



FOR IMMEDIATE RELEASE

STARLIGHT U.S. MULTI-FAMILY CORE FUND ANNOUNCES STRONG FIRST QUARTER 2014 OPERATING RESULTS AND ADDITIONAL CAPITAL APPRECIATION ON ITS PORTFOLIO

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TORONTO, May 8, 2014 – Starlight U.S. Multi-Family Core Fund (TSX.V: UMF.A, UMF.U) (the “**Fund**”) today announced its results of operations and financial condition for the three months ended March 31, 2014 (the “**First Quarter**”). The results and financial condition reflect operations for the Fund’s initial portfolio, comprised of three properties, that were acquired on April 23, 2013, as well as the acquisition of Greenhaven Apartments on July 29, 2013 and the acquisition of a 35% interest in Falls at Eagle Creek on September 16, 2013.

All dollar amounts set out in this news release are in United States currency unless otherwise noted.

HIGHLIGHTS FOR THE FIRST QUARTER 2014

- The Fund’s portfolio recognized additional capital appreciation of \$11.09 million or 8.64%, excluding the Fund’s non-controlling interest in the Falls at Eagle Creek.
- Adjusted Funds from Operations (“**AFFO**”) payout ratio for the First Quarter was 87.62% and AFFO was \$912,000. AFFO increased by 7.3% when compared to the three months ended December 31, 2013.
- Revenues were \$3.44 million excluding the Fund’s non-controlling interest in Falls at Eagle Creek.
- The Fund continued to have strong gross margins of 55.8% in the First Quarter.
- The Fund had a conservative leverage equal to 60% of gross book value as at March 31, 2014 and had an interest coverage ratio for the First Quarter of 2.58 times and total indebtedness coverage ratio of 2.08 times, in each case excluding the Fund’s non-controlling interest in the Falls at Eagle Creek.
- The Fund received supplementary financing on Falls at Copper Lake for gross proceeds of \$4.5 million at an interest rate of 3.92%, the proceeds of which were used to acquire a 25% interest in Soho Parkway Apartments which closed on April 1, 2014. The Fund also announced the pending acquisition of a 50% interest in Villages of Sunset Ridge.

Operating Results

For the First Quarter, property revenues and net operating income (“**NOI**”), excluding the Fund’s non-controlling interest in the Falls at Eagle Creek, were \$3.44 million and \$1.92 million, respectively. At the conclusion of the First Quarter, average monthly rent was \$1,055 and the weighted average portfolio occupancy was 93.1% after removing the Fund’s non-controlling interest. The Fund continued to demonstrate strong operating margins of 55.8% in the First Quarter

despite the period being the most difficult operating quarter of the year for leasing is typically impacted by the winter months.

Financial Position

As of March 31, 2014, the Fund's gross book value was \$168.38 million and indebtedness was \$105.45 million or 62.63% of gross book value. Excluding the Fund's non-controlling interest in the Falls at Eagle Creek, the Fund's gross book value was \$139.49 million and indebtedness was \$83.68 million or 59.99% of gross book value. Both indebtedness percentages against gross book value are well within the Fund's target range of 60%-70%. The interest coverage ratio for the First Quarter was strong at 2.58 times after removing the Fund's non-controlling interest in the Falls at Eagle Creek. The weighted average interest rate on the Fund's mortgage portfolio was 3.35%, and the weighted average term to maturity was 3.22 years after removing the Fund's non-controlling interest in the Falls at Eagle Creek.

Occupancy

The Fund's weighted average occupancy of its properties for the First Quarter was 93.1%. The Fund continued to increase rental rates on both new and renewal leases where appropriate and curtailed concessions when possible. Occupancy is expected to increase in the next quarter of 2014 with warmer weather.

Subsequent Events

On April 1, 2014 the Fund, together with Starlight U.S. Multi-Family (No. 2) Core Fund ("Fund No. 2") acquired Soho Parkway Apartments ("**Soho Parkway**"), a 379 unit, garden style, Class "A" apartment complex, built in 2008 and located at 6653 McKinney Ranch Parkway in McKinney, Texas, a rapidly growing area of North Dallas. The Fund secured a supplementary loan on the Falls of Copper Lake for \$4.5 million that matures on April 1, 2017 in order to finance its 25% interest in Soho Parkway. The interest rate payable on the loan is 3.92%.

A first mortgage loan in respect of Soho Parkway for \$28.3 million was secured for a three year term with two one year extensions available. The loan is interest only for the entire term and is payable at an annual rate of LIBOR plus 2.00%. The Fund and Fund No. 2 assumed responsibility for the liabilities of Soho Parkway on a pro-rata ownership basis. All decision making in respect of Soho Parkway, including day-to-day and material decisions, will be shared by the Fund and Fund No. 2 equally through their established governance practices.

On April 25, 2014, the Fund announced that it had entered into an agreement to acquire a 50% interest for a purchase price of approximately \$12.3 million in Villages of Sunset Ridge, a 257 unit, garden style, Class "A" apartment complex, built in 2013 and located in North Houston. The remaining 50% interest will be indirectly acquired by Daniel Drimmer, a Director and the Chief Executive Officer of Starlight U.S. Multi-Family Core GP, Inc., the Fund's general partner, and the principal of Starlight Investments Ltd., the Fund's manager. All decision making in respect of Villages of Sunset Ridge, including day-to-day and material decisions, will be jointly made by Mr. Drimmer and the Fund through established governance practices.

New financing in the amount of approximately \$10.4 million has been secured for a three year term with two one year extensions available. Financing will be interest only and will be payable at a blended rate of 3.52%. In order to satisfy the Fund's cash portion of the purchase price, the Fund has refinanced its loan on the Bridgemoor at Denton in the approximate amount of up to \$19.5 million for a seven years term at a floating rate of interest, which is currently 2.49%, with principal payments commencing in the second year of the loan based on a 30 year amortization period. This represents upward financing of approximately \$2.0 million based on the prior financing on the property.

About Starlight U.S. Multi-Family Core 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 diversified income producing rental properties in the U.S. multi-family real estate market.

For complete consolidated financial statements and management's discussion and analysis for the period, and any other information relating to the Fund, please visit www.sedar.com.

Non-IFRS Financial Measures

Certain terms used in this news release including AFFO, gross book value, indebtedness, interest coverage ratio, and NOI are not measures defined under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standard Board. Details on non-IFRS financial measures are set out in the Fund's management's discussion and analysis for the period available on the Fund's profile at www.sedar.com.

Forward-looking Statements

This news release contains statements that may constitute forward-looking statements within the meaning of Canadian securities laws and which reflect the current expectations of the Fund regarding future events, including statements concerning occupancy and the acquisition of Villages of Sunset Ridge by the Fund. Particularly statements regarding future results, performance, achievements, prospects or opportunities for the Fund or the real estate industry. In some cases, forward-looking statements can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

The forward-looking statements in this news release involve risks and uncertainties, including those set forth in the materials of the Fund filed with the Canadian securities regulatory authorities from time to time at www.sedar.com. Actual results could differ materially from those projected herein. Those risks and uncertainties include, among other things, risks related to: the ability to increase occupancy, reliance on the manager of the Fund; the ability to complete the acquisition of Villages of Sunset Ridge; the expected benefits of the ownership of Villages of Sunset Ridge; the relationship and obligations of the Fund and Daniel Drimmer in respect of Villages of Sunset Ridge; the experience of the officers and directors of the Fund; substitutes for residential real estate

rental suites; reliance on property management; competition for real property investments and tenants; anticipated future growth of the Fund; United States market factors; and exchange rates.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in developing such forward-looking statements 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 extent of competition between properties; the ability of the manager of the Fund to manage and operate the properties; the inventory of multi-family real estate properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Readers are cautioned against placing undue reliance on forward-looking statements. Except as required by applicable Canadian securities laws, neither the Fund nor its manager undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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