



FOR IMMEDIATE RELEASE

STARLIGHT U.S. MULTI-FAMILY (NO. 3) CORE FUND CONTINUES TO ACHIEVE STRONG RESULTS IN THE SECOND QUARTER

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TORONTO, August 18, 2015 – Starlight U.S. Multi-Family (No. 3) Core Fund (TSX.V: SUS.A, SUS.U) (the “Fund”) today announced its results of operations and financial condition for the three months ended June 30, 2015 (the “Second Quarter”). All amounts in this news release are in thousands of United States currency unless otherwise stated. The forecast figures below represent the financial forecast (“Forecast”) set out in the final long form prospectus of the Fund dated June 27, 2014.

HIGHLIGHTS FOR THE SECOND QUARTER OF 2015

- Occupancy for the portfolio was 95.5% at the end of the Second Quarter, at the high end of the Fund’s targeted occupancy range.
- Same property average monthly rent improved to \$1,104 from \$1,090, representing a 5.1% increase on an annualized basis. Rent growth since inception of the Fund has been 4.6% on an annualized basis.
- Net operating income (“NOI”) grew to \$2.23 million for all properties compared to \$2.06 million for the previous three months ended March 31, 2015.
- The Fund recognized a \$6.0 million fair value increase on its investment properties in 2015 driven predominantly by NOI growth. The portfolio’s value increase represented by the fair value of investment properties less their original purchase price was 45.4% of the Fund’s initial public offering gross subscription proceeds.
- Adjusted funds from operations (“AFFO”) payout ratio was a conservative 65.5% for the three months ended June 30, 2015 and improved from the previous three months.
- Interest coverage ratio and indebtedness coverage ratio were 2.86 times for the six months ended June 30, 2015.
- The Fund lowered its weighted average interest rate to 2.28% as of June 30, 2015 by refinancing The Allure and The Villages of Sunset Ridge during the quarter.
- The Fund’s debt to gross book value was 65.5%, well within the Fund’s target leverage range of 60-70%.
- The Fund began a normal course issuer bid subsequent to the end of the Second Quarter in order to utilize excess cash to repurchase units which it believes are currently undervalued.

Operating Results

During the Second Quarter, property revenues were \$4.31 million and the Fund increased average monthly rent per suite to \$1,140 from \$1,090, representing an annualized rental growth rate of 5.1%. NOI was \$2.23 million and \$169 higher when compared to the previous three months ended March 31, 2015. The Fund’s property revenue was \$69 lower than set out in the Forecast and NOI

was \$122 lower than set out in the Forecast for the three months ended June 30, 2015 due to increased competition within Houston's energy corridor which has negatively impacted the Cinco Ranch property. Subsequent to the end of the Second Quarter, the Fund has increased Cinco Ranch's occupancy to 93.0% as of July 31, 2015. Second Quarter occupancy was 93.8% for the initial portfolio compared to 94.7% set out in the Forecast and was 95.5% for the entire portfolio. The Fund achieved significantly improved occupancy during the Second Quarter.

Financial Position

As of June 30, 2015, the Fund's gross book value was \$171.7 million and indebtedness was \$112.5 million or 65.5% of gross book value, which is well within the Fund's target leverage range of 60-70%. The interest coverage ratio and indebtedness coverage ratio for the Second Quarter was strong at 2.88 times. The weighted average interest rate on the Fund's mortgages payable was 2.28%, significantly reduced from 2.75% as of March 31, 2015 and the weighted average term to maturity was 6.5 years, significantly higher compared to 2.4 years as at March 31, 2015. The changes were a result of the refinancing of The Allure and Villages of Sunset Ridge on June 29, 2015.

Subsequent Events

On August 17, 2015, the Fund and Starlight U.S. Multi-Family Core Fund ("Fund No. 1) announced that they had entered into an agreement to acquire Sorelle, a 401 suite, mid-rise, Class "A", apartment complex, completed in 2009 and located in a rapidly growing area in north Atlanta, Georgia at 2399 Parkland Drive. In connection with the acquisition, the Fund will acquire an indirect 65% interest and Fund No. 1 will acquire an indirect 35% interest. The Fund's allocation of the purchase price for Sorelle is expected to be approximately \$42.6 million, which will be satisfied by way of approximately \$36.3 million in new financing and \$6.3 million in cash. All decision making in respect of Sorelle, including day-to-day and material decisions, will be jointly made by the Fund and Fund No. 1 through established governance practices. Subject to the satisfaction or waiver of conditions precedent, the purchase of Sorelle is scheduled to close on or about September 9, 2015.

About Starlight U.S. Multi-Family (No. 3) 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. 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 June 2015 Newsletter which is available at <http://www.starlightinvest.com/starlight-u-s-multi-family-no-3-core-fund>.

Non-IFRS Financial Measures

Certain terms used in this news release including NOI, AFFO, gross book value, indebtedness, interest coverage ratio and indebtedness coverage ratio 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.

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