



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

INSIDER TRADING POLICY

As of October 14, 2016

1. Introduction

This Insider Trading Policy ("Policy") has been adopted by Starlight U.S. Multi-Family (No. 5) Core Fund (collectively with its subsidiaries and entities controlled by it, the "Fund") to assist Fund Personnel (as defined below) in ensuring that any purchase or sale of securities occurs without actual or perceived violation of applicable securities laws. Fund Personnel have the ultimate responsibility for complying with applicable securities laws and should obtain additional guidance, including independent legal advice, as may be appropriate for their own circumstances.

The Fund encourages all its employees, officers and directors to become securityholders of the Fund on a long-term investment basis. These individuals and other Fund Personnel will from time to time become aware of Fund developments or plans or other information that may affect the value of the Fund's securities before these developments, plans or information are made public. Trading securities of the Fund while in possession of such information before it is generally disclosed (known as "insider trading"), or disclosing such information to third parties before it is generally disclosed (known as "tipping"), is against the law and may expose an individual to criminal prosecution or civil lawsuits. Such action will also result in a lack of confidence in the market for the Fund's securities, harming both the Fund and its securityholders. Accordingly, the Fund has established this Policy to assist Fund Personnel in complying with the prohibitions against insider trading and tipping.

The Board will designate one or more individuals from time to time as Insider Trading Policy Administrators for the purpose of administering this Policy. At the date hereof, the designated Insider Trading Policy Administrators are the Chief Executive Officer and the Chief Financial Officer of the Fund. This Policy has been reviewed and approved by the Board of Directors of Starlight U.S. Multi-Family (No. 5) Core GP, Inc. (the "Board"), the general partner of the Fund, and may be reviewed and updated periodically by the Board. Any amendments to this Policy shall be subject to approval by the Board.

2. Application

(a) *Persons that are Subject to this Policy*

The following persons are required to observe and comply with this Policy:

- (a) all directors, officers and employees of the Fund or employees of the Fund's duly appointed asset manager, Starlight Investments Ltd. (and any successor thereto) (the "Asset Manager") which render services to the Fund and/or its subsidiaries;
- (b) all individuals acting in the capacity of officers or employees of the Fund or the Asset Manager, or performing a policy-making function in respect of the Fund;
- (c) any other person retained by or engaged in business or professional activity with or on behalf of the Fund (such as a consultant, independent contractor or advisor);

- (d) any family member, spouse or other person living in the same household as, or a dependent child of, any of the above-mentioned persons; and
- (e) partnerships, trusts, corporations, registered retirement savings plans and similar entities over which any of the above-mentioned persons exercise control or direction.

For the purposes of this Policy, the persons listed above are collectively referred to as “Fund Personnel”. Paragraphs (d) and (e) should be carefully reviewed by Fund Personnel as those paragraphs have the effect of making various family members or holding companies or trusts of the persons referred to in paragraphs (a), (b) or (c) subject to the Policy.

(b) Trades that are Subject to this Policy

Under this Policy, all references to trading in securities of the Fund include: (i) any sale or purchase of securities of the Fund and (ii) any derivatives-based or other transaction or arrangement that would be required to be reported by reporting insiders in accordance with applicable laws or regulations relating to derivatives or equity monetization transactions (including National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and Part XXI of the *Securities Act* (Ontario)).

3. Inside Information

“Inside Information” means:

- a change in the business, operations or capital of the Fund that would reasonably be expected to have a significant effect on the market price or value of the securities of the Fund (which includes any decision to implement such a change by the Board or by senior management who believe that confirmation of the decision by the Board is probable);
- a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Fund; or
- any information that a reasonable investor would be likely to consider important in deciding whether to buy, hold or sell securities of the Fund, in each case, which has not been generally disclosed to the public.

Examples of information that may constitute Inside Information are set out in Schedule “A” attached hereto. **It is the responsibility of any Fund Personnel contemplating a trade in securities of the Fund to determine prior to such trade whether he or she is aware of any information that constitutes Inside Information. If in doubt, the individual should consult with an Insider Trading Policy Administrator.**

4. Prohibition Against Trading on Inside Information

Fund Personnel must not purchase, sell or otherwise trade securities of the Fund with the knowledge of Inside Information until:

- (a) 24 hours after the disclosure to the public of the Inside Information, whether by way of press release or a filing made with securities regulatory authorities; or
- (b) the Inside Information ceases to be material (e.g. a potential transaction that was the subject of the information is abandoned).

In addition, Fund Personnel must not make any trades in securities of the Fund during the black-out periods described in section 7 of this Policy.

5. Prohibition Against Speculating, Short-Selling, Puts and Calls

Certain types of trades in securities of the Fund by Fund Personnel can raise particular concerns about potential breaches of applicable securities law or that the interests of the persons making the trade are not aligned with those of the Fund. Fund Personnel are therefore prohibited at any time from, directly or indirectly, undertaking any of the following activities:

- (a) speculating in securities of the Fund, which may include buying with the intention of quickly reselling such securities, or selling securities of the Fund with the intention of quickly buying such securities (other than in connection with the acquisition and sale of securities issued under any Fund benefit plan or arrangement);
- (b) short selling a security of the Fund or any other arrangement that results in a gain only if the value of the Fund's securities declines in the future;
- (c) selling a "call option" giving the holder an option to purchase securities of the Fund; and
- (d) buying a "put option" giving the holder an option to sell securities of the Fund.

6. Prohibition on Hedging

Fund Personnel are prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of securities of the Fund held, directly or indirectly, by such Fund Personnel, including equity securities granted as compensation.

7. Restrictions on Trading of Fund Securities

(a) *Scheduled Black-out Periods*

No Fund Personnel shall trade in securities of the Fund during the period commencing on the first day following the last month of each fiscal quarter and ending 24 hours following the issue of a press release in respect of the Fund's interim or annual financial statements (otherwise known as a "black-out period").

(b) *Extraordinary Black-out Periods*

Additional black-out periods may be prescribed from time to time by the Insider Trading Policy Administrators at any time at which it is determined there may be undisclosed Inside Information concerning the Fund that makes it inappropriate for Fund Personnel to be trading. In such circumstances, the Insider Trading Policy Administrators will issue a notice instructing these individuals not to trade in securities of the Fund until further notice. This notice will contain a reminder that the fact that there is a restriction on trading may itself constitute Inside Information or information that may lead to rumours and must be kept confidential.

(c) *Exemptions*

Individuals subject to a black-out period who wish to trade securities of the Fund may apply to an Insider Trading Policy Administrator for approval to trade securities of the Fund during the black-out period. Any such request should describe the nature of and reasons for the proposed trade. The Insider Trading Policy Administrator will consider such requests and inform the requisitioning

individual whether or not the proposed trade may be made. The requisitioning individual may not make any such trade until he or she has received the specific approval from an Insider Trading Policy Administrator.

8. Prohibition Against Tipping

Fund Personnel are prohibited from communicating Inside Information to any non-Fund Personnel, unless: (i) disclosure is required in the necessary course of the Fund's business provided that the person receiving such information first enters into a confidentiality agreement in favour of the Fund (which should contain, among other things, an acknowledgement by the recipient of the requirements of applicable securities laws relating to such recipient trading securities with knowledge of a material fact or material change in respect of the Fund that has not been generally disclosed and to such recipient disclosing information to another person or company such material fact or material change) and the disclosure is made pursuant to the proper performance by such Fund Personnel of his or her duties on behalf of the Fund; (ii) disclosure is compelled by judicial process; or (iii) disclosure is expressly authorized by the Board or a committee thereof.

Subject to the above, Inside Information is to be kept strictly confidential by all Fund Personnel until after it has been generally disclosed. Discussing Inside Information within the hearing of, or leaving it exposed to, any person who has no need to know is to be avoided at all times. Fund Personnel with knowledge of Inside Information shall not encourage any other person or company to trade in the securities of the Fund, regardless of whether the Inside Information is specifically communicated to such person or company.

If any Fund Personnel has any doubt with respect to whether any information is Inside Information or whether disclosure of Inside Information is in the necessary course of business, the individual is required to contact an Insider Trading Policy Administrator.

9. Securities of Other Companies

In the course of the Fund's business, Fund Personnel may obtain information about another publicly traded issuer that has not been generally disclosed. Securities laws generally prohibit such Fund Personnel from trading in securities of that other issuer while in possession of such information or communicating such information to another person. The restrictions set out in this Policy apply to all Fund Personnel with respect to both trading in the securities of another issuer while in possession of such information, and communicating such information.

10. Reporting Requirements

The trustees, directors, certain officers and certain other employees of the Fund and the Asset Manager are "Reporting Insiders" under applicable securities laws. Reporting Insiders are required to file reports with Canadian provincial securities regulators (generally within 5 days), pursuant to the electronic filing system known as SEDI, of any direct or indirect beneficial ownership of, or control or direction over, securities of the Fund and of any change in such ownership, control or direction. In addition, Reporting Insiders must also include in their reports any monetization, non-recourse loan or similar arrangement, trade or transaction that changes the Reporting Insider's economic exposure to or interest in securities of the Fund and which may not necessarily involve a sale, whether or not required under applicable law.

It is the responsibility of each Reporting Insider (and not the Fund or its legal advisors) to comply with these reporting requirements. Reporting Insiders may contact the Secretary of the Fund (647-725-0425) and request that he file their insider reports on SEDI.

A person that is uncertain as to whether he or she is a Reporting Insider or whether he or she may be eligible to be exempted from these requirements should contact an Insider Trading Policy Administrator.

11. Penalties and Civil Liability

The applicable securities laws that impose insider trading and tipping prohibitions also impose substantial penalties and civil liability for any breach of those prohibitions, namely:

- (a) criminal fines of up to \$5,000,000 and four times the profit made or loss avoided;
- (b) prison sentences for a term not exceeding 10 years for insider trading, and five years for tipping; and
- (c) civil liability for compensation to the seller or purchaser of the relevant securities for damages as a result of the trade.

Where an issuer is found to have committed an offence, the trustees, directors, officers and supervisory personnel of the issuer may be subject to the same or additional penalties.

12. Enforcement

All directors, officers, employees and consultants of the Fund and the Asset Manager will be provided with a copy of this Policy. It is a condition of their appointment, employment or engagement that each of these persons at all times abide by the standards, requirements and procedures set out in this Policy unless an authorization to proceed otherwise is received from an Insider Trading Policy Administrator. Any such person who violates this Policy may face disciplinary action up to and including termination of his or her employment or appointment with or engagement by the Fund or the Asset Manager without notice. The violation of this Policy may also violate certain securities laws. If it appears that Fund Personnel may have violated such securities laws, the Fund may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

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Should you have any questions or wish information concerning the above, please contact an Insider Trading Policy Administrator:

Daniel Drimmer
Chief Executive Officer
(647) 729-2560
ddrimmer@starlightinvest.com

Martin Liddell
Chief Financial Officer
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SCHEDULE "A"

Common Examples of Inside Information

The following examples are not exhaustive.

- proposed changes in capital structure including unit splits and unit distributions
- material increases or decreases in the amount of indebtedness
- proposed changes in corporate structure including amalgamations and reorganizations
- material acquisitions or dispositions of assets
- material changes or developments in contracts which would materially affect earnings or funds from operations upwards or downwards
- material changes in the business of the Fund
- changes in senior management or control of the Fund
- bankruptcy or receivership
- changes in the Fund's auditors
- information regarding the financial condition and results of operations of the Fund
- material legal proceedings
- defaults in material obligations
- transactions with directors, officers or principal unitholders