STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND ANNOUNCES 2018 FIRST QUARTER FINANCIAL RESULTS, COMPLETES STRATEGIC REBALANCING OF ITS PORTFOLIO AND MAY 2018 DISTRIBUTIONS

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TORONTO, ON – **May 16, 2018** – Starlight U.S. Multi-Family (No. 5) Core Fund (TSX.V: STUS.A, STUS.U) (the "Fund") announced today its results of operations and financial condition for the three months ended March 31, 2018 (the "First 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.

First Quarter Highlights

- The Fund completed its program to strategically recycle capital into new properties further enhancing the vintage of its portfolio and its geographical diversification while disposing of smaller assets.
    - Disposed of two properties in Texas with an average vintage of 2011 and reinvested the proceeds on a tax-deferred basis into Alexander Village, a 320-suite property in Charlotte, North Carolina (2015 vintage).
    - Proceeds from the refinancing of five properties were used to acquire Altis at Sand Lake, a 315-suite property in Orlando, Florida (2016 vintage).
- Revenue from property operations for the First Quarter was $26,044, a 7.1% increase over the same period in the prior year ($24,311) reflecting growth from net acquisition activity and same property revenue growth across the portfolio.
- Net operating income ("NOI") for the three months ended March 31, 2018 was $15,136, a 9.5% increase over the same period in the prior year ($13,825) and was primarily due to the impact of net acquisition activity and same property NOI growth.
- NOI margin for the First Quarter was 57.1%, a 20-basis point improvement over the NOI margin for the same period in the prior year.
- Net (loss) income and comprehensive (loss) income for the First Quarter was ($9,061), in comparison to $4,334 for the same period in the prior year. Net income and comprehensive income for the three months ended March 31, 2017 was primarily driven by a $9,695 positive fair value adjustment on investment properties.
- Adjusted funds from operations ("AFFO") for the First Quarter was $5,611 (three months ended March 31, 2017 - $6,978). AFFO payout ratio was 111.2% for the First Quarter (three months ended March 31, 2017 – 88.5%). The decrease in AFFO and the increase in the payout ratio is primarily related to higher interest on mortgages payable due to an increase in the U.S. 30-day London Interbank Offered Rate ("LIBOR") and a larger mortgages payable balance resulting from net acquisition activity and refinancings.
- On March 29, 2018, the Fund entered into an interest rate collar agreement to provide protection on the rate of interest payable on its second pooled mortgage facility. This agreement provides for a LIBOR floor rate of 1.9% and a LIBOR ceiling rate of 2.5% and covers approximately $305,000 face value of mortgages payable across seven properties.

Subsequent Events

- On April 24, 2018, the Fund entered into an interest rate collar agreement to provide protection on the rate of interest payable on its first pooled mortgage facility. This agreement provides for a LIBOR floor rate of 1.9% and a LIBOR ceiling rate of 2.5% and covers approximately $280,000 in face value of mortgages payable across eight properties.
- The Fund successfully hedged the variable interest rate risk on approximately $759,000 or 86% of the face value of its mortgages payable as a result of the interest rate cap and collar agreements that it has entered into to date.

Reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the First Quarter along with the comparative 2017 period was as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Cash provided by operating activities	$ 14,675	$ 10,447
Less: interest paid	(7,861)	(5,076)
Cash provided by operating activities - including interest paid	6,814	5,371
Add / (Deduct):		
Change in non-cash operating working capital	(3,229)	(643)
Change in restricted cash	(6,357)	(2,640)
One-time Plan of Arrangement costs	-	152
Fair value adjustment of investment properties relating to IFRIC 21 (1)(2)	8,135	5,118
Realized foreign exchange (gain) loss	(208)	10
Fair value adjustment on interest rate cap	-	6
Current taxes - U.S. withholding taxes and tax on dispositions	732	12
Service fees related to class A and class U units	149	163
Amortization of financing costs (3)	2	-
Loss on early extinguishment of debt (3)	165	-
Sustaining capital expenditures and suite renovation reserve	(592)	(552)
AFFO	$ 5,611	$ 6,997

(1) International Financial Reporting Interpretations Committee 21 - *Levies* ("IFRIC 21").

(2) Includes portion of fair value adjustment relating to the Villages at Sunset Ridge, which was classified as held for sale at December 31, 2017 and disposed of during the First Quarter.

(3) These amounts relate to the Villages at Sunset Ridge which was classified as held for sale at December 31, 2017 and disposed of during the First Quarter.

Evan Kirsh, President of Starlight U.S. Multi-Family commented, "The Fund completed the strategic rebalancing of its portfolio resulting in enhanced geographical diversification and a further improvement in the overall vintage of its assets during the First Quarter. The Fund also hedged a substantial portion of its variable interest rate risk by entering into interest rate collar agreements, providing protection against future increases in LIBOR for a substantial portion of the Fund's mortgage portfolio."

Property Highlights for the First Quarter including a comparison to the same period in the prior year:

- Portfolio AMR as at March 31, 2018 was $1,214, representing an increase of 3.8% from $1,170 at March 31, 2017. AMR growth was particularly strong in Orlando/Tampa (7.1%), Dallas (6.9%) and Charlotte/Raleigh (3.8%) reflecting the acquisition of properties with higher average rents. Economic occupancy for the three months ended March 31, 2018 decreased by 130 basis points to 90.7%, compared to the same period in the prior year.
- Same property AMR as at March 31, 2018 was $1,196, representing a 1.5% increase from $1,179 at March 31, 2017. Same property AMR growth was particularly strong in Orlando/Tampa (3.9%) and Charlotte/Raleigh (3.2%). Same property economic occupancy for the three months ended March 31, 2018 was 91.2%, representing an 80 basis point decrease in comparison to the same period in the prior year.
- Same property NOI at $11,765 for the three months ended March 31, 2018 increased by $130 or 1.1% in comparison to the same period in the prior year. The increase was primarily driven by AMR growth being partly offset by a decrease in economic occupancy.

Financial Condition and Operating Results

		As at March 31, 2018		As at December 31, 2017
Operational Information				
Number of properties		23		23
Total suites		7,289		7,127
Economic occupancy (1)		90.7%		91.8%
AMR (in actual dollars)	$	1,214	$	1,196
AMR per square foot (in actual dollars)	$	1.26	$	1.25
Summary of Financial Information				
Gross book value (2)		$1,344,944		$1,267,840
Indebtedness		$892,505		$808,988
Indebtedness to gross book value (3)		66.4%		63.8%
Weighted average mortgage interest rate		3.76%		3.60%
Weighted average mortgage term to maturity		4.37 years		4.16 years
		Three months ended March 31, 2018 (4)		**Three months ended March 31, 2017**
Summary of Financial Information				
Revenue from property operations		$26,533		$24,311
Property operating costs		($6,923)		($6,232)
Property taxes (5)		($4,474)		($4,254)
NOI		$15,136		$13,825
Net (loss) income and comprehensive (loss) income		($9,061)		$4,334
Funds from operations ("FFO")		$1,564		$6,632
FFO per unit - basic and diluted		$0.03		$0.13
AFFO		$5,611		$6,978
AFFO per unit - basic and diluted		$0.11		$0.14
Interest coverage ratio		1.55 x		2.45 x
Indebtness coverage ratio		1.50 x		2.27 x
FFO payout ratio		398.8%		93.2%
AFFO payout ratio		111.2%		88.5%
Weighted average units Outstanding (000s) - basic and diluted		49,024		49,273

Notes:

(1) Economic occupancy for the First Quarter and three months ended December 31, 2017.

(2) The December 31, 2017 gross book value includes Villages at Sunset Ridge w hich w as classified as held for sale.

(3) Defined as indebtedness divided by gross book value.

(4) Revenue from property operations, property operating costs and property taxes include amounts relating to Villages at Sunset Ridge w hich w as classified as held for sale at December 31, 2017 and subsequently sold during the First

(5) 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 purposes of calculating NOI.

Financial Position

As at March 31, 2018, the Fund's indebtedness to gross book value was 66.4%, representing an increase from 63.8% at December 31, 2017. The increase in indebtedness to gross book value was primarily related to the refinancing of five of the Fund's properties during the First Quarter. The Fund's interest coverage ratio for the First Quarter was 1.55x in comparison to 2.45x for the three months ended March 31, 2017. The decrease in the interest coverage ratio, in comparison to the same period in the prior year was primarily related to the increase in interest expense as a result of increases in LIBOR and a higher mortgages payable balance relating to net acquisitions and refinancing activity, partially offset by NOI growth. As at March 31, 2018, the Fund's weighted average interest rate on mortgages payable and weighted average term to maturity were 3.76% and 4.37 years, respectively.

May 2018 Distributions

The Fund also announced its May 2018 cash distribution amounts on its outstanding Class A Units, Class C Units, Class D Units, Class E Units, Class F Units, Class H Units and Class U Units (collectively, the "Units"), payable on June 15, 2018 to holders of Units of record at May 31, 2018. The distribution amounts will be as follows:

- C$0.05417 per Class A Unit, representing approximately C$0.65 per Unit on an annualized basis;
- C$0.05417 per Class C Unit, representing approximately C$0.65 per Unit on an annualized basis;
- C$0.05417 per Class D Unit, representing approximately C$0.65 per Unit on an annualized basis;
- US$0.05417 per Class E Unit, representing approximately US$0.65 per Unit on an annualized basis;
- C$0.05417 per Class F Unit, representing approximately C$0.65 per Unit on an annualized basis;
- C$0.02917 per Class H Unit, representing approximately C$0.65 per Unit on an annualized basis less a portion of the cost of the derivative instrument purchased by the Fund to provide the holders of Class H Units with some protection against any weakening of the U.S. dollar as compared to the Canadian dollar on termination and liquidation of the Fund (the "Class H Unit Liquidation Hedge"); and
- US$0.05417 per Class U Unit, representing approximately US$0.65 per Unit on an annualized basis.

A wholly-owned subsidiary of Starlight Group Property Holdings Inc., the manager of the Fund, may at its sole discretion, discontinue the Class H Unit Liquidation Hedge in the event that derivative instruments are not available on an economical basis or the manager determines that the continuation of the Class H Unit Liquidation is no longer in the best interests of holders of Class H Units.

About Starlight U.S. Multi-Family (No. 5) 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. The Fund currently owns 23 properties, consisting of 7,289 suites with an average year of completion of 2012.

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 May 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, NOI, same property AMR, same property economic occupancy, same property NOI and same property NOI margin (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 and 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. 5) Core Fund, visit www.starlightus.com or contact:

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