STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND ANNOUNCES 2018 FIRST QUARTER FINANCIAL RESULTS, COMPLETES DEPLOYMENT OF OFFERING PROCEEDS AND MAY 2018 DISTRIBUTIONS

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Toronto – **May 16, 2018** – Starlight U.S. Multi-Family (No. 1) Value-Add Fund (TSX.V: SUVA.A, SUVA.U) (the "Fund") announced today its results of operations and financial condition for the three months ended March 31, 2018 (the "First Quarter").

All amounts in this press release are in thousands of United States ("U.S.") dollars except for average market rent ("AMR") or unless otherwise stated. All references to "C$" are to Canadian dollars. The forecast figures below represent the financial forecast (the "Forecast") as set out in the Fund's final long form prospectus dated June 12, 2017 as part of the initial public offering (the "Offering").

First Quarter Highlights

- On January 9, 2018, the Fund acquired a 50% interest in Landmark at Coventry Pointe ("Coventry Pointe"), a 250-suite value-add property located in Atlanta, Georgia for $17,563. The Fund's share of the acquisition price was partly financed by the Fund's share of a first mortgage of $12,070, with the balance provided by cash proceeds from the Offering. As part of the Fund's business plan, Coventry Pointe will be repositioned to a modern standard with upgraded suite finishes and attractive common areas and amenity spaces.
- The Fund continued to ramp up its value-add capital improvement program during the First Quarter. The Fund upgraded and re-leased an additional 57 suites achieving average rent increases of $160 per month for each upgraded suite and an estimated average return on investment of 22.9%. Substantially all of the upgrades were made to one and two bedroom suites.
- During the First Quarter, the Fund recognized a fair value increase on its properties of $10,609 primarily driven by capitalization rate compression.
- Indebtedness to gross book value improved to 61.4% as at March 31, 2018, in comparison to 65.1% as at December 31, 2017.
- Revenue from property operations, including the Fund's 50% interest in Coventry Pointe, was $3,745 for the First Quarter. This was $107 or 2.9% higher than Forecast primarily due to the impact of the acquisition of Coventry Pointe, partially offset by a reduction in economic occupancy at the Landing at Round Rock (the "Landing").
- Net operating income ("NOI"), including the Fund's 50% interest in Coventry Pointe, was $2,091 for the First Quarter in comparison to Forecast of $2,097. NOI margin for the First Quarter, including the Fund's 50% interest in Coventry Pointe was 55.8% (Forecast – 57.6%)
- Net income and comprehensive income was $5,526 for the First Quarter (Forecast – net loss and comprehensive loss of $369). The increase during the First Quarter was primarily due to the fair value increases on the Fund's properties.
- Economic occupancy for the First Quarter was 88.3%, in comparison to Forecast of 93.8%. The Landing experienced a slower leasing period for larger three and four-bedroom suites. Demand for these suites is typically higher in the second and third quarters.
- The Fund's adjusted funds from operations ("AFFO") for the First Quarter was $792, in comparison to Forecast of $923. The $131 or 14.2% shortfall to Forecast was primarily related to increased interest expense as a result of the U.S. 30-day London Interbank Offered Rate ("LIBOR") being higher than the rate used in the Forecast and lower economic occupancy at the Landing. The Fund's AFFO payout ratio was 127.0% (Forecast – 91.5%).
- Interest coverage ratio and indebtedness coverage ratio was 1.63 times for the First Quarter.
- As at March 31, 2018, the weighted average interest rate on mortgages payable was 3.70% and the weighted average term to maturity was 2.25 years.

Financial Condition and Operating Results

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

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

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

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

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

(4) Defined as indebtedness divided by gross book value.

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

(6) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee 21 - *Levies* ("IFRIC 21") adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI.

As at March 31, 2018, the Landing and Spectra on 7th South AMR was $1,354 and $996, respectively, compared to Forecast of $1,392 and $1,025, respectively. The shortfall to Forecast at the Landing was primarily due to higher vacancy in larger suites which carry higher average rents. The shortfall at Spectra South was primarily related to higher vacancy in suites which carry higher average rents. This vacancy in suites which carry higher average rents was primarily related to the timing of lease expiries. Since March 31, 2018, the Fund has experienced enhanced leasing activity with respect to these suites at Spectra South. For the three months ended March 31, 2018, economic occupancy at the Landing was 85.3% (Forecast – 94.0%), Spectra South economic occupancy was 92.7% (Forecast – 93.6%) and Coventry Pointe economic occupancy was 94.9%. Economic occupancy at the Landing for the three months ended March 31, 2018 was lower than Forecast primarily due to a slower leasing period for larger three and four-bedroom suites. The Landing typically sees higher demand for its three and four-bedroom suites in the second and third quarters. When this property was acquired, the lease expiration profile was not optimal, resulting in uneven lease expirations. The Fund is in the process of optimizing lease expirations for this property in conjunction with the release of upgraded suites.

AFFO per unit and AFFO payout ratio for the First Quarter was $0.10 and 127.0%, respectively, compared to Forecast of $0.12 and 91.5%, respectively. These variances from Forecast are primarily related to the lower economic occupancy at the Landing and higher interest on mortgages payable due to an increase in LIBOR. The Fund expects to see an improvement in the economic occupancy at the Landing and expects an increase in rents as a result of the suite upgrade program resulting in an improved AFFO payout ratio in the second and third quarters.

A reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the First Quarter is provided below:

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

May 2018 Distributions

The Fund also announced its May 2018 cash distribution amounts on its outstanding Class A Units, Class C Units, Class D Units, Class E Units, Class F Units, Class H Units and Class U Units (collectively, the "Units"), payable on June 15, 2018 to holders of Units of record at May 31, 2018. The distribution amounts will be as follows:

- C$0.05000 per Class A Unit, representing approximately C$0.60 per Unit on an annualized basis;
- C$0.05000 per Class C Unit, representing approximately C$0.60 per Unit on an annualized basis;
- C$0.05000 per Class D Unit, representing approximately C$0.60 per Unit on an annualized basis;
- US$0.05000 per Class E Unit, representing approximately US$0.60 per Unit on an annualized basis;
- C$0.05000 per Class F Unit, representing approximately C$0.60 per Unit on an annualized basis;
- C$0.01667 per Class H Unit, representing approximately C$0.60 per Unit on an annualized basis less a portion of the cost of the derivative instrument purchased by the Fund to provide the holders of Class H Units with some protection against any weakening of the U.S. dollar as compared to the Canadian dollar on termination and liquidation of the Fund (the "Class H Unit Liquidation Hedge"); and
- US$0.05000 per Class U Unit, representing approximately US$0.60 per Unit on an annualized basis.

A wholly-owned subsidiary of Starlight Group Property Holdings Inc., the manager of the Fund, may at its sole discretion, discontinue the Class H Unit Liquidation Hedge in the event that derivative instruments are not available on an economical basis or the manager determines that the continuation of the Class H Unit Liquidation is no longer in the best interests of holders of Class H Units.

About Starlight U.S. Multi-Family (No. 1) Value-Add Fund

The Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario) for the primary purpose of indirectly acquiring, owning and operating a portfolio of value-add, income producing rental properties in the United States multi-family real estate market. The Fund currently owns interests in three properties, consisting of interests in 1,193 suites with an average year of construction in 2003.

For the Fund's complete consolidated financial statements and management's discussion and analysis ("MD&A") for the First Quarter and any other information relating to the Fund, please visit www.sedar.com. Further details regarding the Fund's unit performance and distributions, market conditions where the Fund's properties are located, performance by the Fund's properties and a capital investment update are also available in the Fund's May 2018 Newsletter which is available on the Fund's profile at www.starlightus.com.

Non-IFRS Financial Measures

The Fund's consolidated financial statements are prepared in accordance with IFRS. Certain terms used in this press release including AFFO, AFFO payout ratio, AMR, economic occupancy, FFO, FFO payout ratio, gross book value, indebtedness, indebtedness coverage ratio, indebtedness to gross book value, interest coverage ratio and NOI (collectively, the "Non-IFRS Measures") as well as other measures discussed elsewhere in this press release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. Details on Non-IFRS Measures are set out in the Fund's MD&A for the First Quarter are available on the Fund's profile on SEDAR at www.sedar.com.

Forward-looking Statements

Certain statements contained in this press release 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, acquisitions, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, acquisitions, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, AMR, taxes, the Fund's use of its normal course issuer bid, and plans and objectives of or involving the Fund. 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. 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 press release relate only to events or information as of the date on which the statements are made in this press release. 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.

To learn more about Starlight U.S. Multi-Family (No. 1) Value-Add Fund, visit www.starlightus.com or contact:

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