%), representing an increase of 40 basis points driven primarily by higher occupancy in Atlanta, Austin, Denver, Las Vegas, Nashville and Phoenix offset by declines in Charlotte/Raleigh and Dallas (see “Occupancy”).

Revenue from property operations for the nine months ended September 30, 2018 was \$82,367, an increase of \$7,981 or 10.7% compared to the nine months ended September 30, 2017. This increase was primarily due to net acquisition activity. In addition, growth in AMR and ancillary income across the portfolio was partly offset by lower occupancy and higher operating costs and property taxes. Ancillary income increased by \$946 or 11.0%, compared to the same period in the prior year, driven mainly by increases in cable income and valet trash as the Fund continues to increase the penetration of these services across the portfolio. As part of this initiative, the Fund also renegotiated its contracts at several Properties to provide bulk cable services to residents through exclusive providers resulting in the reduction of cable expenses incurred at these properties.

Economic occupancy was 92.3% for the nine months ended September 30, 2018 (nine months ended September 30, 2017 – 92.8%), representing a decline of 50 basis points due to slower leasing in the first quarter of 2018 relative to 2017 (see “Occupancy”).

### PROPERTY OPERATING COSTS

Property operating costs for the three months ended September 30, 2018 were \$7,666, an increase of \$618 or 8.8% compared to the three months ended September 30, 2017. This increase was primarily due to the impact of net acquisitions as well as higher salaries and benefits and administration costs, offset by reductions in cable expenses as a result of the renegotiation of cable contracts at several Properties (see ancillary income discussion within “Revenue from Property Operations”).

Property operating costs for the nine months ended September 30, 2018 were \$21,888, an increase of \$2,125 or 10.8% compared to the three months ended September 30, 2017. This increase was primarily due to the impact of net acquisition activity during 2018 as the Fund added an additional 162 suites as well as higher salaries and benefits, administration, advertising and repairs and maintenance costs, offset by reductions in cable expenses as a result of the renegotiation of cable contracts at several Properties (see “Revenue from Property Operations”). The Fund also continues to focus on driving cost efficiencies across the portfolio.

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### PROPERTY TAXES

Property taxes for the three months ended September 30, 2018 were \$4,539, an increase of \$272 or 6.4% compared to the three months ended September 30, 2017. Property taxes include adjustments made to reflect settlement of tax amounts for the prior tax years in both the three and nine months ended September 30, 2018 and 2017. Excluding the adjustments for prior year taxes, property taxes increased by 2.4% during the three months ended September 30, 2018 which was mainly due to increases in the assessed values of the Fund’s properties, specifically in Atlanta, Dallas and Orlando/Tampa.

For the nine months ended September 30, 2018, the Fund’s property taxes were \$13,561, an increase of \$1,122 or 9.0% compared to the nine months ended September 30, 2017. Property taxes include adjustments made to reflect settlement of tax amounts for the prior tax years in both the three and nine months ended September 30, 2018 and 2017. Excluding the adjustments for prior year taxes, property taxes increased by 6.9% during the nine months ended September 30, 2018 which was attributable to increases in the assessed values of the Fund’s properties, specifically in Atlanta, Dallas and Orlando/Tampa.

The Fund actively manages the assessed values for its properties to minimize property tax expenses by utilizing third party consultants in the respective markets. Property taxes in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 have been presented under IFRS and IFRIC 21, which reflect the entire year’s estimated property tax for all Properties being expensed during the three months ended March 31, 2018.

### NOI BY MARKET

Market	Three months ended September 30, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	NOI	Margin %	NOI	Margin %	NOI	Margin %	NOI	Margin %
Atlanta	\$ 1,380	55.1%	\$ 1,578	65.0%	\$ 4,240	57.9%	\$ 4,562	63.0%
Austin	2,775	52.0%	2,736	51.9%	8,227	52.1%	8,319	53.3%
Charlotte / Raleigh	1,256	57.6%	628	60.4%	3,153	59.5%	2,731	64.9%
Dallas	1,182	49.1%	1,212	57.3%	3,694	49.5%	3,608	57.5%
Denver	745	69.6%	443	63.8%	2,084	67.9%	721	69.1%
Houston	2,023	51.0%	2,152	42.9%	6,136	51.0%	8,277	48.1%
Las Vegas	792	66.9%	706	65.1%	2,256	66.3%	2,178	66.4%
Nashville	636	59.7%	659	63.0%	1,773	57.3%	659	63.0%
Orlando / Tampa	4,161	62.9%	2,998	60.7%	12,025	62.8%	9,013	61.5%
Phoenix	640	65.1%	597	63.6%	1,904	65.2%	712	64.7%
San Antonio	488	50.9%	483	51.6%	1,426	50.5%	1,404	51.3%
<b>Total</b>	<b>\$ 16,078</b>	<b>56.8%</b>	<b>\$ 14,192</b>	<b>55.6%</b>	<b>\$ 46,918</b>	<b>57.0%</b>	<b>\$ 42,184</b>	<b>56.7%</b>

NOI for the three months ended September 30, 2018 was \$16,078 compared to \$14,192 for the same period in the prior year, representing an increase of \$1,886 or 13.3% driven by net acquisition activity and same property NOI growth of \$416 or 3.2% (see “Results of Operations - Same Property”). Both same property NOI growth and the additional NOI from net acquisition activity resulted from rental revenue growth due to rising average monthly rents across the portfolio (see “Average Monthly Rent”), higher other income as a result of specific initiatives to drive ancillary income at the Properties (see “Revenue from Property Operations”) and increases in occupancy (see “Occupancy”) partly offset by higher property operating costs (see “Property Operating Costs”).

NOI margin for the three months ended September 30, 2018 was 56.8% compared to 55.6% for the same period in the prior year driven mainly from AMR and other income growth being partly offset by increases in property taxes and property operating costs.

NOI for the nine months ended September 30, 2018 was \$46,918 compared to \$42,184 for the same period in the prior year, representing an increase of \$4,734 or 11.2% as a result of net acquisition activity of the Fund. Same property NOI was slightly lower due to rising average monthly rents (see “Average Monthly Rent”), higher other income as a result of specific initiatives to drive ancillary income at the Properties (see “Revenue from Property Operations”) being offset by declines in occupancy (see “Occupancy”) and higher property operating costs (see “Property Operating Costs”).

**STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

NOI margin for the nine months ended September 30, 2018 was 57.0% compared 56.7% for the same period in the prior year driven mainly from rental and other income growth in excess of increases in property taxes and property operating costs.

**AVERAGE MONTHLY RENT**

The following table presents AMR (in actual dollars) as at September 30, 2018 and September 30, 2017. Same property AMR has been presented for those Properties that were owned by the Fund for the nine months ended September 30, 2018 and the nine months ended September 30, 2017 (representing 6,105 suites).

Market	Total Portfolio as at September 30, 2018 and September 30, 2017					Same Property as at September 30, 2018 and September 30, 2017					
	Suites	2018		2017		%	Suites	2018		2017	
		AMR	AMR	AMR	AMR			AMR	AMR	AMR	AMR
Atlanta	607	\$ 1,340	\$ 1,329		0.9%	607	\$ 1,340	\$ 1,329		0.9%	
Austin	1,454	1,148	1,146		0.2%	1,454	1,148	1,146		0.2%	
Charlotte/Raleigh	585	1,181	1,196		-1.2%	265	1,181	1,196		-1.3%	
Dallas	640	1,193	1,123		6.3%	379	1,137	1,109		2.5%	
Denver	228	1,422	1,398		1.7%	228	1,422	1,398		1.7%	
Houston	1,098	1,144	1,109		3.2%	1,098	1,144	1,118		2.4%	
Las Vegas	320	1,153	1,138		1.3%	320	1,153	1,138		1.4%	
Nashville	288	1,182	1,186		-0.4%	N/A	N/A	N/A		N/A	
Orlando/Tampa	1,519	1,395	1,302		7.2%	1,204	1,361	1,302		4.6%	
Phoenix	274	1,127	1,113		1.2%	274	1,127	1,113		1.2%	
San Antonio	276	1,113	1,108		0.5%	276	1,113	1,108		0.4%	
<b>Total</b>	<b>7,289</b>	<b>\$ 1,230</b>	<b>\$ 1,188</b>		<b>3.5%</b>	<b>6,105</b>	<b>\$ 1,217</b>	<b>\$ 1,195</b>		<b>1.8%</b>	

Portfolio AMR increased by \$42 or 3.5% on an annualized basis during the three months ended September 30, 2018, driven primarily by strong rental growth in Houston, Dallas and Orlando/Tampa, including the impact from acquiring properties with higher average rents, offset by declines in Charlotte/Raleigh and Nashville.

Same property AMR as at September 30, 2018 was \$1,217, an increase of \$22 or 1.8% compared to September 30, 2017. Same property AMR growth was strongest in Orlando/Tampa at 4.6%.

**OCCUPANCY**

The following tables present economic occupancy for the three and nine months ended September 30, 2018 and September 30, 2017. Same property economic occupancy has been presented for those Properties that were owned by the Fund for the three and nine months ended September 30, 2018 and the three and nine months ended September 30, 2017 (representing 6,105 and 5,603 suites).

Market	Total Portfolio for the three months ended September 30, 2018 and 2017			Same Property for the three months ended September 30, 2018 and 2017			Total Portfolio for the nine months ended September 30, 2018 and 2017			Same Property for the nine months ended September 30, 2018 and 2017					
	Suites	2018		2017		Suites	2018		2017		Suites	2018		2017	
		Occ. %	Occ. %	Occ. %	Occ. %		Occ. %	Occ. %	Occ. %	Occ. %		Occ. %	Occ. %	Occ. %	
Atlanta	607	94.5%	93.4%	607	94.5%	93.4%	607	92.3%	93.0%	607	92.3%	93.0%			
Austin	1,454	93.1%	92.3%	1,454	93.1%	92.3%	1,454	92.1%	92.1%	1,454	92.1%	92.1%			
Charlotte/Raleigh	585	92.9%	95.1%	265	92.6%	95.1%	585	91.1%	93.5%	265	89.4%	93.3%			
Dallas	640	90.6%	94.2%	379	94.4%	93.8%	640	88.5%	93.5%	379	92.5%	93.3%			
Denver	228	95.6%	92.4%	228	95.6%	92.4%	228	92.6%	92.7%	N/A	N/A	N/A			
Houston	1,098	92.5%	92.9%	1,098	92.5%	92.9%	1,098	91.5%	91.9%	1,098	91.5%	92.2%			
Las Vegas	320	94.4%	90.7%	320	94.4%	90.7%	320	93.0%	92.3%	320	93.0%	92.3%			
Nashville	288	95.5%	92.0%	N/A	N/A	N/A	288	93.0%	92.0%	N/A	N/A	N/A			
Orlando/Tampa	1,519	94.1%	94.0%	1,204	93.8%	94.0%	1,519	93.9%	94.2%	1,204	94.0%	94.2%			
Phoenix	274	93.9%	90.8%	274	93.9%	90.8%	274	93.2%	90.9%	N/A	N/A	N/A			
San Antonio	276	95.3%	94.4%	276	95.3%	94.4%	276	94.6%	93.2%	276	94.6%	93.2%			
<b>Total</b>	<b>7,289</b>	<b>93.5%</b>	<b>93.1%</b>	<b>6,105</b>	<b>93.7%</b>	<b>93.0%</b>	<b>7,289</b>	<b>92.3%</b>	<b>92.8%</b>	<b>5,603</b>	<b>91.9%</b>	<b>92.4%</b>			

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Fund’s economic occupancy remained stable for the three months ended September 30, 2018 at 93.5% compared to 93.1% for the three months ended September 30, 2017. Economic occupancy increased in Atlanta, Austin, Denver, Las Vegas, Orlando/Tampa, Phoenix and San Antonio. These increases were offset by economic occupancy reductions in Charlotte/Raleigh and Dallas.

Same property economic occupancy for the three months ended September 30, 2018 was 93.7% compared to 93.0% for the three months ended September 30, 2017. Economic occupancy increased in all markets with the exception of Charlotte/Raleigh, Orlando/Tampa and Houston.

For the nine months ended September 30, 2018, economic occupancy for the portfolio was 92.3% compared to 92.8% in the same period in 2017. The lower economic occupancy reflects a slower leasing period during the first quarter of 2018 with improving occupancy levels during the three months ended September 30, 2018.

Same property economic occupancy for the nine months ended September 30, 2018 was 91.9% as compared to 92.4% in the same period in 2017. The lower economic occupancy reflects a slower leasing period during the first few months of 2018 with improving occupancy levels during the three months ended September 30, 2018.

The Fund continues to focus diligently on occupancy across the portfolio including through the use of revenue management software and the ongoing assessment of rental rates, leasing traffic and competitive supply in each of its markets to ensure the Fund is maximizing revenue at the Properties.

### QUARTERLY AMR AND OCCUPANCY

The following table presents AMR (in actual dollars) as at the most recent four quarter end dates and the economic occupancy for the Properties for the three-month periods ended September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017.

Market	As at September 30, 2018			As at June 30, 2018			As at March 31, 2018			As at December 31, 2017		
	Suites	AMR	Occ %	Suites	AMR	Occ %	Suites	AMR	Occ %	Suites	AMR	Occ %
Atlanta	607	\$1,340	94.5%	607	\$ 1,332	91.7%	607	\$ 1,328	90.7%	607	\$ 1,334	91.8%
Austin	1,454	1,148	93.1%	1,454	1,150	92.8%	1,454	1,137	90.5%	1,454	1,139	90.3%
Charlotte / Raleigh	585	1,181	92.9%	585	1,178	90.3%	585	1,173	87.7%	265	1,194	93.5%
Dallas	640	1,193	90.6%	640	1,190	89.0%	640	1,190	86.4%	856	1,180	88.5%
Denver	228	1,422	95.6%	228	1,402	93.9%	228	1,387	88.1%	228	1,388	88.0%
Houston	1,098	1,144	92.5%	1,098	1,142	91.8%	1,098	1,131	90.9%	1,355	1,114	95.1%
Las Vegas	320	1,153	94.4%	320	1,140	94.6%	320	1,129	90.0%	320	1,126	91.6%
Nashville	288	1,182	95.5%	288	1,170	93.5%	288	1,176	90.2%	288	1,181	86.5%
Orlando / Tampa	1,519	1,395	94.1%	1,519	1,385	94.3%	1,519	1,366	91.5%	1,204	1,314	93.6%
Phoenix	274	1,127	93.9%	274	1,119	94.2%	274	1,122	93.5%	274	1,127	89.4%
San Antonio	276	1,113	95.3%	276	1,106	93.9%	276	1,098	94.6%	276	1,099	91.4%
<b>Total</b>	<b>7,289</b>	<b>\$1,230</b>	<b>93.5%</b>	<b>7,289</b>	<b>\$ 1,224</b>	<b>92.6%</b>	<b>7,289</b>	<b>\$ 1,214</b>	<b>91.7%</b>	<b>7,127</b>	<b>\$ 1,196</b>	<b>91.8%</b>

As at September 30, 2018, the portfolio AMR was \$1,230, which was an increase of \$6 or an annualized 2.0% from June 30, 2018. Denver, Las Vegas, Nashville and Orlando/Tampa all achieved annualized AMR increases in excess of 3.0% during the three months ended September 30, 2018. Economic occupancy increased by 90 basis points to 93.5% from June 30, 2018 to September 30, 2018 and remained within the Fund’s targeted range.

Economic occupancy in a number of the Fund’s primary markets typically follows a seasonal pattern with higher occupancy in the summer months and slight reductions seen in the fall and winter months. The Fund expects this trend to continue in future periods and actively manages this seasonality to ensure occupancy and revenue are maximized across the portfolio throughout each year.



# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## RESULTS OF OPERATIONS – SAME PROPERTY

Same property results include the Properties owned by the Fund for the entire three and nine months ended September 30, 2018 and September 30, 2017 (representing 6,105 and 5,603 suites for the three and nine month periods, respectively).

	Three months ended September 30, 2018		Three months ended September 30, 2017		% Change	Nine months ended September 30, 2018		Nine months ended September 30, 2017		% Change
Revenue from property operations	\$	23,484	\$	22,443	4.6%	\$	62,989	\$	61,767	2.0%
Property operating costs		6,346		6,147	(3.2%)		16,674		16,004	(4.2%)
Property taxes <sup>(1)</sup>		3,781		3,354	(12.7%)		10,734		9,986	(7.5%)
NOI	\$	13,357	\$	12,942	3.2%	\$	35,581	\$	35,777	(0.5%)
NOI margin		56.9%		57.7%			56.5%		57.9%	

(1) Property taxes presented above exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

## REVENUE FROM PROPERTY OPERATIONS – SAME PROPERTY

Same property revenue from property operations for the three months ended September 30, 2018 of \$23,484 (2017 - \$22,443), representing an increase of \$1,041 or 4.6% primarily driven by increases in same property AMR, increases in same property ancillary income and an increase in same property economic occupancy.

Same property AMR increased by \$22 or 1.8% on an annualized basis driven primarily by strong rental growth in Houston, Dallas and Orlando/Tampa, partly offset by a decline in Charlotte/Raleigh (see “Average Monthly Rent – Same Property”).

Same property economic occupancy was 93.7% for the three months ended September 30, 2018 (2017 – 93.0%). This increase of 70 basis points was driven primarily by higher occupancy in Atlanta, Austin, Denver, Las Vegas and Phoenix, partly offset by a decline in Charlotte/Raleigh (see “Occupancy”).

Same property ancillary income increased by \$214 or 7.9% compared to the same period in the prior year driven mainly by increases in cable and valet trash income as the Fund further increases the penetration of these services across the portfolio. As part of this initiative, the Fund also renegotiated its contracts at several properties across the portfolio to provide bulk cable services to residents through exclusive providers resulting in a reduction to cable expenses incurred at these properties.

Same property revenue from property operations for the nine months ended September 30, 2018 was \$62,989 (2017 - \$61,767), representing an increase of \$1,222 or 2.0% primarily driven by increases in same property AMR and increases in same property ancillary income being partly offset by a decline in same property economic occupancy.

Same property ancillary income increased by \$260 or 3.6% in the nine months ended September 30, 2018 compared to the same period in the prior year.

Economic occupancy was 91.9% for the nine months ended September 30, 2018 (nine months ended September 30, 2017 – 92.4%) (see “Occupancy”).

## PROPERTY OPERATING COSTS – SAME PROPERTY

Same property operating costs for the three months ended September 30, 2018 were \$6,346 (2017 – \$6,147), an increase of \$199 or 3.2%, compared to the same period in prior year. The increase was primarily due higher salaries and benefits and administration costs offset by reductions in cable expenses as a result of the cable contract renegotiations at several properties across the portfolio (see ancillary income discussion within “Revenue from Property Operations – Same Property”).

Same property operating costs for the nine months ended September 30, 2018 were \$16,674 (2017 - \$16,004), an increase of \$670 or 4.2%, compared to the same period in prior year. This increase was primarily due to higher salaries and benefits, administration, advertising and repairs and maintenance costs, offset by reductions in cable expenses as a result of the renegotiation of cable contracts at several properties across the portfolio (see “Revenue from Property Operations – Same Property”). The Fund continues to focus on driving cost efficiencies across the portfolio.

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### PROPERTY TAXES – SAME PROPERTY

Same property taxes for the three months ended September 30, 2018 were \$3,781 (2017 - \$3,354), an increase of \$427 or 12.7% compared to the same period in prior year. Same property taxes include adjustments made to reflect settlement of tax amounts for the prior tax years in both the three months ended September 30, 2018 and 2017. Excluding the adjustments for prior year taxes, same property taxes increased by 4.9% for three months ended September 30, 2018 which is attributable to increases in the assessed values of the Fund’s properties, specifically in Atlanta, Dallas and Orlando/Tampa.

Same property taxes for the nine months ended September 30, 2018 were \$10,734 (2017 - \$9,986), an increase of \$748 or 7.5% compared to the same period in prior year. Same property taxes include adjustments made to reflect settlement of tax amounts for the prior tax years in both the nine months ended September 30, 2018 and 2017. Excluding the adjustments for prior year taxes, same property taxes increased for three months ended September 30, 2018 by 4.9% which is attributable to increases in the assessed values of the Fund’s properties, specifically in Atlanta, Dallas and Orlando/Tampa.

The Fund actively manages its property tax assessed values to minimize property tax expenses by utilizing third party consultants in the respective markets. Property taxes in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 have been presented under IFRS and IFRIC 21, which reflect the entire year’s estimated property tax expense for all Properties during the three months ended March 31, 2018.

### NOI – SAME PROPERTY

Market	Three months ended September 30, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	NOI	Margin %	NOI	Margin %	NOI	Margin %	NOI	Margin %
Atlanta	\$ 1,380	55.1%	\$ 1,578	65.0%	\$ 4,240	57.9%	\$ 4,562	63.0%
Austin	2,775	52.0%	2,736	51.9%	8,226	52.1%	8,319	53.3%
Charlotte / Raleigh	534	55.7%	631	61.2%	1,661	58.1%	1,853	61.5%
Dallas	736	53.7%	768	57.6%	2,250	56.8%	2,297	58.3%
Denver	745	69.6%	443	63.7%	N/A	N/A	N/A	N/A
Houston	2,082	52.4%	2,001	52.9%	5,976	51.8%	6,151	54.4%
Las Vegas	793	66.9%	706	65.1%	2,257	66.3%	2,178	66.4%
Orlando / Tampa	3,184	61.9%	2,999	60.7%	9,545	62.4%	9,013	61.5%
Phoenix	640	65.1%	597	63.6%	N/A	N/A	N/A	N/A
San Antonio	488	51.0%	483	51.6%	1,426	50.5%	1,403	51.3%
<b>Total</b>	<b>\$ 13,357</b>	<b>56.9%</b>	<b>\$ 12,942</b>	<b>57.7%</b>	<b>\$ 35,581</b>	<b>56.5%</b>	<b>\$ 35,777</b>	<b>57.9%</b>

Same Property NOI for the three months ended September 30, 2018 was \$13,357 (2017 - \$12,942), representing an increase of \$415 or 3.2%. The increase is mainly driven AMR growth across the portfolio (see “Average Monthly Rent”), higher other income as a result of specific initiatives to drive ancillary income at the Properties (see “Revenue from Property Operations – Same Property”) and increases in occupancy (see “Occupancy”) being partly offset by higher property operating costs (see “Property Operating Costs – same property”) and property taxes (see “Property Taxes – Same Property”).

Same Property NOI margin for the three months ended September 30, 2018 was 56.9% compared to 57.7% for the same period in the prior year. Excluding the impact of adjustments made to reflect settlement of tax amounts for the prior tax years (see “Property Taxes – Same Property”), the same property NOI margin would be 56.8% (2017 – 56.9%).

Same Property NOI for the nine months ended September 30, 2018 was \$35,581 (2017 - \$35,777), a reduction of \$196 or 0.5%. Excluding the impact of adjustments made to reflect settlement of tax amounts for the prior tax years (see “Property Taxes – Same Property”), the same property NOI growth during the nine months ended September 30, 2018 would be 0.2%. This increase in same property NOI is driven mainly from rising average monthly rents (see “Average Monthly Rent”), higher other income as a result of specific initiatives to drive ancillary income at the Properties (see “Revenue from Property Operations – Same Property”) being offset by a decline in same property occupancy (see “Occupancy”), higher same property operating costs (see “Property Operating Costs – Same Property”) and higher same property taxes (see “Property Taxes – Same Property”).

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## OTHER INCOME AND EXPENSES

### FINANCE COSTS

The Fund’s finance costs for the three and nine months ended September 30, 2018 and the corresponding periods in 2017 are summarized below:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest on mortgages payable	\$ 9,322	\$ 6,209	\$ 25,846	\$ 16,564
Interest on mezzanine loans payable	-	-	39	-
Interest and standby charges on credit facility	211	176	512	359
Amortization of premiums on mortgages payable	-	-	-	5
Amortization of financings costs	507	489	1,458	1,554
Loss on early extinguishment of debt	-	2	2,910	1,915
Fair value adjustments on derivative instruments	963	(153)	1,840	(710)
Other interest	-	4	-	14
<b>Total</b>	<b>\$ 11,003</b>	<b>\$ 6,727</b>	<b>\$ 32,605</b>	<b>\$ 19,701</b>

#### *Interest on Mortgages payable*

Interest on mortgages payable for the three months ended September 30, 2018 of \$9,322 was \$3,113 or 50.1% higher than the same period in the prior year. The increase was due mainly to increases in LIBOR which has resulted in increases to the variable rates payable on the Fund’s mortgages payable. LIBOR has increased by approximately 157 basis points from January 1, 2017 to September 30, 2018. The remaining increase in interest on mortgages payable is due to the increase in the weighted average debt outstanding during the three months ended September 30, 2018, relative to the same period in prior year.

Interest on mortgages payable for the nine months ended September 30, 2018 of \$25,846 was \$9,282 or 56.0% higher than the same period in the prior year. The increase was due mainly to the increases in LIBOR as discussed above. The remaining increase in interest on mortgages payable was due to the increase in the weighted average debt outstanding during the nine months ended September 30, 2018, relative to the same period in prior year. During the nine months ended September 30, 2018, the Fund refinanced a total of 14 Properties for additional mortgage proceeds of \$69,156 together with an increase of \$129,062 related to financing the net acquisition activity.

#### *Interest and standby charges on Credit Facility*

Interest and standby charges on the Credit Facility for the three and nine months ended September 30, 2018 were \$211 and \$512 (2017 - \$176 and \$359). The increases of \$35 and \$153, respectively, were primarily due to the higher amount drawn under the Credit Facility in comparison to the same periods in the prior year.

#### *Amortization of financing costs*

Amortization of financing costs for the three and nine months ended September 30, 2018 was \$507 and \$1,458, respectively (2017 - \$489 and \$1,554). The increase of \$18 for the three months ended September 30, 2018 was primarily due to additional amortization related to financing costs for net acquisition activity. For the nine months ended September 30, 2018, the decline of \$96 was primarily due to lower debt issuance costs for to the Properties which were refinanced throughout 2017 and on January 31, 2018, as well as longer terms to maturity on the new mortgages, relative to the previous mortgages.

#### *Loss on early extinguishment of debt*

The loss on extinguishment of debt for the nine months ended September 30, 2018 was \$2,910 compared to \$1,915 for the same period in the prior year. The loss on extinguishment of debt related to the expensing of deferred financing costs on the five Properties which were refinanced on January 31, 2018 and the two Properties which were sold during the nine months ended September 30, 2018. For the nine months ended September 30, 2018, the loss on extinguishment of debt associated with the refinanced Properties was \$2,407 (deferred financing costs - \$1,003, prepayment penalties - \$1,404) and the loss on extinguishment of debt associated with the sold Properties was \$503 (deferred financing costs - \$311, prepayment penalties - \$192).

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Fair value adjustment on derivative financial instruments

Fair value adjustment on derivative financial instruments for the three months ended September 30, 2018 was a loss of \$963 (2017 – gain of \$153). The loss for the three months ended September 30, 2018 reflected the change in fair value of the interest rate caps as well as the change in value of the variable rate collar reflecting the impact of a stronger U.S. dollar relative to the Canada dollar. The Fund’s variable rate collar contract was entered into on March 2, 2018, which provides protection from the impact of any potential weakening of the U.S. dollar on the Fund’s Canadian dollar distributions and ensured an exchange rate between C\$1.2700 and C\$1.3220. The variable rate collar contract will expire in December 2018.

Fair value adjustment on derivative instruments for the nine months ended September 30, 2018 was a loss of \$1,840 (2017 – gain of \$710). The loss for the nine months ended September 30, 2018 was primarily attributable to the change in fair value of the interest rate caps as well as the change in value of the variable rate collar reflecting the impact of a stronger U.S. dollar relative to the Canada dollar.

### DISTRIBUTIONS TO UNITHOLDERS

Effective October 18, 2016, the Fund began paying distributions to Unitholders of C\$0.65 or \$0.65 per unit per annum depending on the corresponding denomination, except for class H Unitholders at C\$0.35 per unit, per annum. Distributions declared to Unitholders were \$6,244 and \$18,766 during the three and nine months ended September 30, 2018 (2017 - \$6,150 and \$18,410). The increase in Unitholder distributions of \$94 and \$356, respectively, was primarily due to the weaker U.S. dollar relative to the corresponding period in 2017 resulting in a slight increase in the amount required to fund the Canadian dollar distributions, partially offset by a reduction in outstanding Units as a result of purchases under the Fund’s normal course issuer bid (the “NCIB”) (see “Net Liabilities Attributable to Unitholders”).

The Fund distributions paid and declared for the nine months ended September 30, 2018 per unit were as follows:

Class A	Class C	Class D	Class E	Class F	Class H	Class U
C\$0.48753	C\$0.48753	C\$0.48753	C\$0.48753	C\$0.48753	C\$0.26253	C\$0.48753

### DIVIDENDS TO PREFERRED SHAREHOLDERS – U.S. REITs SERIES A

The Fund’s U.S. real estate investment trusts subsidiaries (“U.S. REITs”) have preferred shareholders who receive dividend payments on their preferred shares. The preferred shares are issued to help ensure the U.S. REITs qualify as real estate investment trusts for U.S. federal tax purposes. For the three and nine months ended September 30, 2018, the Fund incurred \$19 and \$58, respectively, in dividends (2017 - \$20 and \$59).

### 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 the Manager (see “Related Party Transactions and Arrangements – Arrangements with Starlight”).

Fund and trust expenses for the three months ended September 30, 2018 were \$2,375 (2017 - \$1,374) representing an increase of \$1,001 due to the impact of net acquisition activity on asset management fees in comparison to the same period in the prior year, as well as professional fees incurred during the three months ended September 30, 2018 of \$937 relating to a preliminary evaluation of the Fund’s liquidity event. The Manager continues to evaluate a number of exit strategies for the Fund given the initial Term expires in October 2019 (see “Investment Overview, Objectives and Strategy”).

Fund and trust expenses for the nine months ended September 30, 2018 were \$5,216 compared to \$4,122 for the same period in the prior year. This represents an increase of \$1,094 due to the impact of net acquisition activity on asset management fees in comparison to the same period in the prior year, and the professional fees relating to preliminary evaluation of the Fund’s liquidity event incurred during the nine months ended September 30, 2018 of \$937 being partly offset by one time reorganization costs of \$152 incurred during the nine months ended September 30, 2017.

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### UNREALIZED FOREIGN EXCHANGE GAIN (LOSS)

The Fund recognized an unrealized foreign exchange loss of \$211 and gain of \$494 for the three and nine months ended September 30, 2018, respectively (2017 – gain of \$552 and \$1,020, respectively). The unrealized loss and gains were primarily related to the impact of the exchange rate movement on the Canadian dollar denominated Credit Facility during the three and nine months ended September 30, 2018.

### REALIZED FOREIGN EXCHANGE GAIN (LOSS)

The realized foreign exchange loss for the three and nine months ended September 30, 2018 was \$nil and \$208, respectively (2017 – gain of \$85 and \$132). The foreign exchange loss was primarily due to the strengthening of the Canadian dollar from the date the Canadian dollar denominated mezzanine loan was acquired on the acquisition of The Callie, to the date that the mezzanine loan was repaid by the Fund. The remainder of the loss is related to operating 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 recorded a fair value increase on its Properties of \$nil and \$42,653 for the three and nine months ended September 30, 2018 (2017 - \$81,730 and \$99,726). The increase in fair value was primarily related to capitalization rate compression as well as increases in projected NOI across the Fund’s portfolio. The following table summarizes the change in investment properties held by the Fund for the nine months ended September 30, 2018.

		<b>Amount</b>
Balance, as at December 31, 2016	\$	1,056,414
Acquisitions of investment properties		200,912
Dispositions of investment properties		(97,277)
Capital additions		8,029
Fair value adjustment		100,670
IFRIC 21 property tax liability adjustment		(908)
Investment property held for sale		(28,364)
Balance, as at December 31, 2017	\$	1,239,476
Acquisitions of investment properties		128,679
Dispositions of investment properties		(33,518)
Capital additions		7,828
Fair value adjustment		42,653
IFRIC 21 property tax liability adjustment		576
<b>Balance, as at September 30, 2018</b>	<b>\$</b>	<b>1,385,694</b>

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

	<b>As at September 30, 2018</b>		<b>As at December 31, 2017</b>	
Cost	\$	1,253,676	\$	1,177,674
Cumulative fair value adjustment		144,413		101,760
IFRIC 21 realty tax liability adjustment		(12,395)		(11,594)
Investment property held for sale		-		(28,364)
<b>Total investment properties</b>	<b>\$</b>	<b>1,385,694</b>	<b>\$</b>	<b>1,239,476</b>

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

	As at September 30, 2018	As at December 31, 2017
Capitalization rates - range	4.50% to 5.00%	4.74% to 5.25%
Capitalization rate - Weighted average	4.81%	4.89%

The fair values of the 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 Properties as set out in the following table:

Key assumptions	Change	As at September 30, 2018	As at December 31, 2017
Weighted average:			
Capitalization rate	10-basis-point increase	\$ (28,525)	\$ (25,628)
Capitalization rate	10-basis-point decrease	\$ 29,739	\$ 26,697

The impact of a 1% change in NOI used to value the Properties as at September 30, 2018 would affect the fair value by approximately \$13,954 (September 30, 2017 - \$12,402).

### PROVISION FOR CARRIED INTEREST

As of September 30, 2018, the Fund had recognized a provision for carried interest after taking into account the minimum return, as defined below, to Unitholders of \$4,322 (December 31, 2017 – \$nil) (see “Carried Interest”). The Fund recognized a provision for carried interest during the nine months ended September 30, 2018 of \$4,322 (2017 – \$nil) including a reduction in the provision of \$3,103 during the three months ended September 30, 2018 (2017 – \$nil). The reduction for the three months ended September 30, 2018 was primarily due to a decrease in net liabilities attributable to Unitholders caused by additional proceeds from draws on the Credit Facility, as well as exchange rate movement on the Canadian dollar denominated provision (see “Carried Interest”).

### INCOME TAXES – CURRENT

The Fund’s current income taxes for the three months ended September 30, 2018 were \$109 (2017 - \$48). The increase over the prior period was primarily due to franchise taxes payable in respect of Properties acquired in Tennessee and North Carolina since June 30, 2017.

For the nine months ended September 30, 2018 income taxes were \$1,119 (2017 - \$253). The increase over the prior period was due to taxes of \$720 incurred on the portion of the gain on the sales of Greenhaven and Sunset Ridge that was not reinvested into the purchase of Alexander Village under the 1031 exchange, U.S. tax deferral. The remainder of the current tax includes franchise taxes in Texas, Tennessee and North Carolina.

### INCOME TAXES - DEFERRED

For the three and nine months ended September 30, 2018, the Fund recorded a deferred tax expense in the amount of \$1,833 and \$18,535, respectively (2017 - \$40,426 and \$49,098), representing decreases of \$38,593 and \$30,563, respectively, relative to the same period in the prior year. The decreases primarily related to higher fair value increases in investment properties during 2017 relative to 2018.

### NET LOSS (INCOME) AND COMPREHENSIVE LOSS (INCOME)

Net (loss) income and comprehensive (loss) income for the three and nine months ended September 30, 2018 was a loss of \$2,614 and income of \$8,846, respectively (2017 – income of \$40,941 and \$48,553, respectively).

### DISTRIBUTIONS TO UNITHOLDERS RELATIVE TO NET LOSS (INCOME) AND COMPREHENSIVE LOSS (INCOME)

The net loss (income) and comprehensive loss (income) amount for the three months ended September 30, 2018, is comprised of several non-cash or one-time expenses including the following: deferred taxes, amortization of financing costs, fair value loss on derivative instruments, provision for carried interest reduction, unrealized foreign exchange loss, an increase in the fair value of investment properties and professional fees of \$937 included in fund and trust expenses. Net income and comprehensive income, adjusted for the beforementioned non-cash or one-time expenses and excluding distributions to unitholders was \$4,978, which exceeded distributions paid to unitholders by \$1,266.

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The net loss (income) and comprehensive loss (income) amount for the nine months ended September 30, 2018, is comprised of several non-cash or one-time expenses including the following: deferred taxes, loss on extinguishment of debt, amortization of financing costs, transaction costs on disposition of properties, fair value loss on derivative instruments, provision for carried interest, unrealized foreign exchange gain, an increase in the fair value of investment properties and professional fees of \$937 included in Fund and Trust expenses. Net income and comprehensive income, adjusted for the beforementioned non-cash or one-time expenses and excluding distributions to unitholders was \$14,856, which exceeded distributions paid to unitholders by \$3,910.

This shortfall was funded by residual cash from the disposition of properties and refinancing proceeds. The Fund considers the shortfall of net income relative to distributions to unitholders to be temporary as the Manager expects that the Fund will be able to continue to capitalize on its active asset management strategy through the achievement of rental growth, ancillary income growth and reduction in property operating costs. In addition, the Fund has refinanced its indebtedness to reduce its weighted average mortgage interest rate (see “Subsequent Events”).

These initiatives are expected to result in increases to the Fund’s net income and comprehensive income.

### NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared for the three and nine months ended September 30, 2018 with a comparison to the same period in the prior year.

#### FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

A reconciliation of net (loss) income and comprehensive (loss) income, determined in accordance with IFRS to FFO and AFFO is presented below for the three and nine months ended September 30, 2018, with a comparison to the three and nine months ended September 30, 2017.

	Three months ended September 30, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017	
Net (loss) income and comprehensive (loss) income	\$	(2,614)	\$	40,941	\$	8,846	\$	48,553
Add / (Deduct):								
Distributions to Unitholders		6,244		6,150		18,766		18,410
Dividends to Preferred Shareholders		19		20		58		59
Deferred taxes		1,833		40,426		18,535		49,098
Unrealized foreign exchange (gain) loss		211		552		(494)		1,020
Realized foreign exchange loss		-		(85)		208		(132)
Fair value adjustment on derivative financial instruments		963		(205)		1,840		(562)
Fair value adjustment of investment properties		-		(81,654)		(42,653)		(99,650)
Provision for carried interest		(3,103)		-		4,322		-
<b>Funds from Operations (FFO)</b>	<b>\$</b>	<b>3,553</b>	<b>\$</b>	<b>6,145</b>	<b>\$</b>	<b>9,428</b>	<b>\$</b>	<b>16,796</b>
Add / (Deduct):								
Amortization of mortgage premium		-		-		-		5
Amortization of financing costs		507		489		1,458		1,554
Current taxes - U.S. withholding taxes and tax on dispositions		-		12		734		36
Service fees related to class A units and class U units		151		155		452		474
One-time Reorganization costs and professional fees <sup>(2)</sup>		937		-		937		152
Transaction costs on disposition of investment properties		-		-		389		1,056
Loss on early extinguishment of debt		-		2		2,910		1,915
Fair value adjustment on interest rate cap		-		16		-		12
Sustaining capital expenditures and suite renovation reserves		(547)		(552)		(1,640)		(1,656)
<b>Adjusted Funds from Operations (AFFO)</b>	<b>\$</b>	<b>4,601</b>	<b>\$</b>	<b>6,267</b>	<b>\$</b>	<b>14,668</b>	<b>\$</b>	<b>20,344</b>
FFO per unit - basic and diluted	\$	0.07	\$	0.13	\$	0.19	\$	0.34
FFO payout ratio		175.7%		100.1%		199.0%		109.6%
AFFO per unit - basic and diluted	\$	0.09	\$	0.13	\$	0.30	\$	0.41
AFFO payout ratio		135.7%		98.1%		127.9%		90.5%
Distributions declared <sup>(1)</sup>	\$	6,244	\$	6,150	\$	18,766	\$	18,410
Weighted average units outstanding:								
Basic and diluted - class A, C, D, E, F, H & U - (000s)		48,967		49,024		49,003		49,126
<sup>(1)</sup> Distributions declared are calculated based on the monthly distribution per unit.								
<sup>(2)</sup> See "Fund and Trust Expenses" for details on professional fees.								

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Funds from operations*

Basic and diluted FFO and FFO per unit for the three months ended September 30, 2018 was \$3,553 and \$0.07 respectively (2017 - \$6,145 and \$0.13), representing a decline of \$2,592 primarily due to the increase in NOI of \$2,158 being offset by increases in fund and trust expenses of \$1,001 and interest on mortgages payable of \$3,113. The Fund’s FFO payout ratio for the three months ended September 30, 2018 was 175.7% compared to 100.1% for the same period in the prior year.

Basic and diluted FFO and FFO per Unit for the nine months ended September 30, 2018 was \$9,428 and \$0.19 respectively (2017 - \$16,796 and \$0.34), representing a decline of \$7,368 mainly related to increases in interest on mortgages payable of \$9,282 and an increase in current tax expense of \$866 resulting from disposition activity in 2018, loss on early extinguishment of debt of \$2,910, fund and trust expenses of \$1,094 and fair value adjustment on IFRIC 21 of \$1,514 being partly offset by a \$5,922 increase in NOI and a reduction in transaction costs on disposition of investment properties of \$667. The Fund’s FFO payout ratio for the nine months ended September 30, 2018 was 199.0% compared to 109.6% for the same period in the prior year.

### *Adjusted Funds from operations*

Basic and diluted AFFO and AFFO per unit for the three months ended September 30, 2018 was \$4,601 and \$0.09, respectively (2017 - \$6,267 and \$0.13), representing a decline of \$1,666 mainly related to the changes in FFO excluding the increase in one-time reorganization and professional fees which have been excluded from AFFO. The AFFO payout ratio for the three months ended September 30, 2018 was 135.7% (2017 – 98.1%).

Basic and diluted AFFO and AFFO per unit for the nine months ended September 30, 2018 was \$14,668 and \$0.30, respectively (2017 - \$20,344 and \$0.41), representing a decline of \$5,676 mainly related to the changes in FFO excluding the increase in one-time reorganization and professional fees, current taxes, loss on early extinguishment of debt and transaction costs on disposition of investment properties which have been excluded from AFFO. The AFFO payout ratio for the three months ended September 30, 2018 was 127.9% (2017 – 90.5%).

The Fund was formed as a closed-end, limited partnership with an initial term of three years, a target yield of 6.5% and a targeted minimum 12% pre-tax investor internal rate of return across all classes of units. Although the payout ratio was in excess of 100%, distributions have been maintained at 6.5% while interest costs have increased as a result of increases in LIBOR since the Fund’s inception. The Fund has refinanced all of its outstanding indebtedness (see “Subsequent Events”) and continues to focus on its active management strategy which the Manager expects will yield improvements in the AFFO payout ratio in future periods. The Fund believes that maintaining the targeted distributions is in the best interests of investors based on the Fund’s terminal nature as compared to a perpetual real-estate investment trust and the Fund’s investment objectives and strategy (see “Investment Objectives, Overview and Strategy”).

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite renovations of \$547 and \$1,640 for the three and nine months ended September 30, 2018, respectively (2017 - \$552 and \$1,656, respectively). 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 and nine months period ended September 30, 2018 were \$824 and \$1,812, respectively.



## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Cash provided by operating activities reconciliation to AFFO

Reconciliation of cash provided by operating activities determined in accordance with IFRS to AFFO for the three and nine months ended September 30, 2018 is provided below:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
<b>Cash provided by operating activities</b>	\$ 8,324	\$ 13,988	\$ 37,266	\$ 38,670
Less: interest paid	(9,533)	(6,441)	(26,397)	(16,789)
<b>Cash (used in) provided by operating activities - including interest paid</b>	<b>(1,209)</b>	<b>7,547</b>	<b>10,869</b>	<b>21,881</b>
Add / (Deduct):				
Change in non-cash operating working capital	7,164	(635)	3,822	(2,644)
Change in restricted cash	1,556	3,245	(248)	4,209
One-time Reorganization costs and professional fees	937	-	937	152
Fair value adjustment of investment properties (including IFRIC 21)	(3,451)	(3,436)	(466)	(1,988)
Realized foreign exchange (gain) loss	-	(85)	208	(132)
Current taxes - U.S. withholding taxes and tax on dispositions	-	12	734	36
Service fees related to class A and class U units	151	155	452	474
Purchase of Interest rate cap agreement	-	16	-	12
Sustaining capital expenditures and suite renovation reserve	(547)	(552)	(1,640)	(1,656)
<b>AFFO</b>	<b>\$ 4,601</b>	<b>\$ 6,267</b>	<b>\$ 14,668</b>	<b>\$ 20,345</b>

### Distributions to Unitholders relative to Cash provided by operating activities, including interest paid

The Fund’s cash provided by (used in) operating activities, including interest paid for the three and nine months ended September 30, 2018 was below the distributions paid to Unitholders by \$7,453 and \$7,897, respectively. Included in cash provided by operating activities is the change in non-cash working capital which includes deposits paid for costs relating to the mortgage refinancing (see “Subsequent Events”). Excluding the deposits made, the excess distribution amounts for the three and nine months ended September 30, 2018 were \$513 and \$957, respectively. The Fund covered the shortfall in cash from operating activities relative to distributions paid during the three and nine months ended September 30, 2018 through refinancing proceeds and proceeds from net disposition activity.

The Fund considers the shortfall of cash to be temporary as the Manager expects that the Fund will be able to continue to capitalize on its active asset management strategy through the achievement of rental growth, ancillary income growth and reduction in property operating costs. In addition, the Fund has refinanced its indebtedness and reduced its weighted average mortgage interest rate (see “Subsequent Events”, specifically relating to mortgage refinancing and amendment to the Credit Facility for further details relating to the deposits paid and included within changes in non-cash working capital).

These initiatives are expected to result in increases to the Fund’s cash provided by operating activities, including interest paid.

## LIQUIDITY AND CAPITAL RESOURCES

### LIQUIDITY

The Fund expects to be able to meet all 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, mortgage debt secured by its Properties and its Credit Facility. Subsequent to September 30, 2018, the Fund refinanced its indebtedness (see “Subsequent Events”). As at September 30, 2018, the Fund was compliant with all 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 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.

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following table details the changes in cash for the three and nine months ended September 30, 2018 and the three and nine months ended September 30, 2017:

	Three months ended September 30, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017	
Cash provided by operating activities	\$	8,324	\$	13,988	\$	37,266	\$	38,670
Cash (used in) provided by financing activities		(10,239)		(13,276)		29,647		59,722
Cash used in investing activities		(3,089)		(17,723)		(66,757)		(95,968)
<b>Increase (decrease) in cash</b>		<b>(5,004)</b>		<b>(17,011)</b>		<b>156</b>		<b>2,424</b>
Cash, beginning of period		9,623		27,104		4,463		7,669
Cash, investment property held for sale				(65)				(65)
<b>Cash, end of period</b>	<b>\$</b>	<b>4,619</b>	<b>\$</b>	<b>10,028</b>	<b>\$</b>	<b>4,619</b>	<b>\$</b>	<b>10,028</b>

Cash on hand at September 30, 2018 was \$4,619 (September 30, 2017 - \$10,028).

### *Cash provided by operating activities*

Cash provided by operating activities for the three and nine months ended September 30, 2018 was \$8,324 and \$37,266, respectively (2017 - \$13,988 and \$38,670). The decline in cash provided by operating activities mainly resulted from the change in prepaid expenses and other assets which during the three and nine months ended September 30, 2018 included \$6,988 of funds paid to third parties for refundable deposits related to entering into the mortgage refinancing (see “Subsequent Events”).

### *Cash (used in) provided by financing activities*

During the three months ended September 30, 2018, cash used in financing activities was \$10,239, which was a reduction of \$3,037 compared to cash used in financing activities of \$13,276 in the same period in the prior year. The reduction was mainly due to additional proceeds from draws on the Credit Facility totaling \$6,120 being partly offset by increases in interest on mortgages payable (see “Interest on Mortgages Payable”).

During the nine months ended September 30, 2018, cash provided by financing activities was \$29,647 (2017 – provided \$59,722). The reduction in cash provided from financing activities of \$30,075 was the result of a reduction in proceeds from the issuance of Mortgages Payable, net of repayments of mezzanine debt, amounting to \$20,460 and increases in finance costs related to increases in interest on mortgages payable (see “Interest on Mortgages Payable”).

### *Cash used in investing activities*

Cash used in investing activities for the three and nine months ended September 30, 2018 was \$3,089 (2017 – used \$17,723). The \$14,634 reduction in cash used in investing activities was driven mainly from cash used for acquisitions of Properties during the same period in 2017 amounting to \$15,943, with no comparable amount in 2018, partly offset by an increase in capital additions relating to the Properties.

Cash used in investing activities for the nine months ended September 30, 2018 was \$66,757 (2017 – used \$95,968). The reduction in cash used in investing activities of \$29,211 was driven mainly from a decrease in cash used for acquisitions of Properties of \$43,264 and a reduction in proceeds from disposed Properties amounting to \$11,837 being partly offset by increases in capital additions to the Properties of \$2,883.

## CAPITAL STRUCTURE AND DEBT PROFILE

Subsequent to September 30, 2018, the mortgages payable and Credit Facility balances outstanding as at September 30, 2018 were repaid in full using the net proceeds from the mortgage refinancing and amendment to the Credit Facility financing (see “Subsequent Events” for further details, including scheduled debt payments and weighted average interest details as a result of the refinancing the Fund’s debt).

### 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

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

	As at September 30, 2018		As at December 31, 2017	
Mortgages payable / loans payable	\$	880,117	\$	794,667
Credit facility		18,475		14,322
Net liabilities attributable to Unitholders		402,894		394,445
<b>Total capital</b>	<b>\$</b>	<b>1,301,486</b>	<b>\$</b>	<b>1,203,434</b>

Mortgages payable increased during the nine months ended September 30, 2018 as a result of new mortgages totalling \$91,111 which were used to partly fund Property acquisitions. In addition, there was an increase to mortgages payable of \$41,797 resulting from the refinancing of existing Properties. The increase to mortgages payable was partly offset by the repayment of the mezzanine loan (\$6,051) and mortgages discharged (\$40,894).

As at September 30, 2018, \$18,475 was drawn on the Credit Facility, reflecting a net draw of \$4,530 since December 31, 2017. A portion of the Credit Facility is denominated in Canadian dollars and as a result the Fund recorded an unrealized foreign exchange loss of \$209 and gain of \$494 during the three and nine months ended September 30, 2018, respectively.

### DEBT PROFILE

As at September 30, 2018, the Fund’s overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 64.85%. The maximum allowable under the Fund’s first amended and restated limited partnership agreement dated October 12, 2016 is 75%. The weighted average mortgage interest rate for the Fund, as at September 30, 2018, was 4.32% and the weighted average term to maturity of the mortgage portfolio was 3.94 years. As a result of entering into the mortgage refinancing, as further described in “Subsequent Events”, the weighted average term to maturity was extended to 6.1 years and the weighted average mortgage interest rate was reduced to 3.84% (see “Subsequent Events”). The following table summarizes key liquidity metrics:

	As at September 30, 2018		As at December 31, 2017	
Indebtedness to Gross Book Value		64.85%		63.81%
Weighted average interest rate - mortgages		4.32%		3.60%
Weighted average term to maturity - mortgages		3.94 years		4.16 years

	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
Interest Coverage Ratio	1.52 x	2.10 x	1.56 x	2.24 x
Indebtedness Coverage Ratio	1.52 x	1.91 x	1.54 x	2.05 x

The Interest Coverage Ratio and the Indebtedness Coverage Ratio for the three months ended September 30, 2018 were 1.52 times and for the nine months ended September 30, 2018 were 1.56 times and 1.54 times, respectively. The reduction in the Interest Coverage Ratio and Indebtedness Coverage ratio from the three and nine months ended September 30, 2017 to the three and nine months ended September 30, 2018 related to the increase in interest on mortgages payable both as a result of net acquisitions and refinancings, and an increase in LIBOR being partly offset by higher NOI (see “Interest on Mortgages Payable”).

### INTEREST RATE CAPS

The Fund utilizes interest rate cap agreements and interest rate collar agreements to provide protection on the rate of interest payable on all of its variable rate mortgages as required by the applicable lenders. As the Fund has elected not to use hedge accounting, an unrealized loss of \$1,188 and \$1,490 relating to the fair value of the interest rate cap and collar agreements was included in finance costs for the three and nine months ended September 30, 2018.

The Fund’s objective in managing interest rate risk is to minimize the volatility of the Fund’s income. The Fund can enter into interest rate cap agreements for all its variable rate mortgages. Loan agreements for some of the Properties may require the Fund to enter into an interest rate cap agreement once LIBOR reaches stipulated levels.

**STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following is a summary of the Fund’s interest rate cap and collar agreements as at September 30, 2018:

	Notional Amount	Maturity Date	LIBOR Strike	Carrying Value and Fair Value at September 30, 2018
The Bank of New York Mellon	19,330	02-Nov-18	3.78%	-
Commonwealth Bank of Australia	37,600	01-Jan-19	4.00%	-
SMBC Capital Markets, Inc.	38,000	01-Feb-19	3.75%	-
Federal Home Loan and Mortgage Corporation	305,000	26-Mar-20	1.88% - 2.50%	652
Federal Home Loan and Mortgage Corporation	280,000	23-Apr-20	1.90% - 2.50%	258
SMBC Capital Markets, Inc.	38,540	01-Jul-20	3.65%	11
SMBC Capital Markets, Inc.	46,950	01-Jul-20	3.90%	6
SMBC Capital Markets, Inc.	51,750	01-Jul-20	3.90%	7
<b>Total interest rate caps</b>	<b>\$817,170</b>			<b>\$934</b>

The Fund utilizes interest rate collar agreements to provide protection on the rate of interest payable on its pooled mortgage facilities. On March 29, 2018 the fund entered into an interest rate collar agreement on its second pooled mortgage facility. This agreement provides for a LIBOR floor rate of 1.88% and a LIBOR ceiling rate of 2.5% and covers approximately \$305,000 face value of mortgages payable across seven properties. This contract expires in March 2020.

On April 24, 2018 the Fund entered into an interest rate collar agreement on its first pooled mortgage facility. This agreement provides for a LIBOR floor rate of 1.90% and a LIBOR ceiling rate of 2.5% and covers approximately \$280,000 face value of mortgages payable across eight properties. This contract expires in April 2020.

As a result of the interest rate cap and collar contracts identified above, the Fund has successfully hedged the variable interest rate risk on \$817,170 of the face value of its mortgages payable.

Subsequent to September 30, 2018, as a result of entering into the mortgage refinancing the interest rate cap and collar agreements were cancelled (see “Subsequent Events”).

**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 consolidated financial statements as at September 30, 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 <sup>(1)</sup>
2018	\$ -	\$ -	\$ -	0.00%	0.00%	\$ 9,826
2019	288	58,571	58,859	6.69%	4.22%	42,485
2020	1,470	62,800	64,270	7.30%	4.26%	40,753
2021	2,648	279,968	282,616	32.11%	4.41%	37,852
2022	2,762	-	2,762	0.31%	0.00%	24,498
Thereafter	5,102	466,508	471,610	53.58%	4.29%	15,956
	<b>\$ 12,270</b>	<b>\$ 867,847</b>	<b>\$ 880,117</b>	<b>100.00%</b>	<b>4.32%</b>	<b>\$ 171,370</b>
Unamortized financing costs			(6,833)			
<b>Total carrying value</b>			<b>\$ 873,284</b>			
<b>Notes:</b>						
(1) Scheduled interest payments for variable rate mortgages are based on LIBOR + the actual credit spread on each individual mortgage. LIBOR for purposes of these calculations is based on the forward looking LIBOR curve as at September 30, 2018.						

Subsequent to September 30, 2018, the mortgages payable at September 30, 2018 were repaid in full using the proceeds from the mortgage refinancing and amendment to the Credit Facility (see “Subsequent Events” for further details, including scheduled debt payments and weighted average interest details as a result of the refinancing of the Fund’s debt).

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### CREDIT FACILITY

On October 19, 2016, the Fund entered into the Credit Facility which is an agreement with a Canadian chartered bank with a maturity date of October 19, 2017 secured by a general charge over the Fund’s Property, assets and undertakings and is subordinate to any permitted liens. The Credit Facility has two tranches: Tranche A allows the Fund to borrow up to C\$10,000; and Tranche B allows the Fund to borrow up to C\$13,000.

The Credit Facility was renewed on October 18, 2017 for an additional one-year term, with Tranche B amended to reduce the borrowing capacity to C\$8,000. In addition, the interest rate was reduced to the prime rate plus 2.15% (previously prime plus 3.39%) or the banker’s acceptance (“BA”) stamping fee plus 3.15% (previously BA stamping fee plus 4.39%).

The Fund entered into a second amending agreement to its Credit Facility on July 27, 2018, providing for an \$8,500 Tranche C facility bearing interest at a rate of 3.15% over LIBOR. The Tranche C matures on the same date as the Tranche A and B facilities on October 19, 2018. Subsequent to September 30, 2018, a third amending agreement to the Credit Facility was entered into allowing the Fund to borrow up to \$130,000 and extended the maturity date to October 31, 2019. Subsequent to the amendment, the Fund has drawn an initial amount of \$120,000 and Tranches A, B and C of the Credit Facility were repaid in full (see “Subsequent Events” for further details).

As at September 30, 2018, the Fund had drawn \$18,475 (December 31, 2017 - \$14,322), net of unamortized financing costs of \$5 (December 31, 2017 - \$26) on the Credit Facility. Amounts drawn on Tranche A and Tranche B were BA advances, including C\$8,000 from Tranche A and C\$8,000 from Tranche B. A 0.50% standby fee is charged on any undrawn amount under the Credit Facility. Amounts drawn on Tranche C were \$6,120, bearing interest at a rate of 3.15% over LIBOR.

Included in finance costs is interest of \$512 relating to the Credit Facility interest and \$nil of standby fees for the nine months ended September 30, 2018 (September 30, 2017 - \$341 and \$18 respectively).

### 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 (loss) and comprehensive income (loss) of the Fund is divided into seven classes of Units: class A; class C; class D; class E; class F; class H; and class U.

	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Net liabilities attributable to Unitholders, December 31, 2016	\$ 86,599	\$ 83,852	\$ 78,619	\$ 17,907	\$ 20,985	\$ 887	\$ 14,442	\$ 303,291
Units repurchased and cancelled under NCIB	(2,706)	-	-	-	-	-	-	(2,706)
Re-allocation due to unit conversions	(1,703)	(114)	3,242	2,198	(1,371)	(8)	(2,244)	-
Net income and comprehensive income	25,664	26,148	25,562	6,278	6,125	274	3,809	93,860
Net liabilities attributable to Unitholders, December 31, 2017	\$ 107,854	\$ 109,886	\$ 107,423	\$ 26,383	\$ 25,739	\$ 1,153	\$ 16,007	\$ 394,445
Units repurchased and cancelled under NCIB	(397)	-	-	-	-	-	-	(397)
Re-allocation due to unit conversions	(1,914)	19	2,682	243	(794)	0	(236)	-
Net income and comprehensive income	2,369	2,467	2,472	598	560	26	354	8,846
<b>Net liabilities attributable to Unitholders, September 30, 2018</b>	<b>\$ 107,912</b>	<b>\$ 112,372</b>	<b>\$ 112,577</b>	<b>\$ 27,224</b>	<b>\$ 25,505</b>	<b>\$ 1,179</b>	<b>\$ 16,125</b>	<b>\$ 402,894</b>

The NCIB commenced on November 1, 2016 and remained in effect until October 31, 2017. On October 26, 2017, the Fund announced the TSX-V had accepted the renewal of the existing NCIB commencing November 1, 2017, to remain in effect until the earlier of (i) October 31, 2018 or (ii) the date on which the Fund has purchased the maximum number of units permitted under the NCIB.

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Under the NCIB, the Fund may purchase for cancellation up to a maximum of 1,396,448 class A units and 157,189 class U units, representing 10% of the Fund’s public float of class A units and class U units, respectively. The Fund may not purchase more than 2% of the issued and outstanding class A units or class U units during any 30-day period, which as at October 26, 2017, represented 281,264 class A units and 31,635 class U units, respectively.

During the nine months ended September 30, 2018, the Fund purchased and cancelled 59,500 class A units at a total cost of C\$523, the equivalent of \$397 (year ended December 31, 2017 – 390,400, C\$3,609, \$2,706, respectively). A copy of TSX-V Form 5G - Notice of Intention to Make a Normal Course Issuer Bid is available without charge by contacting the Fund. The NCIB expired on October 31, 2018 and was not renewed.

### Units

The following table summarizes the changes in units outstanding for the nine months ended September 30, 2018:

(in thousands of units)	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Outstanding, as at December 31, 2017	13,997	13,512	13,941	2,606	3,237	150	1,581	49,024
Class A units repurchased and cancelled under NCIB	(60)	-	-	-	-	-	-	(60)
Units reallocated due to conversions	(243)	-	346	24	(100)	-	(24)	3
<b>Units as at September 30, 2018</b>	<b>13,694</b>	<b>13,512</b>	<b>14,287</b>	<b>2,630</b>	<b>3,137</b>	<b>150</b>	<b>1,557</b>	<b>48,967</b>

As at September 30, 2018, the Fund had 48,966,958 total units issued and outstanding, comprised of 13,694,484 class A units, 13,511,772 class C units, 14,286,508 class D units, 2,629,753 class E units, 3,137,749 class F units, 149,614 class H units and 1,557,494 class U units.

## RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

### ARRANGEMENTS WITH THE MANAGER

The condensed consolidated interim financial statements include the following transactions with related parties:

The Fund engaged the Manager to perform certain management services, as outlined below. The Manager 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 and a significant Unitholder of the Fund.

- a) Pursuant to the management agreement dated October 15, 2016 (the “Management Agreement”) as assigned, the Manager is to perform asset management services for fees equal to 0.35% of the sum of:
  - (i) the appraised values of the Properties acquired in connection with the Plan of Arrangement, or in the case of future acquisitions, the purchase price of the Fund’s properties in U.S. dollars; and
  - (ii) the cost of any capital expenditures in respect of Fund’s properties since the date of acquisition by the Fund in U.S. dollars.
- b) In addition, the Manager is to receive an amount equal to the service fee paid to registered dealers on the Fund’s distributions, paid quarterly in arrears.

Included in Fund and trust expenses is \$3,218 in asset management fees and \$452 in service fees (nine months ended September 30, 2017 - \$2,831 and \$473, respectively) charged by the Manager for the nine months ended September 30, 2018, of which \$506 is payable at September 30, 2018 (December 31, 2017 - \$502).

- c) Pursuant to the Management Agreement as assigned, the Manager 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 the Manager calculated as follows:

## STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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- (i) 1.0% of the purchase price of a property, on the first \$100,000 of properties acquired in each calendar year;
- (ii) 0.75% of the purchase price of a property, on the next \$100,000 of properties acquired in each calendar year; and
- (iii) 0.50% of the purchase price on properties in excess of \$200,000 of properties acquired in each calendar year.

For the nine months ended September 30, 2018, the Fund incurred acquisition fees of \$1,213, which were paid at the time of acquisition and capitalized to investment properties (September 30, 2017 \$1,399). The acquisition of Altis at Sand Lake, The Callie and Alexander Village were from an affiliated entity of the Manager as part of the Fund’s strategic capital recycling initiative to further improve the vintage and enhance geographical diversification of the Properties. The total purchase price of each investment property was \$39,389, \$59,290 and \$47,208, respectively. The purchase price was based on third party appraised valuations and the amounts were representative of the fair value of the net assets acquired. There are no ongoing contractual commitments with the related party as a result of the entities acquired from an affiliate of the Manager.

- d) Pursuant to the Management Agreement as assigned, the Manager is entitled to receive a disposition fee equal to 0.5% up to a maximum of \$5,500 of the value of a “Disposition Transaction” defined as an amalgamation, merger, arrangement, take-over bid, material transfer or sale of Units or rights or other securities of the Fund or interest therein or thereto, or sale of all or substantially all of the properties indirectly held by the Fund or a wholly owned subsidiaries of the Fund, whether in one transaction or a series of transactions. No such disposition fee is payable unless the value of the Disposition Transaction is greater than the aggregate appraised values at the time of acquisition by the Fund in relation to the Plan of Arrangement properties or acquisition properties as proposed in the Fund Offering. As of September 30, 2018, \$nil disposition fees have been paid or are payable (December 31, 2017 – \$nil).
- e) Pursuant to the Management Agreement as assigned, in the event that the Manager is required by the lenders of the Fund to provide a financing guarantee in connection with the amount borrowed by the Fund or its wholly owned subsidiaries to indirectly acquire an interest in the properties, the Fund and each U.S. REIT will, in consideration for providing such guarantee, in aggregate, pay the Manager a guarantee fee represented by an annual amount equal to 0.15% of the then-outstanding amount of such guaranteed funds. This fee is calculated and payable in arrears on the first day of each month. As of September 30, 2018, \$nil guarantee fees have been paid or are payable (December 31, 2017 – \$nil).

### CARRIED INTEREST

The Manager and the President of the Fund, as holders of the class B partnership units of Starlight Investment Partnership (“SIP”) are entitled to 25% of the excess distributable cash after returning: (i) 6.5% per annum on the initial investment amount contributed, less the aggregate agents fees payable, if any, in respect of the units of the Fund calculated on a cumulative basis from the effective date of the Plan of Arrangement (the “Minimum Return” as defined in the Prospectus); and (ii) the return of the initial investment amount contributed for units of the Fund pursuant to the Plan of Arrangement and the Offering, less the aggregate agents fees payable.

In the event the Minimum Return is not received by Unitholders, an amount of up to 20% of the deemed value, net of taxes payable, paid as a carried interest in connection with the Plan of Arrangement shall be payable to the Fund.

### SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is available in Note 2 to the 2017 audited consolidated financial statements of the Fund. 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.

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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## 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. The acquisition of the Arrangement Funds, Campar Capital Corporation and their subsidiaries was considered by management to be out of the scope of IFRS 3 – business combinations as the Funds were commonly controlled.

## 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 are 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 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.



# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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## CONSOLIDATION

The Fund has determined that it controls all of its subsidiaries, 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 SIP 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 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 and nine months ended September 30, 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](http://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 year ended 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 consolidated 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 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 September 30, 2018.

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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## FUTURE OUTLOOK

The Fund has completed the strategic rebalancing of its portfolio and believes it has a high quality (2012 average vintage) portfolio with assets that are economically sized and geographically diversified. The Properties will continue to benefit from stable demand for residential rental accommodation. The Primary Markets continue to exhibit sustained job and population growth and a shift away from home ownership, including as a result of lifestyle choice. The supply of comparable, multi-suite residential rental properties continues to be at reasonable levels given the strength of demand drivers. The Properties are located in 13 attractive U.S. sun-belt markets and this geographical diversification mitigates the concentration risk that could exist in any one market. The strong economic performance across the U.S. and in the Primary Markets is supportive for multi-family real estate fundamentals and the U.S. economy. The Properties are performing well with strong occupancy as well as rent and NOI growth.

## PROPERTY DESCRIPTIONS

The below provides an overview of each of the Properties owned by the Fund as at September 30, 2018.

### *SORELLE APARTMENTS*

Sorelle Apartments is located at 2399 Parkland Drive, Atlanta, Georgia, seven kilometers northeast of downtown Atlanta. Completed in 2009, the property is located in an upscale neighborhood and is a mid-rise, Class “A”, apartment complex comprised of a four to five-storey mid-rise building, with a central clubhouse, on a 5.09-acre site and offers 401 suites ranging in size from one bedroom to two bedrooms.

### *THE VIEWS AT COOLRAY FIELD*

The Views at Coolray Field (“Coolray Field”) is located at 755 Braves Avenue, Lawrenceville, Georgia, approximately 56 kilometers northeast of downtown Atlanta and adjacent to the Atlanta Braves AAA baseball stadium. Completed in 2015, the property is a Class “A”, apartment complex comprised of a five-storey mid-rise building, with a central clubhouse, on a 2.51-acre site and offers 206 suites ranging in size from one bedroom to three bedrooms.

### *PALM VALLEY APARTMENTS*

Palm Valley Apartments is located at 1301 North A.W. Grimes Boulevard, Round Rock, Texas, approximately 31 kilometers north of downtown Austin. Completed in 2009, the property is a garden style, Class “A”, apartment complex comprised of 17, three-storey buildings on a 18.6-acre site and offers 340 suites ranging in size from one bedroom to three bedrooms.

### *THE ALLURE*

The Allure is located at 701 North Vista Ridge, Cedar Park, Texas, approximately 32 kilometers northwest of downtown Austin. Completed in 2013, the property is a garden style, Class “A”, apartment complex comprised of 22, three-storey buildings, including walk-up and two-storey townhouse suites, with a central clubhouse, on a 19.97-acre site and offers 334 suites ranging in size from one bedroom to three bedrooms.

### *BROADSTONE TRAVESIA APARTMENTS*

Broadstone Travesia Apartments (“Travesia”) is located at 3701 Quick Hill Road, Austin, Texas, approximately 24 kilometers north of the Austin central business district, bordering the Northwest Austin and Round Rock-Georgetown sub markets. Completed in 2008, the property is a garden style, Class “A”, apartment complex comprised of 18, three-storey walk-up buildings, with a central clubhouse on a 19.4-acre site and offers 396 suites ranging in size from one bedroom to three bedrooms.

### *CITY NORTH AT SUNRISE RANCH*

City North at Sunrise Ranch (“City North”) is located at 2800 Sunrise Road, Round Rock, Texas, approximately 31 kilometers north of downtown Austin. Completed in 2009, the property is a garden style, Class “A”, apartment complex comprised of 19 predominantly three-story apartment buildings, with a central clubhouse, on a 20.6-acre site and offers 384 suites ranging in size from one bedroom to three bedrooms.

### *THE VILLAGE AT MARQUEE STATION*

The Village at Marquee Station (“Marquee Station”) is located at 2110 Cinema Drive, Fuquay-Varina, North Carolina, 23 kilometers southwest of downtown Raleigh. Completed in 2014, the property is a garden style, Class “A”, apartment

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complex comprised of 12, three-storey walk-up buildings, with a central clubhouse, on a 17.69-acre site and offers 265 suites ranging in size from one bedroom to three bedrooms.

### *ALEXANDER VILLAGE*

Alexander Village is located at 9224 Graham Ridge Drive, Charlotte, North Carolina, approximately 14 kilometres northeast of downtown Charlotte. Completed in 2015, the property is a garden style, Class “A”, apartment complex comprised of 12, three to four-storey walk-up buildings and four, one storey cottages, with a central clubhouse, on an 18.47-acre site. Alexander Village offers 320 suites ranging in size from one bedroom to three bedrooms.

### *THE CALLIE*

The Callie is located at 8025 Forest Lane, Dallas, Texas, 16 kilometers north-east of downtown Dallas. Completed in 2016, the property is a Class “A”, apartment complex comprised of two apartment buildings, with a central clubhouse, on a 6.54-acre site and offers 261 suites ranging in size from studio to three bedrooms.

### *SOHO PARKWAY APARTMENTS*

Soho Parkway Apartments is located at 6653 McKinney Ranch Parkway in McKinney, Texas, approximately 43 kilometers northeast of downtown Dallas. Completed in 2008, the property is a garden style, Class “A”, apartment complex comprised of 16, three storey walk-up buildings, with a central clubhouse, on a 15.04-acre site and offers 379 suites ranging in size from one bedroom to three bedrooms.

### *CARRICK BEND*

Carrick Bend is located at 11525 Community Center Drive, Northglenn, Colorado, 24 kilometers north of downtown Denver. Completed in 2014, the property is a garden style, Class “A”, apartment complex comprised of nine, three storey apartment buildings, with a central clubhouse, on a nine-acre site and offers 228 suites ranging in size from one bedroom to three bedrooms.

### *FALLS AT COPPER LAKE*

Falls at Copper Lake is located at 9140 Hwy 6 N, Houston, Texas, approximately 36 kilometres north-west of downtown Houston. Completed in 2008, the property is a garden style, Class “A”, apartment complex comprised of 29, two and three-storey walk-up buildings, with a central clubhouse, on an 18.18-acre site and offers 374 suites ranging in size from one bedroom to three bedrooms.

### *FALLS AT EAGLE CREEK*

Falls at Eagle Creek is located at 9702 N. Sam Houston Parkway East, Humble, Texas, approximately 36 kilometers northeast of downtown Houston and 16 kilometers southeast of George Bush Intercontinental Airport. Completed in 2009 the property is a garden style, Class “A”, apartment complex comprised of 18, three-storey, walk-up buildings, with a central clubhouse, on a 22.13-acre site and offers 412 suites ranging in size from one bedroom to two bedrooms.

### *YORKTOWN CROSSING*

Yorktown Crossing is located at 15903 Yorktown Crossing Parkway, Houston, Texas, northwest of downtown Houston. Completed in 2009, the property is a garden style, Class “A”, apartment complex comprised of 13, three storey garden style buildings, with a central clubhouse, on a 12.18-acre site and offers 312 suites ranging in size from one bedroom to two bedrooms.

### *SOUTH BLVD APARTMENTS*

South Blvd Apartments (“South Blvd”) is located at 10200 Giles Street, Las Vegas, Nevada, 23 kilometers south of downtown Las Vegas. Completed in 2012, the property is a garden style, Class “A”, apartment complex comprised of 29, two-storey garden style apartment buildings, with a central clubhouse, on a 14.25-acre site and offers 320 suites ranging in size from one bedroom to three bedrooms.

### *COPPERFIELD APARTMENTS*

Copperfield Apartments (“Copperfield”) is located at 670 Ken Pilkerton Drive, Smyrna, Tennessee, 40 kilometers south-east of downtown Nashville. Completed in 2015, the property is a garden style, Class “A”, apartment complex comprised of 12, three storey apartments, with a central clubhouse, on a 21.83-acre site and offers 288 suites ranging in size from one bedroom to three bedrooms.

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### *SPECTRA NORTH*

Spectra North is located at 20435 North 7th Street, Phoenix, Arizona, 32 kilometers north of downtown Phoenix. Completed in 2012, the property is a garden style, Class “A”, apartment complex comprised of 16 apartment buildings, with a central clubhouse, on a 15.3-acre site and offers 274 suites ranging in size from one bedroom to three bedrooms.

### *ALTIS AT GRAND CYPRESS*

Altis at Grand Cypress (“Grand Cypress”) is a property located at 1901 Cypress Preserve Drive, Lutz, Florida, 29 kilometers north of downtown Tampa. Completed in 2014, the property is a garden style, Class “A”, apartment complex comprised of 21, three-storey garden style buildings with a central clubhouse on a 62.11-acre site and offers 304 suites ranging in size from one bedroom to three bedrooms.

### *VERANO APARTMENTS*

Verano Apartments is in a rapidly growing suburb of Orlando located at 2200 Villa Verano Way, Kissimmee, Florida, approximately 37 kilometers south of downtown Orlando. Completed in 2008, the property is a garden style, Class “A”, apartment complex comprised of 18, three-story garden style apartment buildings, with a central clubhouse, on a 21.94-acre site and offers 384 suites ranging in size from one bedroom to three bedrooms.

### *PURE LIVING HEATHROW*

Pure Living Heathrow is located at 740 Savory Place, Heathrow, Florida, 29 kilometers north of downtown Orlando. Completed in 2009, the property is a garden style, Class “A”, apartment complex comprised of 13, two and three-storey garden style apartment buildings, with a central clubhouse and guardhouse, on a 28.53-acre site and offers 252 suites ranging in size from one bedroom to three bedrooms.

### *THE RESERVES AT ALAFAYA*

The Reserves at Alafaya is located at 3715 Alafaya Heights Road in Orlando, Florida, 21 kilometers east of downtown Orlando. Completed in 2014, the property is a garden style, Class “A”, apartment complex comprised of nine, three-storey walk-up buildings, with a central clubhouse, on a 46.26-acre site and offers 264 suites ranging in size from one bedroom to three bedrooms.

### *ALTIS AT SAND LAKE*

Altis at Sand Lake (“Sand Lake”) is located at 7118 Altis Way in Orlando, Florida. Completed in 2016, the property is a garden style, Class “A”, apartment complex comprised of 13, three-storey apartment buildings, with a central clubhouse, on a 13.52-acre site and offers 315 suites ranging in size from one bedroom to three bedrooms.

### *BOARDWALK MED CENTER*

Boardwalk Med Center (“Boardwalk”) is located at 7838 Huebner Road, San Antonio, Texas, 20 kilometers northwest of downtown San Antonio. Completed in 2014, the property is a garden style, Class “A”, apartment complex comprised of 14, three-storey garden style buildings, with a central clubhouse, on an 11.91-acre site and offers 276 suites ranging in size from one bedroom to two bedrooms.

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## SUBSEQUENT EVENTS

### MORTGAGE REFINANCING

On October 31, 2018, the Fund entered into an agreement for a new pooled mortgage secured by all 23 Properties of the Fund for total proceeds of approximately \$800,450 which is comprised of three tranches (the “Mortgage Refinancing”) as follows:

- o \$400,225 six year tranche with interest fixed at 3.92% and interest only payments for five years;
- o \$240,135 seven year tranche with interest fixed at 3.95% and interest only payments for five years;
- o \$160,090 five year tranche with interest at LIBOR + 1.15% and interest only payments for three years.

The Mortgage Refinancing is secured by all of the Properties and carries a weighted average interest rate of 3.84% (based on LIBOR at October 31, 2018) and a weighted average term to maturity of 6.1 years.

The following table summarizes the key terms of new mortgages payable:

Mortgage Payable	Payment Terms	Maturity Date	Interest Rate	Principal Outstanding
Mortgages Payable, subsequent to the Mortgage Refinancing:				
Tranche 1	IO until October 2021	October 30, 2023	LIBOR + 1.15%	160,090
Tranche 2	IO until October 2023	October 30, 2024	3.92%	400,225
Tranche 3	IO until October 2023	October 30, 2025	3.95%	240,135
<b>Total Mortgages Payable, subsequent to the Mortgage Refinancing (1)</b>			<b>3.84%</b>	<b>\$ 800,450</b>
<b>Notes:</b>				
(1) Weighted average rate was based on the 1-month LIBOR at October 31, 2018.				

The following table summarizes the scheduled interest and principal payments for the new mortgages payable:

	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 (i)
2018	\$ -	\$ -	\$ -	0.00%	0.00%	\$ 5,419
2019	-	-	-	0.00%	0.00%	31,981
2020	-	-	-	0.00%	0.00%	32,403
2021	535	-	535	0.07%	0.00%	32,180
2022	3,300	-	3,300	0.41%	0.00%	32,048
Thereafter	19,488	777,127	796,615	99.52%	3.84%	61,153
	<b>\$ 23,323</b>	<b>\$ 777,127</b>	<b>\$ 800,450</b>	<b>100.00%</b>	<b>3.84%</b>	<b>\$ 195,182</b>
<b>Notes:</b>						
(i) Based on the 1-month LIBOR forward curve as at October 31, 2018.						

### AMENDMENT TO CREDIT FACILITY

On October 31, 2018, the Fund entered into a third amending agreement for its Credit Facility with a Canadian chartered bank which allows the Fund to borrow up to \$120,000 at an initial rate of 3.50% over LIBOR and a one-year term. The Credit Facility carries an option to increase the total borrowing to \$130,000 between April 30, 2019 and July 31, 2019 and in the event that the Facility is outstanding at such dates, the interest rate increases by 25 basis points on April 30, 2019 and July 31, 2019. A standby fee of 25 basis points and 30 basis points is payable on any amounts outstanding as at April 30, 2019 and July 31, 2019, respectively.

# STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND – MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## REPAYMENT OF MORTGAGE REFINANCING AND CREDIT FACILITY AMOUNTS

The Fund has drawn an initial amount of \$120,000 on the amended Credit Facility which will be used, in combination with the proceeds from the Mortgage Refinancing, to repay the existing mortgages payable of approximately \$880,117 and the amounts outstanding under the Credit Facility of \$18,300. The proceeds, net of transaction costs, are estimated to be \$4,095.

As a result of the repayment and extinguishment of the mortgages payable, unamortized financing costs of \$6,833 as at September 30, 2018 will be included in finance costs during the twelve months ended December 31, 2018 Consolidated Financial Statements.

## INTEREST RATE CAPS ON MORTGAGES PAYABLE

On October 29, 2018, the Fund entered in a new interest rate cap agreement associated with the variable portion of the new mortgages payable entered into under the Mortgage Refinancing. The new interest rate cap covers a notional amount of \$160,000, has a 3 year-term and a LIBOR strike of 5.35%.

## QUARTERLY INFORMATION

	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018 <sup>(1)</sup>	Three months ended December 31, 2017 <sup>(2)</sup>	Three months ended September 30, 2017 <sup>(3)</sup>	Three months ended June 30, 2017 <sup>(4)</sup>	Three months ended March 31, 2017 <sup>(5)</sup>	Three months ended December 31, 2016 <sup>(6)</sup>
Revenue from property operations	\$ 28,283	\$ 27,551	\$ 26,533	\$ 25,486	\$ 25,507	\$ 24,568	\$ 24,311	\$ 19,679
Property operating costs	(7,666)	(7,299)	(6,923)	(6,997)	(7,048)	(6,483)	(6,232)	(5,241)
Property taxes	-	-	(16,832)	1,604	-	-	(16,898)	(3,027)
Income from rental operations	20,617	20,252	2,778	20,093	18,459	18,085	1,181	11,411
Distributions to Unitholders	(6,244)	(6,285)	(6,237)	(6,151)	(6,150)	(6,082)	(6,178)	(5,108)
Dividends to Preferred Shareholders - U.S.								
REITs series A	(19)	(20)	(19)	(19)	(20)	(20)	(19)	(31)
Finance costs	(11,003)	(10,033)	(11,569)	(7,689)	(6,727)	(7,682)	(5,292)	(5,273)
Fund and trust expenses	(2,375)	(1,379)	(1,462)	(1,366)	(1,374)	(1,327)	(1,421)	(7,906)
Transaction Costs	-	2	(391)	(11)	-	(1,056)	-	-
Unrealized foreign exchange gain (loss)	(211)	244	461	(75)	(552)	(382)	(86)	204
Realized foreign exchange (loss) gain	-	-	(208)	(114)	85	57	(10)	444
Fair value adjustment of investment properties	-	41,734	919	670	81,730	8,301	9,695	1,090
Fair value adjustment IFRIC 21	(4,540)	(4,548)	12,358	(4,713)	(4,036)	(3,919)	12,644	-
Provision for carried interest	3,103	(7,425)	-	-	-	-	-	-
Income taxes:								
Current	(109)	(168)	(842)	(60)	(48)	(99)	(106)	(49)
Deferred	(1,833)	(11,853)	(4,849)	44,742	(40,426)	(2,598)	(6,074)	(2,680)
<b>Net (loss) income and comprehensive (loss) income</b>	<b>\$ (2,614)</b>	<b>\$ 20,521</b>	<b>\$ (9,061)</b>	<b>\$ 45,307</b>	<b>\$ 40,941</b>	<b>\$ 3,278</b>	<b>\$ 4,334</b>	<b>\$ (7,898)</b>
FFO	\$3,553	\$4,662	\$1,564	\$6,592	\$6,170	\$3,796	\$6,651	(\$1,854)
AFFO	\$4,601	\$4,716	\$5,611	\$6,634	\$6,302	\$6,884	\$6,997	\$5,649
Distributions	6,244	6,285	6,237	6,151	6,150	6,082	6,178	5,108
FFO per Unit - basic and diluted	\$0.07	\$0.10	\$0.03	\$0.13	\$0.13	\$0.08	\$0.13	(\$0.04)
AFFO per Unit - basic and diluted	\$0.09	\$0.10	\$0.11	\$0.14	\$0.13	\$0.14	\$0.14	\$0.11
Distributions per Unit <sup>(7)</sup>	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.10

### Notes:

- (1) During the three months ended March 31, 2018, the Fund sold Villages at Sunset Ridge and Greenhaven Apartments. The Fund also acquired Sand Lake and Alexander Village.
- (2) During the three months ended December 31, 2017, the Fund sold The Reserve at Jones Road and acquired The Calle.
- (3) During the three months ended September 30, 2017, the Fund acquired Copperfield Apartments.
- (4) During the three months ended June 30, 2017, the Fund sold Residences at Cinco Ranch, Belle Haven Apartments, and Villages of Towne Lake and acquired Spectra North and Carrick Bend.
- (5) During the three months ended March 31, 2017, the Fund did not dispose or acquire any Properties.
- (6) During the three months ended December 31, 2016, the Fund acquired the Arrangement Properties - October 15, 2016 and the IFO Properties.
- (7) 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](http://www.sedar.com).

Dated: November 7, 2018

Toronto, Ontario, Canada