



## FOR IMMEDIATE RELEASE

### STARLIGHT U.S. MULTI-FAMILY (NO. 2) CORE FUND EXCEEDS FORECAST WITH STRONG SECOND QUARTER 2014 RESULTS

*Not for distribution to U.S. newswire services or for dissemination in the United States*

**TORONTO, August 12, 2014** – Starlight U.S. Multi-Family (No. 2) Core Fund (TSX.V: SUD.A, SUD.U) (the “**Fund**”) today announced its results of operations and financial condition for the three months ended June 30, 2014 (the “**Second Quarter**”). The results and financial condition reflect operations for the Fund’s initial portfolio, comprised of Palm Valley Apartments (“Palm Valley”) and a 65% equity interest in the Falls at Eagle Creek (“Eagle Creek”), which were acquired by the Fund on November 18, 2013, along with a 75% interest in Soho Parkway, which was acquired on April 1, 2014.

The forecast figures below represent the financial forecast (“**Forecast**”) set out in the final long form prospectus of the Fund dated October 30, 2013. All dollar amounts set out in this news release are in thousands of United States currency other than average monthly rent.

#### HIGHLIGHTS FOR THE SECOND QUARTER 2014

- Revenues were \$1,953 and gross margin was 52.5%, including the Fund’s equity interest in Eagle Creek with Palm Valley; both ahead of Forecast.
- Adjusted funds from operations (“**AFFO**”) for the Second Quarter including the Fund’s equity investment was \$751, resulting in an AFFO payout ratio of 73.51%, a significant improvement from the 91.71% payout ratio for the three months ended March 31, 2014. For the six months ended June 30, 2014, the AFFO payout ratio was 79.56%. Beginning in the month of April 2014, the Fund began paying its distribution to Unitholders on a fully deployed capital basis, reflecting the acquisition of Soho Parkway on April 1, 2014.
- Occupancy was in line with the Forecast for the Second Quarter at 94.9% including the Fund’s equity investment in Eagle Creek and Palm Valley and was 94.3% with the inclusion of Soho Parkway.
- The Fund’s weighted average interest rate was reduced to 2.65% during the Second Quarter and weighted average term to maturity was 2.48 years including the impact of its interest in Eagle Creek. The Fund had an interest coverage ratio of 2.45 times including the impact from its equity investment in Eagle Creek during the Second Quarter; improved from the three months ended March 31, 2014.

“In the second quarter of 2014, the Fund’s financial performance was very strong, exceeding Forecast levels,” said Evan Kirsh, President of the Fund. “With the acquisition of Soho Parkway, the Fund’s capital is now fully deployed and the Fund’s focus will be on maximizing returns from the portfolio. Looking to the balance of the year, management intends to implement multiple initiatives that are expected to produce sustainable improvements in our operating metrics.”

### *Operating Results*

For the Second Quarter, property revenues and net operating income (“**NOI**”) were \$1,953 and \$1,026, respectively, including the Fund’s equity investment in Eagle Creek and Palm Valley, both values being ahead of the Forecast. At the conclusion of the Second Quarter, average monthly rent was \$1,000 and the weighted average portfolio occupancy was 94.3% including the Fund’s equity investment in Eagle Creek.

### *Financial Position*

As of June 30, 2014, the Fund had a strong cash position with \$1,852 in unrestricted cash remaining from its initial public offering, following the purchase of a 75% interest in Soho Parkway during the Second Quarter. The Fund’s gross book value was \$71,378 and indebtedness was \$46,225 or 64.76% of gross book value, excluding the Fund’s equity investment in Eagle Creek, which is in line with the target leverage range.

### **About Starlight U.S. Multi-Family (No. 2) 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](http://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 available in the Fund’s August 2014 Newsletter which is available at <http://www.starlightinvest.com/starlight-u-s-multi-family-no-2-core-fund>.

### **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](http://www.sedar.com).

For further information:

Evan Kirsh  
President, Starlight U.S. Multi-Family (No. 2) Core Fund  
647-725-0417  
ekirsh@starlightus.com

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*