STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND ANNOUNCES 2018 SECOND QUARTER FINANCIAL RESULTS, UPDATE ON VALUE-ADD CAPITAL IMPROVEMENTS PROGRAM

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Toronto – **August 29, 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 June 30, 2018 (the "Second 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 comparative figures below represent a 15 day operating period from June 16, 2017, the date of the initial acquisitions to June 30, 2017 (the "Initial Operating Period").

Second Quarter Highlights

- On June 12, 2018, the Fund acquired an additional 41.5% (approximately) interest in Landmark at Coventry Pointe ("Coventry Pointe"), a 250 suite value-add property located in Atlanta, Georgia for $15,596. The Fund financed the acquisition through proceeds from the refinancing of the Landing at Round Rock ("The Landing"). The Fund now owns approximately 91.5% of Coventry Pointe.
- The Fund continued to implement its value-add capital improvement program during the Second Quarter. Since inception the Fund has upgraded and re-leased a total of 130 suites achieving average rent increases of $156 per month per suite and an estimated average return on investment of 23.9%.
- The Fund's value-add initiatives resulted in significant improvements to common areas and amenities including the transformation of the main clubhouse at The Landing.
- AMR grew from $1,188 as at March 31, 2018 to $1,206 as at June 30, 2018 representing an annualized increase of 6.1% reflecting the impact of the Fund's value-add capital improvements program.
- Revenue from property operations, including the Fund's interest in Coventry Pointe was $3,942 for the Second Quarter, $197 or 5.3% higher than the three months ended March 31, 2018, primarily due to increases in AMR and economic occupancy during the Second Quarter.
- Net operating income ("NOI"), was $2,140 for the Second Quarter in comparison to $2,091 during the three months ended March 31, 2018. The increase of $49 was primarily due to the increases in revenue as well as the increased ownership interest in Coventry Pointe.
- Net loss and comprehensive loss of $1,029 for the Second Quarter was primarily due to deferred income taxes of $1,162.
- Economic occupancy for the three months ended June 30, 2018 at 89.7% was higher than the three months ended March 31, 2018 by 140 basis points.
- The Fund's adjusted funds from operations ("AFFO") for the Second Quarter was $620 and the AFFO payout ratio was 164.7%. The increase in NOI was offset by increased mortgage interest expense due to increases in the U.S. 30-day London Interbank Offering Rate ("LIBOR").
- Indebtedness to Gross Book Value remained consistent at 65.1% as at June 30, 2018, in comparison to 65.1% as at December 31, 2017.
- As at June 30, 2018, the weighted average interest rate on mortgages payable was 4.09% and the weighted average term to maturity was 2.17 years.

Financial Condition and Operating Results

	IFRS - As at June 30, 2018	Adjusted - As at June 30, 2018 [3]	As at December 31, 2017
Operational Information			
Number of properties	3	3	2
Total suites	1,193	1,172	943
Economic occupancy [1]	89.3%	89.3%	90.9%
AMR (in actual dollars)[2]	$ 1,206	$ 1,206	$ 1,212
AMR per square foot (in actual dollars)[2]	$ 1.06	$ 1.06	$ 1.13
Summary of Financial Information			
Gross Book Value	$212,870	$209,580	$161,142
Indebtedness	$138,601	$136,494	$104,950
Indebtedness to Gross Book Value [4]	65.11%	65.13%	65.13%
Weighted average mortgage interest rate	4.09%	4.09%	3.41%
Weighted average mortgage term to maturity	2.17 years	2.17 years	2.50 years

	IFRS - Second Quarter [6]	Adjusted - Second Quarter [5]	Period from April 24, 2017 to June 30, 2017	IFRS - Six months ended June 30, 2018 [6]	Adjusted - Six months ended June 30, 2018 [5]	Period from April 24, 2017 to June 30, 2017
Summary of Financial Information						
Revenue from property operations	$3,597	$3,942	$586	$6,932	$7,688	$586
Property operating costs	($1,007)	($1,123)	($135)	($1,840)	($2,079)	($135)
Property taxes [7]	$0	($679)	($102)	($2,645)	($1,379)	($102)
Income from rental operations / **NOI**	$2,590	**$2,140**	**$349**	$2,447	**$4,230**	**$349**
Net (loss) income and comprehensive (loss) income	($1,029)	($1,029)	$63	$4,497	$4,497	$63
FFO		$233	$132		$926	$132
FFO per unit - basic and diluted		$0.03	$0.02		$0.11	$0.02
AFFO		$620	$132		$1,422	$132
AFFO per unit - basic and diluted		$0.08	$0.02		$0.17	$0.02
Interest coverage ratio		1.66 x	1.52 x		1.64 x	1.52 x
Indebtedness coverage ratio		1.66 x	1.52 x		1.64 x	1.52 x
FFO payout ratio		438.2%	n/a		218.9%	n/a
AFFO payout ratio		164.7%	n/a		142.5%	n/a
Weighted average units Outstanding (000s) - basic and diluted		8,181	8,180		8,181	8,180

(1) Economic occupancy for the six months ended June 30, 2018 and December 31, 2017.

(2) The decrease in AMR and AMR per square foot relates to the impact of the acqusition of Coventry Pointe w hich had an AMR and AMR per square foot of $1,094 and $0.83, respectively on the Fund's w eighted average AMR metrics.

(3) Total suites, Gross Book Value and Indebtedness include the proportionate amounts of the Fund's approximate 91.5% 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 prior to June 12, 2018 and approximate 91.5% interest in Coventry Pointe from June 12 - June 30, 2018.

(6) Revenue from property operations, property operating costs and property taxes reflect the amounts in the condensed consolidated interim financial statements.

(7) Property taxes w ere adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year for the purpose of calculating NOI.

For the three months ended June 30, 2018, economic occupancy at the Landing was 87.9% (Initial Operating Period – 93.6%), Spectra South economic occupancy was 90.9% (Initial Operating Period – 90.3%) and Coventry Pointe economic occupancy was 93.5%. Portfolio economic occupancy of 89.7% for the Second Quarter was lower than the Initial Operating Period of 92.6% primarily due to lower occupancy in three and four-bedroom suites at The Landing. In addition, occupancy at The Landing was impacted by the extensive clubhouse renovations that took place during the three months ended June 30, 2018. The occupancy as at June 30, 2018 was 90.7% and as of August 19, 2018 was 94.4%. The Fund expects these increases to significantly improve performance in the third quarter.

As at June 30, 2018, The Landing and Spectra South AMR was $1,367 and $1,023, respectively, compared to the Initial Operating Period of $1,345 and $995, respectively, representing increases of 1.6% and 2.8%. As at June 30, 2018, Coventry Pointe AMR was $1,094. The Fund's aggregate AMR as at June 30, 2018 was $1,206.

The Fund's indebtedness to gross book value as of June 30, 2018 was 65.1%, consistent with December 31, 2017. The Fund's weighted average mortgage interest rate as of June 30, 2018 was 4.09% and the weighted average term to maturity was 2.17 years.

AFFO per unit and AFFO payout ratio for the Second Quarter and six months ended June 30, 2018 was $0.08, $0.17, 164.7% and 142.5%, respectively.

A reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the Second Quarter and for the six months ended June 30, 2018 is provided below:

		Second Quarter		Period from April 24, 2017 to June 30, 2017		Six months ended June 30, 2018
Cash provided by (used in) operating activities	$	1,716	$	(547)	$	4,795
Less: interest paid		(1,118)		(135)		(2,057)
Cash provided by (used in) operating activities - including interest paid	$	598	$	(682)	$	2,738
Add / (Deduct):						
Change in non-cash operating w orking capital		(306)		(427)		(1,453)
Change in restricted cash		737		-		(952)
Fair value adjustment of investment properties relating to IFRIC 21		(489)		1,254		803
Fair value adjustment relating to IFRIC 21 on investment in joint ventures		99		-		255
Amortization of financing costs related to joint venture		8		-		19
Vacancy costs associated w ith the suite upgrade program		43		-		141
Unrealized foreign exhange (gain) loss		-		(3)		-
Sustaining capital expenditures and suite renovation reserves		(70)		(10)		(129)
AFFO	$	620	$	132	$	1,422

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 August 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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