STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

August 29, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the condensed consolidated interim financial results of Starlight U.S. Multi-Family (No. 1) Value-Add Fund (the "Fund") dated August 29, 2018, for the three and six months ended June 30, 2018 should be read in conjunction with the Fund's audited annual consolidated financial statements for the year ended December 31, 2017 and the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 and accompanying notes thereto. These documents are available on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A 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, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, average monthly rents ("AMR"), taxes, and plans and objectives of or involving the Fund. Particularly, matters described at "Future Outlook" are forward-looking information. 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 ability of the Fund to benefit from its value-add program; 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 or its affiliates (the "Manager" or "Starlight") to manage and operate the properties of the Fund; 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. See "Risks and Uncertainties". 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 MD&A relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian securities law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

BASIS OF PRESENTATION

The Fund's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Fund's presentation currency is United States ("U.S.") dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of U.S. dollars, except for per limited partnership unit of the Fund ("unit" or "units") and AMR information. All references to "C$" are to Canadian dollars.

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as adjusted funds from operations ("AFFO"), AMR, cash provided by operating activities, including interest paid, economic occupancy, funds from operations ("FFO"), gross book value ("Gross Book Value"), indebtedness ("Indebtedness"), indebtedness coverage ratio ("Indebtedness Coverage Ratio"), Indebtedness to Gross Book Value, interest coverage ratio ("Interest Coverage Ratio") and net operating income ("NOI") are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income (loss) and comprehensive income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. AFFO, AMR, Cash provided by operating activities, including interest paid, economic occupancy, FFO, Gross Book Value, Indebtedness, Indebtedness Coverage Ratio, Interest Coverage Ratio and NOI as computed by the Fund may not be comparable to similar measures as reported by other trusts or companies in similar or different industries. The Fund uses these measures to better assess the Fund's underlying performance and provides these additional measures so that investors may do the same.

AFFO is defined as FFO subject to certain additional adjustments, including: (i) amortization of fair value mark-to-market adjustments on loans assumed; (ii) amortization of financing costs; (iii) deduction of a reserve for normalized maintenance capital expenditures and suite make ready costs, as determined by the Manager (iv) vacancy costs associated with the suite upgrade program. Other adjustments may be made to AFFO as determined by the Manager. AFFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to unitholders of the fund ("Unitholders") after a provision for maintenance capital expenditures. AFFO should not be interpreted as an indicator of cash generated from operating activities, as it does not consider changes in working capital. AFFO has not been calculated in accordance with the Real Property Association of Canada ("RPAC") definition, as the Fund adjusts for non-cash items to better measure the sustainability of future distributions. This MD&A does not include a presentation of adjusted cash flow from operations as defined by RPAC.

AMR is defined as the total in place rents divided by the total number of suites occupied as at the reporting date.

Cash provided by operating activities, including interest paid, is a measure of the amount of cash generated from operating activities including interest paid and is presented in this MD&A as the Manager considers this non-IFRS measure when determining the sustainability of future distributions paid to Unitholders.

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. The Fund considers this an important operating metric to evaluate the extent to which revenue potential is being realized.

FFO is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS, excluding fair value adjustments of the investment properties, fair value adjustments on derivative instruments, distributions to Unitholders of units classified as financial liabilities, International Financial Reporting Interpretations Committee 21 – *Levies* ("IFRIC 21") adjustment for property taxes, deferred income tax expense and realized or unrealized foreign exchange gains and losses, and provisions for carried interest. FFO payout ratio compares distributions declared to FFO. FFO is a measure of operating performance based on the funds generated from the business before reinvestment or provision for other capital needs. FFO is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of operating performance and is calculated in accordance with RPAC.

Gross Book Value is defined as the fair market value of the Fund's investment properties (the "Properties") as described under the Portfolio Summary. Gross Book Value is presented in this MD&A as the Fund considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness is defined as the face value of mortgages payable. Indebtedness is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes and provisions for carried interest plus finance costs, which include amortization of financing costs and mortgage premiums, fair value adjustments on derivative instruments, less finance income and adjusted for other non-cash items divided by interest and principal payments. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy the Fund's debt service obligations. Indebtedness Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual principal and interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

Indebtedness to Gross Book Value is defined as the Fund's Indebtedness divided by the Fund's Gross Book Value of the Properties. Indebtedness to Gross Book Value is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Interest Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes and provisions for carried interest plus finance costs, which includes amortization of financing costs and mortgage premiums, fair value adjustments on derivative instruments, less finance income and adjusted for other non-cash items divided by interest expense. Generally, a higher Interest Coverage Ratio indicates a lower credit risk. Interest Coverage Ratio is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

NOI is defined as all property revenue, less direct property costs such as utilities, property taxes (normalized to remove the impact from IFRIC 21 for each reporting period), repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property specific administrative costs. NOI is presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fund's operating performance and uses this measure to assess the Fund's property operating performance on an unlevered basis.

Reconciliations of net income (loss) and comprehensive income (loss) to FFO and AFFO are provided herein at "Non-IFRS Financial Measures – FFO and AFFO". In addition, a reconciliation of cash provided by operating activities including interest paid to AFFO is provided herein at "Non-IFRS Financial Measures – FFO and AFFO" and a reconciliation of NOI from the financial statement presentation of revenue, property operating costs and property taxes is provided herein at "Financial and Operational Highlights".

INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a limited partnership formed under and governed by the laws of the Province of Ontario. The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3. The term of the Fund is targeted to be three years (the "Term"), with two one-year extensions available subject to approval by Starlight U.S. Multi-Family (No. 1) Value-Add GP, Inc., the general partner of the Fund ("Starlight GP"). The Fund may be extended beyond five years by special resolution of the Unitholders. After the closing of the Fund's initial public offering (the "Offering") on June 16, 2017, the Fund acquired two Properties (the "Initial Properties") consisting of a combined 943 suites. The Fund's Initial Properties were located in Austin, Texas and Phoenix, Arizona. On January 9, 2018, the Fund acquired a 50% interest in Landmark at Coventry Pointe ("Coventry Pointe"), a 250 suite property located in Atlanta, Georgia. On June 12, 2018 the Fund acquired an additional 41.5% (approximately) of Coventry Pointe providing the Fund with a controlling interest in the property.

The Fund has seven classes of units. Class A units denominated in Canadian dollars and class U units denominated in U.S. dollars are listed on the TSX Venture Exchange under the symbols SUVA.A and SUVA.U, respectively. The Fund also has five unlisted unit classes, class C units, class D units, class F units, and class H units, which are Canadian dollar denominated, and class E units, which are U.S. dollar denominated.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to:

1. Indirectly acquire, own, and operate a portfolio comprised of value-add, income producing multi-family properties that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management that are located primarily in the States of Arizona, Colorado, Florida, Georgia, Nevada, North Carolina, Tennessee and Texas (the "Primary Markets");

2. Make stable monthly cash distributions;
3. Increase rental rates through light value-add capital expenditures and the use of revenue management software; and
4. Enhance revenue through ancillary income opportunities and reduce operating expenses through active asset management with the use of best-in-class property managers to generate economies of scale with the goal of ultimately directly or indirectly disposing of its interests in the assets by the end of the Term.

INVESTMENT STRATEGY

The Fund was established for the purpose of investing indirectly in value-add, income producing multi-family properties in the U.S. multi-family real estate market that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management. The Manager believes the U.S. multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes.

ACQUISITION OF VALUE-ADD U.S. MULTI-FAMILY REAL ESTATE

1. Identify value-add acquisition opportunities in the U.S. multi-family residential market by leveraging the Manager's relationships with principals, operators, and brokers located in the Fund's target markets and by its ability to source "off-market" opportunities.
2. Target multi-family assets that are:
    a. properties that can achieve significant increases in rental rates as a result of undertaking high return, light value-add capital expenditures and active asset management;
    b. strategically located in the Primary Markets with strong job, population and economic growth rates;
    c. strategically located within their respective suburban submarkets with barriers to new development; and
    d. stabilized, with the potential to benefit from an active management strategy.
3. Complete a comprehensive due diligence program, including cash flow and value-add return modeling, operating expense reviews, and third-party reports including market studies, structural and environmental assessments and appraisals.
4. Conduct a broad canvass of the lending community, including lenders with whom the Manager enjoys long-term relationships, to secure debt financing on competitive terms.
5. Explore, from time to time, co-investment opportunities involving the Fund and one or more co-investors.

ASSET VALUE ENHANCEMENT THROUGH ACTIVE MANAGEMENT STRATEGY

1. Utilize the Manager's network to source attractive future acquisitions from private equity funds, operators and other real estate asset managers.
2. Increase rental rates through value-add capital improvement programs, including targeted light value-add capital expenditures to rental suites (e.g. kitchen, bathrooms, fenced-in yards, etc.), clubhouse and resident amenity spaces and modernization improvements, rental rate mapping and the use of yield management software.
3. Seek ancillary income opportunities (e.g.door-to-door waste pick-up service).
4. Reduce operating expenses such as staffing, maintenance contracts, advertising and insurance through economies of scale.
5. Utilize reputable best-in-class U.S.-based property managers.

ARIZONA, COLORADO, FLORIDA, GEORGIA, NEVADA, NORTH CAROLINA, TENNESSEE AND TEXAS

The Manager targets acquisitions in the Primary Markets, where markets feature:

a) compelling population, economic and employment growth rates;

b) 'landlord friendly' legal environments; and

c) comfortable climates and quality of life.

The Fund expects to indirectly acquire additional properties in the Primary Markets and the Manager believes that each of the Primary Markets exhibits the characteristics highlighted above.

VALUE REALIZATION THROUGH STRATEGIC DISPOSITIONS

1. The Manager expects asset value increases to be realized through a combination of NOI growth, achieved by, among other things, capital expenditures resulting in increased rental rates and a pricing premium on the aggregated portfolio.

2. The Manager, on behalf of the Fund, plans to execute dispositions throughout the Term on a single asset or portfolio basis through private and public market transactions to maximize value.

3. The private real estate investment market and the public capital markets will be monitored to seek an exit strategy that can be executed with a view towards maximizing disposition proceeds.

PORTFOLIO SUMMARY

As at June 30, 2018, the Fund had an interest in three Properties that have an aggregate of 1,193 suites and are located in the States of Arizona, Georgia and Texas.

Property	Location	Ownership Interest	Suites	Year Completed	Rentable Area (Sq. Ft)	Average Suite Size (Sq. Ft)	Land Area (Acres)	Date of Original Acquisition
Landing at Round Rock	7711 O'Connor Road, Round Rock, Texas	100%	583	2001	716,701	1,229	33.21	June 16, 2017
Austin, Texas			**583**	**2001**	**716,701**	**1,229**	**33.21**	
Coventry Pointe	100 Veranda Chase Drive, Lawrenceville, Georgia	91.5%	250	2002	328,558	1,314	35.50	January 9, 2018 (50%) & June 12, 2018 (41.5%)
Atlanta, Georgia			**250**	**2002**	**328,558**	**1,314**	**35.50**	
Spectra South	20425 North 7th Street, Phoenix, Arizona	100%	360	2007	315,360	876	11.35	June 16, 2017
Phoenix, Arizona			**360**	**2007**	**315,360**	**876**	**11.35**	
Total (Average)			**1,193**	**(2003)**	**1,360,619**	**1,141**	**80.06**	

THE LANDING AT ROUND ROCK

The Landing at Round Rock (the "Landing") is located at 7711 O'Connor Road, Round Rock, Texas, 30 kilometres north of downtown Austin. Completed in 2001, the property is comprised of 44 three-storey garden-style apartments on a 33.21 acre site and offers 583 suites ranging in size from one bedroom to four bedrooms.

SPECTRA SOUTH

Spectra South is located at 20425 North 7th Street, Phoenix, Arizona, 32 kilometres north of downtown Phoenix. Completed in 2007, the property is comprised of 19 three-storey garden-style apartments on a 11.35 acre site and offers 360 suites ranging in size from one bedroom to three bedrooms.

LANDMARK AT COVENTRY POINTE

Coventry Pointe is located at 100 Veranda Chase Drive, Lawrenceville, Georgia, 40 kilometres north east of downtown Atlanta. Completed in 2002, the property is comprised of 17 three and four storey garden-style buildings on a 35.5 acre site and offers 250 suites ranging in size from one bedroom to three bedrooms.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operational performance of the Fund as at June 30, 2018 and for the three and six months ended June 30, 2018. Results are compared against the Fund's financial and operational performance as at June 30, 2017, and for the period from April 24, 2017 to June 30, 2017 ("comparative period").

KEY HIGHLIGHTS:

- On June 12, 2018, the Fund acquired an additional 41.5% interest in Coventry Pointe, a 250 suite value-add property located in Atlanta, Georgia for $15,596. The Fund financed the acquisition through proceeds generated from the refinancing of 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 three months ended June 30, 2018. As at June 30, 2018, the Fund has upgraded and re-leased a total of 130 suites since its inception 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 three months ended June 30, 2018. Revenue was $197 higher than the three months ended March 31, 2018 primarily due to increases in AMR and economic occupancy during the second quarter.
- NOI was $2,140 for the three months ended June 30, 2018 in comparison to $2,091 during the three months ended March 31, 2018. The increase of $49 was 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 three months ended June 30, 2018 was predominately 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 AFFO for the three months ended June 30, 2018 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 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.
- The Fund continues to have a variable rate collar contract in place to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The existing contract expires on November 30, 2018 and allows the Fund to exchange U.S. funds each month within a range of C$1.2680 to C$1.3400.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	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 - Three months ended June 30, 2018 [6]	Adjusted - Three months ended June 30, 2018 [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 which had an AMR and AMR per square foot of $1,094 and $0.83, respectively on the Fund's weighted average AMR metrics.

(3) Total suites, Gross Book Value and Indebtedness include the proportionate amounts of the Fund's approx. 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 approx. 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 were 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.

FINANCIAL PERFORMANCE

The following discussion compares the Fund's actual results for the three and six months ended June 30, 2018 to the period from April 24, 2017 to June 30, 2017. The period from April 24, 2017 to June 30, 2017 represented a 15-day operating period (the "Initial Operating Period") from the date of acquisition, June 16, 2017, of the Initial Properties. The adjusted columns in the following tables include amounts reflecting the Fund's 50% ownership interest in Coventry Pointe from January 9, 2018 to June 11, 2018 and its approximately 91.5% ownership interest from June 12, 2018 to June 30, 2018.

The IFRS amounts below include income (loss) from the joint venture investment in Coventry Pointe from its date of acquisition, January 9, 2018 to June 12, 2018. From the date the Fund acquired its controlling interest on June 12, 2018, the IFRS amounts reflect the consolidation of Coventry Pointe results and the removal of the non-controlling interest.

	IFRS - Three months ended June 30, 2018	Adjusted - Three months ended June 30, 2018	Period from April 24, 2017 to June 30, 2017	IFRS - Six months ended June 30, 2018	Adjusted - Six months ended June 30, 2018	Period from April 24, 2017 to June 30, 2017
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	-	-	-	(2,645)	(2,645)	-
Income from property operations	2,590	2,819	451	2,447	2,964	451
Share of (loss) income from investment in joint venture	(128)	-	-	960	-	-
Finance costs	(1,539)	(1,640)	(145)	(2,596)	(2,806)	(145)
Distributions to Unitholders	(1,021)	(1,021)	-	(2,027)	(2,027)	-
Dividends to Preferred Shareholders - U.S. REIT series A	(4)	(4)	-	(8)	(8)	-
Fund and trust expenses	(247)	(246)	(71)	(532)	(531)	(71)
Unrealized foreign exchange gain	-	-	3	1	1	3
Fair value adjustment of investment properties	1,098	793	-	10,762	11,402	-
Fair value adjustment IFRIC 21	(678)	(708)	(102)	1,306	1,240	(102)
Provision for carried interest	76	76	-	(1,737)	(1,737)	-
Non-controlling interest	(7)	-	-	(7)	-	-
Income taxes:						
Current	(7)	(7)	(1)	(14)	(14)	(1)
Deferred	(1,162)	(1,091)	(72)	(4,058)	(3,987)	(72)
Net income (loss) and comprehensive income (loss)	$ (1,029)	$ (1,029)	$ 63	$ 4,497	$ 4,497	$ 63

RESULTS OF OPERATIONS

	Three months ended June 30, 2018 (1)	Period from April 24, 2017 to June 30, 2017	Six months ended June 30, 2018 (1)
Revenue from property operations	$ 3,942	$ 586	7,688
Property operating costs	(1,123)	(135)	(2,079)
Property taxes (2)	(679)	(102)	(1,379)
NOI	$ 2,140	$ 349	$ 4,230
NOI margin	54.3%	59.6%	55.0%

(1) Revenue from property operations, property operating costs, property taxes and NOI include the amounts relating to the Fund's 50% interest in Coventry Pointe prior to June 12, 2018 and approx. 91.5% interest in Coventry Pointe from June 12 - June 30, 2018.

(2) Property taxes were adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations for the three months ended June 30, 2018 was $3,942, $3,356 higher than the Initial Operating Period which includes only 15 days of operations. The increase in revenue was due to additional revenue from the acquisition of 50% of Coventry Pointe on January 9, 2018 and the additional approximately 41.5% interest acquired on June 12, 2018. Economic occupancy for the three months ended June 30, 2018 was 89.7% (Initial Operating Period – 92.6%). AMR as at June 30, 2018 was $1,206 compared to $1,217 as of June 30, 2017, a decrease of $11 or 0.9%.

The decrease was due to the impact of the acquisition of Coventry Pointe which had a lower AMR. Excluding Coventry Pointe, AMR increased from $1,217 to $1,234, or 1.4%. The Fund's AMR as at June 30, 2018 was $1,206 compared to $1,188 as at March 31, 2018, representing an annualized increase of 6.1%.

Revenue from property operations for the six months ended June 30, 2018 was $7,688, an increase of $7,102 compared to the Initial Operating Period, which included only 15 days of operations. Revenue also increased following the acquisition of 50% of Coventry Pointe on January 9, 2018 and the additional approximately 41.5% interest acquired on June 12, 2018. Economic occupancy was 89.3% for the six months ended June 30, 2018 (Initial Operating Period – 92.6%).

As at June 30, 2018, the Fund has upgraded and re-leased 130 suites since its inception, achieving an average return on investment of 23.9%. Upgraded suites which were leased by June 30, 2018 had a weighted average rent increase of $156 per month (in actual dollars) above the market rent for the equivalent non-upgraded suite. The following table presents the results achieved on the suite upgrade program for the period from June 16, 2017 to June 30, 2018.

	Number of Suites Upgraded and Leased	Rental Premium (per suite, per month) in actual dollars	Return on Investment
The Landing	46	$ 225	22.1%
Spectra South	82	$ 115	24.8%
Coventry Pointe [1]	2	$ 250	21.9%
Combined	**130**	**$ 156**	**23.9%**

[1] The Fund acquired a 50% interest in Coventry Pointe on January 9, 2018 and an additional approximately 41.5% interest on June 12, 2018.

AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as at June 30, 2018 and June 30, 2017:

	Total Portfolio as at June 30, 2018 and June 30, 2017			
Properties	**Suites**	**2018 AMR**	**2017 AMR**	**%**
The Landing	583	$ 1,367	$ 1,345	1.6%
Spectra South	360	$ 1,023	$ 995	2.8%
Weighted Average Total - excluding Coventry Pointe	943	$ 1,234	$ 1,217	1.4%
Coventry Pointe	250	$ 1,094	-	N/A
Weighted Average Total	1,193	$ 1,206	$ 1,217	

As at June 30, 2018, the Landing and Spectra South's AMR was $1,367 and $1,023 (June 30, 2017 – $1,345 and $995, respectively), representing increases of 1.6% and 2.8%. AMR growth at The Landing was impacted by lower occupancy in the larger three and four bedroom units with higher average rents. As at June 30, 2018, Coventry Pointe AMR was $1,094. Excluding Coventry Pointe, the Fund's AMR increased by 1.4% from June 30, 2017 to June 30, 2018. Although The Landing and Spectra South achieved AMR growth of 1.6% and 2.8% respectively, the combined AMR growth at 1.4% was impacted by a lower number of occupied units at The Landing at higher average rents relative to the number of occupied units at Spectra South at lower average rents.

The following table presents economic occupancy of the Properties for the three and six months ended June 30, 2018, compared to the period from April 24, 2017 to June 30, 2017:

Properties	Economic occupancy For the three months ended June 30, 2018	Economic occupancy For Period from April 24, 2017 to June 30, 2017	Economic occupancy For the six months ended June 30, 2018
The Landing	87.9%	93.6%	86.6%
Spectra South	90.9%	90.3%	91.8%
Coventry Pointe (1)	93.5%	-	94.1%
Total	89.7%	92.6%	89.3%

(1) Economic occupancy from January 9, 2018 to June 30, 2018.

The Fund's economic occupancy was 89.7% for the three months ended June 30, 2018 (Initial Operating Period – 92.6%). The reduction was mainly due to lower occupancy in three and four bedroom units at The Landing, which was partly offset by higher occupancy at Spectra South. The Landing economic occupancy was also impacted by the Clubhouse renovation which occurred during the second quarter and is now complete. The occupancy as at June 30, 2018 was 90.7% and as of August 19, 2018 was 94.4%.

The Fund's economic occupancy was 89.3% for the six months ended June 30, 2018 (Initial Operating Period – 92.6%). The reduction was mainly due to lower occupancy in three and four bedroom units at The Landing being partly offset by higher occupancy of Spectra South. For the six months ended June 30, 2018, economic occupancy at the Landing was 86.6% (Initial Operating Period – 93.6%). For the six months ended June 30, 2018, economic occupancy at Spectra South was 91.8% (Initial Operating Period – 90.3%). Coventry Pointe economic occupancy for the three months ended June 30, 2018 was 94.1%.

The table below outlines the Fund's Quarterly AMR and economic occupancy results:

	June 30, 2018			March 31, 2018			December 31, 2017			September 30, 2017			June 30, 2017		
Properties	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)	Suites	AMR	Occ %(1)
The Landing	583	$ 1,367	87.9%	583	$ 1,354	85.3%	583	$ 1,348	88.3%	583	$ 1,354	94.1%	583	$ 1,345	93.6%
Spectra South	360	$ 1,023	90.9%	360	$ 996	92.7%	360	$ 1,003	89.5%	360	$ 998	90.1%	360	$ 995	90.3%
Coventry Pointe (2)	250	$ 1,094	93.5%	250	$ 1,077	94.9%	-	-	-	-	-	-	-	-	-
Total	1,193	$ 1,206	89.7%	1,193	$ 1,188	88.3%	943	$ 1,212	88.7%	943	$ 1,223	92.8%	943	$ 1,217	92.6%

(1) Economic occupancy

(2) Coventry Pointe AMR for both the March 31, 2018 and the June 30, 2018 is based on the Fund's approximately 91.5% ownership for comparability.

During the three months ended June 30, 2018, The Landing AMR increased by $13 or 3.8% on an annualized basis. Spectra South AMR increased by $27 or 10.8% on an annualized basis. Coventry Pointe AMR has increased by $17 or 6.3% on an annualized basis. Overall, the Fund's AMR growth on an annualized basis for the three months ended June 30, 2018 was 6.1%.

Property Operating Costs

For the three and six months ended June 30, 2018, property operating costs were $1,123 and $2,079 (Initial Operating Period - $135). Property operating costs reflect the acquisition of 50% of Coventry Pointe on January 9, 2018 and approximately 41.5% on June 12, 2018.

Property Taxes

For the three and six months ended June 30, 2018, property taxes were $679 and $1,379 (Initial Operating Period - $102). Property taxes reflect the acquisition of 50% of Coventry Pointe on January 9, 2018 and approximately 41.5% on June 12, 2018.

NOI

For the three and six months ended June 30, 2018, NOI was $2,140 and $4,230 (Initial Operating Period - $349). NOI includes amounts associated with the acquisition of 50% of Coventry Pointe on January 9, 2018 and approximately 41.5% on June 12, 2018.

For the three and six months ended June 30, 2018, NOI margins were 54.3% and 55.0% (Initial Operating Period – 59.6%).

FINANCE COSTS

The Fund's finance costs for the three and six months ended June 30, 2018 compared to the Initial Operating Period are summarized below:

	Three months ended June 30, 2018 (1)	Period from April 24, 2017 to June 30, 2017	Six months ended June 30, 2018 (1)
Interest on mortgages payable	$ 1,211	$ 135	$ 2,249
Amortization of financing costs	69	10	139
Fair value adjustments on derivative instruments	15	-	73
Loss on early extinguishment of debt	345	-	345
Total	$ 1,640	$ 145	$ 2,806

(1) Interest on mortgages payable and amortization of financing costs include the respective amounts for the Fund's 50% interest in Coventry Pointe prior to June 12, 2018 and 91.5% interest in Coventry Pointe from June 12 - June 30, 2018.

Interest on mortgages payable for the three and six months ended June 30, 2018 was $1,211 and $2,249, respectively (Initial Operating Period - $135). Interest on mortgages payable reflects increases in LIBOR since the Fund began operations on June 16, 2017 as well as the Fund's share of interest relating to the Coventry Pointe mortgage since January 9, 2018.

Amortization of financing costs for the three and six months ended June 30, 2018 was $69 and $139, respectively (Initial Operating Period - $10).

The fair value adjustment on derivative instruments relates to the Fund entering into a variable rate collar contract to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The Fund entered into the contract on November 30, 2017, which will allow the Fund to exchange U.S. funds each month within a range of C$1.2680 to C$1.3400 for a period of 12-month to fund Canadian dollar distributions. For the three and six months ended June 30, 2018, the Fund recorded an unrealized loss on derivative instruments of $15 and $73, respectively (Initial Operating Period - $nil).

The loss on early extinguishment of debt during the three and six months ended June 30, 2018 of $345 and $345, respectively (Initial Operating Period - $nil) related to financing charges expensed on the refinancing of the mortgage secured on The Landing for additional gross proceeds of $8,300. The proceeds from refinancing were used to acquire an additional approximately 41.5% of Coventry Pointe and for value enhancing initiatives on all three Properties.

DISTRIBUTIONS TO UNITHOLDERS

For the three and six months ended June 30, 2018 the Fund distributed $1,021 and $2,027 to Unitholders, respectively (Initial Operating Period - $nil). The Fund paid full distributions during the six-month period ended June 30, 2018, even though the proceeds from the Offering were not fully deployed until January 9, 2018. During the Initial Operating Period, the Fund did not make a distribution to Unitholders. The Fund began paying distributions to Unitholders effective July 1, 2017.

FUND AND TRUST EXPENSES

Fund and trust expenses include costs incurred by the Fund that are not directly attributable to the Properties. These costs include items such as legal and audit fees, director fees, investor relations expenses, directors' and officers' insurance premiums, expenses relating to the administration of the Fund's distributions and other general and administrative expenses associated with the operation of the Fund. Also included in Fund expenses are asset management fees payable to Starlight. See "Related Party Transactions and Arrangements – Arrangements with Starlight".

Fund and trust expenses for the three and six months ended June 30, 2018 were $247 and $532 (Initial Operating Period - $71). Included in Fund and trust expenses are asset management fees of $161 and $312, respectively, for the three and six months ended June 30, 2018 (Initial Operating Period - $22).

Unrealized Foreign Exchange Gain

The Fund recognized an unrealized foreign exchange gain of $nil and $1 for the three and six months ended June 30, 2018 (Initial Operating Period – $3).

Investment Properties – Fair Value Adjustments

The Fund has selected the fair value method to account for real estate classified as investment properties. Fair values are supported by a combination of internal financial information and market data. The determination of fair value is based on, among other things, the amount of rental income from future leases reflecting current market conditions, adjusted for assumptions of future cash flows in respect of current and future leases, capitalization rates and expected occupancy rates.

The Fund is currently working on several value enhancing initiatives at the Properties. At Spectra South, the Fund completed the full painting of the exterior buildings during the first quarter of 2018. In the second quarter of 2018 repairs and upgrades to the parking lot and entry way were completed. The Fund plans to complete the following in the near term: upgrade the clubhouse and fitness centre and refinish the pool and add additional pool furniture along with the ongoing suite upgrade program that includes new plank flooring, upgraded lighting, kitchen faucets, cabinets, bathroom lighting, bathroom hardware and painting.

At the Landing, the Fund completed upgrades to the main clubhouse in the second quarter of 2018 including the relocation of the leasing office, adding a Wi-Fi café and package locker system and repurposing the movie theatre and games room. In the third quarter of 2018, the Fund expects to complete the full painting of the exterior buildings. The Fund plans to complete the following in the near term: enhancement of the pool including pool deck redesign, landscape upgrades, new pool furniture and games area and also create a barbeque grilling centre.

The Fund is in the process of completing a suite upgrade program that includes new plank flooring, stainless steel appliances, upgraded lighting, refinishing kitchen cabinets, kitchen plumbing, installing quartz countertops in kitchens and bathrooms, upgraded bathroom sinks and faucets, lighting and hardware.

At Coventry Pointe, upgrades to the fitness centre, enhancements to the pool area, new pool furniture and the addition of a grilling station were completed in the second quarter of 2018. The Fund plans to complete the following in the near term: upgrade the main clubhouse including the leasing office, enhancements to landscaping, complete parking lot repairs, paint building exterior trim and complete bay window repairs. The Fund is also in the process of continuing to work through its ongoing suite upgrade program that includes new plank flooring, stainless steel appliances, refinished kitchen cabinets, quartz countertops, backsplashes and upgraded lighting in the kitchens as well as upgraded sinks and faucets in the kitchens and bathrooms, as well as new hardware.

The planned suite upgrades at all three Properties are expected to continue to generate significant increases in rental rates and attractive returns on the capital invested.

The Fund recorded a fair value increase on its investment properties of $10,762 for the six months ended June 30, 2018 including $76 relating to the non-controlling interest in Coventry Pointe. This increase in fair value was primarily related to capitalization rate compression as well as increases in projected NOI across the Fund's portfolio. The following table summarizes the change in investment properties held by the Fund for the six months ended June 30, 2018.

		Amount
Opening Balance at April 24, 2017	$	-
Acquisition of investment properties		154,115
Capital additions		1,148
Fair value adjustment		5,678
IFRIC 21 property tax liability adjustment		201
Balance as at December 31, 2017	$	161,142
Acquisition of investment properties		37,588
Capital additions		2,574
Fair value adjustment on investment properties		10,762
IFRIC 21 property tax liability adjustment		804
Balance as at June 30, 2018	$	212,870

The following table reconciles the cost base of investment properties to their fair value:

	As at June 30, 2018	As at December 31, 2017
Cost	$ 195,425	$ 155,263
Cumulative fair value adjustment	16,440	5,678
IFRIC 21 realty tax liability adjustment	1,005	201
Balance as at June 30, 2018	$ 212,870	$ 161,142

The key assumptions for investment properties held by the Fund are set out in the following table:

	As at June 30, 2018	As at December 31, 2017
Capitalization rate	4.50% to 4.75%	4.64% to 5.27%
Capitalization rate - weighted average	4.57%	5.02%

The fair values of the Fund's investment properties are sensitive to changes in the key valuation assumptions. Changes in the weighted average capitalization rates would result in a change to the fair value of the Fund's investment properties as set out in the following table:

Key assumptions	Change	As at June 30, 2018	As at December 31, 2017
Weighted average:			
Capitalization rate	10-basis-point increase	$ (4,588)	$ (3,187)
Capitalization rate	10-basis-point decrease	$ 4,793	$ 3,316

The impact of a 1% change in NOI used to value the investment properties as at June 30, 2018 would affect the fair value by approximately $2,026.

PROVISION FOR CARRIED INTEREST

For the three months ended June 30, 2018, the Fund recognized a carried interest of ($76). For the six months ended June 30, 2018 the Fund recognized a carried interest of $1,737.

NON-CONTROLLING INTEREST

The Fund acquired a controlling interest in Coventry Pointe on June 12, 2018 when it indirectly acquired an additional approximately 41.5% interest in the property. For the three and six months ended June 30, 2018, the non-controlling interest (8.5%) included in the Fund's statement of net (loss) income and comprehensive (loss) income was $7.

INCOME TAXES – CURRENT

The Fund's current income taxes for the three months ended June 30, 2018 were $7 (Initial Operating Period - $1), relating to Texas franchise taxes accrued at The Landing.

For the six months ended June 30, 2018 income taxes were $14 (Initial Operating Period - $1) relating to Texas franchise taxes accrued at The Landing.

INCOME TAXES - DEFERRED

The Fund incurred deferred income taxes of $1,162 and $4,058, respectively, during the three and six months ended June 30, 2018 primarily as a result of the fair value adjustments on the Properties as well as depreciation for tax purposes. The deferred tax liability is the result of differences between the accounting and tax values of the Properties.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared for the three and six months ended June 30, 2018 with a comparison to the period from April 24, 2017 to June 30, 2017.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of net (loss) income and comprehensive (loss) income, determined in accordance with IFRS to FFO and AFFO is presented below for the three and six months ended June 30, 2018 with a comparison to the period from April 24, 2017 to June 30, 2017.

	Three months ended June 30, 2018	Six months ended June 30, 2018	Period from April 24, 2017 to June 30, 2017
Net (loss) income and comprehensive (loss) income	$ (1,029)	$ 4,497	$ 63
Add / (Deduct):	-		
Distributions to Unitholders	1,021	2,027	-
Dividends to Preferred Shareholders	4	8	-
Deferred taxes (1)	1,091	3,987	72
Unrealized foreign exchange gain	-	(1)	(3)
Fair value adjustment on derivative financial instruments	15	73	-
Fair value adjustment on investment in joint venture (1)	229	(716)	-
Fair value adjustment of investment properties (1)	(1,022)	(10,686)	-
Provision for carried interest	(76)	1,737	-
FFO	**$ 233**	**$ 926**	**$ 132**
Add / (Deduct):			
Amortization of financing costs (1)	$ 69	139	$ 10
Vacancy costs associated with the suite upgrade program	43	141	-
Loss on early extinguishment of debt	345	345	-
Sustaining capital expenditures and suite renovation reserves	(70)	(129)	(10)
AFFO	**$ 620**	**$ 1,422**	**$ 132**
FFO per unit - basic and diluted	$0.03	$0.11	$0.02
FFO payout ratio	438.2%	218.9%	n/a
AFFO per unit - basic and diluted	$0.08	$0.17	$0.02
AFFO payout ratio	164.7%	142.5%	n/a
Distributions declared (2)	$ 1,021	$ 2,027	n/a
Weighted average units outstanding:			
Basic and diluted - class A, C, D, E, F, H & U - (000s)	8,181	8,181	8,180

(1) Adjusted to exclude the non-controlling interest in Coventry Pointe from June 12 - June 30, 2018 and include the joint venture interest in Coventry Pointe prior to June 12, 2018.

(2) Distributions declared are calculated based on the monthly distribution per unit.

Basic and diluted FFO and FFO per unit for the three months ended June 30, 2018 was $233 and $0.03, respectively (Initial Operating Period - $132 and $0.02).

Basic and diluted AFFO and AFFO per unit for the three months ended June 30, 2018 was $620 and $0.08, respectively (Initial Operating Period- $132 and $0.02).

Basic and diluted FFO and FFO per unit for the six months ended June 30, 2018 was $926 and $0.11, respectively (Initial Operating Period - $132 and $0.02).

Basic and diluted AFFO and AFFO per unit for the six months ended June 30, 2018 was $1,422 and $0.17, respectively (Initial Operating Period - $132 and $0.02). AFFO payout ratios for the three and six months ended June 30, 2018 were 164.7% and 142.5%, respectively. FFO and AFFO payout ratios reflect the impact of increases in the U.S. 30-day LIBOR rate on interest on mortgages payable.

For the purposes of calculating AFFO, the Fund utilized a reserve for sustaining capital expenditures and suite renovations of $70 and $129 for the three and six months ended June 30, 2018 (Initial Operating Period - $10). The reserve is used in the calculation of AFFO as it removes fluctuations in AFFO resulting from seasonality in actual sustaining capital expenditures and suite renovation costs. The use of the reserve also eliminates any potential fluctuations in AFFO due to non-recurring or less frequent sustaining capital expenditures. Sustaining capital expenditure reserves are based on third party property condition assessment reports, which provide an estimate of sustaining capital expenditures required based on the quality of construction, age of the building and anticipated future maintenance requirements. Management believes the use of these property assessment reports to estimate sustaining capital expenditure amounts is appropriate given the third party's engineering and structural expertise as well their knowledge and experience with real estate in the Primary Markets. Actual sustaining capital expenditures and suite renovation costs incurred during the three and six month periods ending June 30, 2018 were $105 and $172.

The Fund's distributions paid and declared per unit for the six months ended June 30, 2018 were as follows:

Class A	Class C	Class D	Class E	Class F	Class H	Class U
C$0.30000	C$0.30000	C$0.30000	0.30000	C$0.30000	C$0.10002	0.30000

Reconciliation of cash provided by operating activities determined in accordance with IFRS to AFFO for the three and six months ended June 30, 2018 is provided below:

	Three months ended June 30, 2018	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 working 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 with 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

The Fund's cash provided by operating activities, including interest paid for the three months ended June 30, 2018, was lower than distributions paid to Unitholders by $423 mainly due to an increase in restricted cash of $737 primarily to fund future property tax payments.

The Fund's net loss and comprehensive loss of $1,029 for the three months ended June 30, 2018 was lower than distributions paid to Unitholders of $1,021 mainly due to deferred income taxes of $1,162 and the inclusion of distributions paid to Unitholders of $1,021.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Fund expects to be able to meet all of its obligations, including distributions to Unitholders and property maintenance and capital improvements. The Fund has financing sources to fulfill its commitments including cash flow from its operating activities and mortgage debt secured by investment properties including availability of future funding to assist with value-enhancing initiatives. As at June 30, 2018, the Fund was in compliance with all of its financial covenants.

CASH FLOWS

Cash flow provided by operating activities represents the primary source of liquidity to fund distributions, debt service and capital improvements. The Fund's cash flow from operating activities is dependent upon the occupancy level of its investment properties, the rental rates on its leases, the collectability of rent from its tenants, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect the Fund's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section.

The following table details the changes in cash for the three and six months ended June 30, 2018:

		Three months ended June 30, 2018		For Period from April 24, 2017 to June 30, 2017		Six months ended March 31, 2018
Cash provided by (used in) operating activities	$	1,716	$	(546)	$	4,795
Cash provided by financing activities		5,781		165,725		4,717
Cash used in investing activities		(6,723)		(155,215)		(13,544)
Increase (decrease) in cash		774		9,964		(4,032)
Cash, beginning of period		2,587		-		7,393
Cash, end of period	$	3,361	$	9,964	$	3,361

Cash on hand as at June 30, 2018 was $3,361.

Cash provided by operating activities for the three months ended June 30, 2018 was $1,716 and related primarily to cash generated by property operations as well as changes in non-cash working capital.

Cash provided by financing activities for the three months ended June 30, 2018 was $5,781 including refinancing proceeds of $8,300 and an advance on the Coventry Pointe capex facility of $57 which were partially offset by finance costs paid of $1,551, distributions to Unitholders of $1,021 and dividends of $4 paid to holders of the U.S. REIT series A preferred shares.

Cash used in investing activities for the three months ended June 30, 2018 was $6,723 and related primarily to the acquisition of an approximately 41.5% interest in Coventry Pointe for $5,643, contributions from joint venture of $6,612 and capital additions to Properties of $1,517 which were partly offset by the non controlling interest contributions of $1,125, investment in joint venture of $5,812, and distributions from joint venture of $112.

Cash provided by operating activities for the six months ended June 30, 2018 was $4,795 and related primarily to cash generated by property operations as well as changes in non-cash working capital.

Cash provided by financing activities for the six months ended June 30, 2018 was $4,717 including refinancing proceeds of $8,300 and advances on the capex facilities for the three Properties totaling $819 along with $125 in proceeds from the issuance of preferred shares by the U.S. REIT which were partially offset by finance costs paid of $2,492, distributions to Unitholders of $2,027 and dividends of $8 paid to holders of the U.S. REIT series A preferred shares.

Cash used in investing activities for the six months ended June 30, 2018 was $13,544 and related to the acquisition of a 50% interest in Coventry Pointe for $5,812, the acquisition of 41.5% of Coventry Pointe for $5,643 and capital additions to Properties of $2,574, partly offset by the non controlling interest contributions of $1,125 and net distributions from joint venture of $160.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Fund's capital is the aggregate of Indebtedness and net liabilities attributable to Unitholders. The Fund's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions as well as existing debt covenants, as the Fund continues to build Unitholder value and maintain sufficient capital contingency amounts.

As at June 30, 2018, the total capital of the Fund excluding the non-controlling interest in Coventry Pointe:

		As at June 30, 2018 [(1)]		As at December 31, 2017
Mortgages payable	$	136,494	$	104,950
Net liabilities attributable to Unitholders		69,659		65,165
Total capital	$	206,153	$	170,115

[(1)] Adjusted to exclude 8.51% of the mortgage of Coventry Pointe.

Debt Profile

As at June 30, 2018, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 65.1%. The maximum allowable ratio under the Fund's first amended and restated limited partnership agreement dated June 12, 2017 is 75%. The weighted average mortgage interest rate for the Fund, as at June 30, 2018 was 4.09% and the weighted average term to maturity of the mortgage portfolio was 2.17 years.

The following table summarizes key liquidity metrics:

		As at June 30, 2018	As at December 31, 2017
Indebtedness to Gross Book Value		65.11%	65.13%
Weighted average interest rate - mortgages		4.09%	3.41%
Weighted average term to maturity - mortgages		2.17 years	2.50 years
	For the three months ended June 30, 2018	**For Period from April 24, 2017 to June 30, 2017**	**For the six months ended June 30, 2018**
Interest Coverage Ratio	1.66 x	1.52 x	1.64 x
Indebtedness Coverage Ratio	1.66 x	1.52 x	1.64 x

The Fund's objective in managing interest rate risk is to minimize the volatility of the Fund's income. The Fund has the option to enter into interest rate cap agreements for all its floating rate mortgages. Loan agreements in respect of the Properties may require the Fund to enter into interest rate cap agreements once LIBOR reaches stipulated levels.

Mortgages Payable

The following table sets out scheduled principal and interest payments and amounts maturing on the mortgages over each of the next three fiscal years and the weighted average interest rate of maturing mortgages based on the Fund's condensed consolidated financial statements as at June 30, 2018:

	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Percentage of total mortgages payable	Weighted average interest rate of maturing mortgages	Scheduled interest payments
2018	-	-	-	0.00%	0.00%	2,848
2019	-	-	-	0.00%	0.00%	6,350
2020	-	114,012	114,012	82.26%	4.09%	3,940
2021	-	24,589	24,589	17.74%	4.09%	-
	$ -	$ 138,601	$ 138,601	100.00%	4.09%	$ 13,138
Unamortized financing costs			(574)			
			$ 138,027			

In addition to the initial mortgages payable of $104,950, which partly funded the acquisitions of the Spectra South and the Landing, the loan agreements allowed for advances of up to $7,200 to fund the planned value enhancing initiatives at the Properties. The Fund refinanced The Landing during the three months ended June 30, 2018 resulting in additional mortgage proceeds of $8,300. The Coventry Pointe mortgage payable as at June 30, 2018 was 24,589 and also allows the Fund to draw amounts for value enhancing initiatives.

As at June 30, 2018, the Fund had drawn $819 of the available amounts for value enhancing initiatives at all properties.

Commitments and Contingencies

From time to time in the normal course of business, the Fund may be involved in litigation and claims in relation to its investment properties. As at the date hereof, in the opinion of management, none of the litigation or claims, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the directors and officers of the Fund and its subsidiaries.

NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS

The Fund is authorized to issue an unlimited number of units. The beneficial interest in the net income and comprehensive income of the Fund is divided into seven classes of units: class A units; class C units; class D units; class E units; class F units; class H units; and class U units. Below is a summary by class of the net liabilities attributable to Unitholders for the period from April 24, 2017 to June 30, 2018:

	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Net liabilities attributable to Unitholders, April 24, 2017	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Changes during the period								
Units issued pursuant to the Offering, net of issue costs	12,918	12,061	9,994	9,305	13,118	1,338	2,914	61,648
Re-allocation due to unit conversions	(931)	-	2,418	782	(149)	(1,338)	(782)	-
Net income and comprehensive income	683	687	708	576	739	-	121	3,514
Net liabilities attributable to Unitholders, December 31, 2017	$ 12,670	$ 12,748	$ 13,120	$ 10,663	$ 13,708	$ -	$ 2,253	$65,162
Re-allocation due to unit conversions	387	-	(104)	339	(283)	-	(339)	-
Net income and comprehensive income	901	880	897	759	928	-	132	4,497
Net liabilities attributable to Unitholders, June 30, 2018	$ 13,958	$ 13,628	$ 13,913	$ 11,761	$ 14,353	$ -	$ 2,046	$69,659

UNITS

The following table summarizes the changes in units outstanding for the period from April 24, 2017 to June 30, 2018

(in thousands of units)	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Outstanding as at April 24, 2017	-	-	-	-	-	-	-	-
Units issued pursuant to the Offering, completed, June 16, 2017	1,834	1,623	1,419	997	1,805	190	312	8,180
Unit conversions	(132)	-	343	84	(20)	(190)	(84)	1
Outstanding, as at December 31, 2017	1,702	1,623	1,762	1,081	1,785	-	228	8,181
Unit conversions	52	-	(14)	34	(37)	-	(34)	1
Outstanding, as at June 30, 2018	1,754	1,623	1,748	1,115	1,748	-	194	8,182

As at June 30, 2018, there were 8,181,727 units issued and outstanding, comprised of 1,753,904 class A units, 1,622,500 class C units, 1,748,333 class D units, 1,114,900 class E units, 1,748,210 class F units, nil class H units and 193,880 class U units.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH STARLIGHT

The Fund engaged an affiliate of Starlight to perform certain management services, as outlined below. Starlight is a related party to the Fund as the Manager is owned and controlled by Daniel Drimmer who is a director and Chief Executive Officer of Starlight GP.

(a) Pursuant to the management agreement dated June 16, 2017, as assigned, (the "Management Agreement"), the Manager is to perform asset management services for annual fees equal to 0.35% of the sum of:

I. the historical purchase price of the Properties acquired in U.S. dollars; and

II. the cost of any capital expenditures in respect of the Properties since the date of acquisition by the Fund in U.S. dollars.

For the three months ended June 30, 2018 asset management fees of $161 were charged to Fund and trust expenses (Initial Operating Period - $22). The amount payable to the Manager as at June 30, 2018 was $57 (December 31, 2017 - $46).

For the six months ended June 30, 2018 asset management fees of $312 were charged to Fund and trust expenses (Initial Operating Period - $22). The amount payable to the Manager as at June 30, 2018 was $57 (December 31, 2017 - $46).

(b) Pursuant to the Management Agreement, Starlight is entitled to receive an acquisition fee in respect of properties acquired, directly or indirectly, by the Fund as a result of such properties having been presented to the Fund by Starlight calculated as follows:

- 1.0% of the purchase price of a property, on the first $150,000 of properties acquired in each calendar year;
- 0.75% of the purchase price of a property, on the next $150,000 of properties acquired in each calendar year; and
- 0.50% of the purchase price on properties in excess of $300,000 of properties acquired in each calendar year.

For the three and six months ended June 30, 2018, the Fund incurred acquisition fees of $156 and $333, respectively, relating to the acquisition of Coventry Pointe. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition. The acquisition of a 50% interest on January 9, 2018 and an approximately 41.5% interest on June 12, 2018 in Coventry Pointe for $17,563 and $15,596 was from an affiliated entity of the Manager. The purchase price was based on third party appraised valuations.

In addition, the Fund reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement or such other services which the Fund and the Manager agree in writing are to be provided from time to time by the Manager.

The Management Agreement expires on the winding-up or dissolution of the Fund, unless and until the Management Agreement is terminated in accordance with the termination provisions.

CARRIED INTEREST

The partners of Starlight Investments Value-Add Partnership ("SIVAP") currently being the Manager and the President of Starlight GP, through SIVAP's indirect interest in the Starlight U.S. Multi-Family (No. 1) Value-Add Holding LP ("Holding LP"), a 99.99% owned subsidiary of the Fund, are entitled to 25% of the total of all amounts each of which is the amount, if any, by which (i) the aggregate amount of distributions which would have been paid on all units of the Fund of a particular class if all Distributable Cash (as defined in the Prospectus) of the Holding LP were received by the Fund (through Starlight U.S. Multi-Family (No. 1) Value-Add Investment LP ("Investment LP"), a 100% owned subsidiary of the Fund and Starlight U.S. Multi-Family (No. 1) Value-Add Investment GP, Inc., a 100% owned subsidiary of the Fund, together with all other amounts distributable by the Fund, and distributed by the Fund (net of any amounts required to provide for expenses and determined without reference to any applicable U.S. taxes payable by or on behalf of the Investment LP) to Unitholders of the Fund in accordance with the Fund's amended and restated limited partnership agreement, exceeds (ii) the aggregate Minimum Return (as defined in the Prospectus) in respect of such class of Units of the Fund (the calculation of which, for greater clarity includes the amount of the Investors Capital Return Base (as defined in the Prospectus), each such excess, if any, to be calculated in U.S. dollars and, in the case of Canadian Dollar Units, based on the applicable exchange rate on the date of distribution for actual distributions paid by the Fund and otherwise on the date of the applicable distribution from the Holding LP to the Investment LP and by the Investment LP to, directly or indirectly, the Fund, provided that, to the extent that the aggregate amount of distributions which would have been paid on all units of the Fund of a particular class pursuant to the foregoing exceed the Minimum Return for such class, the partners of SIVAP, through SIVAP's indirect interest in the Holding LP, will be entitled to 50% of each such excess amount (i.e., a catch-up) until the excess, if any, which would have been distributed in respect of such class in excess of the Investors Capital Return Base (as defined in the Prospectus) is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the Manager in respect of such class.

As at June 30, 2018, the Fund has recognized a $1,737 liability to SIVAP in relation to the carried interest.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is available in Note 2 of the audited consolidated financial statements of the Fund as at December 31, 2017. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that it believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these consolidated financial statements. The estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

ACCOUNTING FOR ACQUISITIONS

Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment affects the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Fund's acquisitions are generally determined to be asset purchases, as the Fund does not acquire an integrated set of processes as part of the acquisition transaction.

INVESTMENT PROPERTIES

The estimates used when determining the fair value of investment properties are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property.

The stabilized future cash flows of each investment property based upon rental income from current leases and assumptions about occupancy rates and market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts and third-party appraisals.

FINANCIAL INSTRUMENTS

Critical judgments and estimates are also made in the determination of fair value of financial instruments and include assumptions and estimates regarding future interest rates, the relative creditworthiness of the Fund to its counterparties, the credit risk of the Fund's counterparties relative to the Fund, the estimated future cash flows and discount rates.

LEASES

The Fund makes judgments in determining whether certain leases, in particular tenant leases are accounted for under IFRS as either operating or finance leases. The Fund has determined that all of its leases are operating leases.

INCOME TAXES

The Fund applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes relate to temporary differences arising from its subsidiaries and are measured based on tax rates that are expected to be applied in the year when the asset is realized, or the liability is settled.

Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

The Fund's estimate of deferred taxes is based on the assumption that the Fund's liquidating event occurs either through a direct sale of the properties or through a disposition of its ownership interests in its U.S. subsidiaries.

Should the Fund's liquidating event occur through a sale of the Fund's limited partnership interests, the estimated deferred taxes would not be incurred by the Fund.

CONSOLIDATION

The Fund has determined that it controls all of its subsidiaries, including the significant subsidiaries (as defined in the audited consolidated financial statements for the year ended December 31, 2017). In making this determination it considered the relationships between the Fund, the Manager, and the significant subsidiaries including ownership interests, voting rights and management agreements. Through this analysis it was determined that the Manager is an agent of the Fund.

CARRIED INTEREST

The determination by the Fund as at each Statement of Financial Position date as to whether a provision for carried interest should be recognized to holders of the class B limited partnership units of SIVAP is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders, distributions paid to Unitholders since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed from the limited partners of the Fund and the Minimum Return (as defined in the Prospectus).

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's audited consolidated financial statements for the year ended December 31, 2017 and the notes contained therein as well as the Fund's condensed consolidated interim financial statements for the three and six months ended June 30, 2018.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the units of the Fund and activities of the Fund. Risks and uncertainties are disclosed in the Fund's MD&A for the year ended December 31, 2017. The Fund's MD&A for the year ended December 31, 2017 is available on SEDAR at www.sedar.com. Current and prospective investors of the Fund should carefully consider such risk factors. Other than set out or contemplated herein, management is not aware of any significant changes in risk and uncertainties since March 7, 2018, the date of the Fund's MD&A for the period from April 24, 2017 (date of formation) to December 31, 2017.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Fund maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility that management's assumptions and judgements may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates that the Fund will be continually evolving and enhancing its systems of controls and procedures.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Based on their evaluations, the Chief Executive Officer and the Chief Financial Officer have concluded that the Fund's internal controls over financial reporting were effective and do not contain any material weaknesses, as at June 30, 2018.

FUTURE OUTLOOK

The Manager believes the Properties will benefit from stable demand for residential rental accommodation. The Primary Markets continue to exhibit sustained job and population growth and benefit from the on-going shift away from home ownership, including because of lifestyle choices. The supply of comparable, multi-suite residential properties continues to be at reasonable levels given the strength of the demand drivers. The strong economic performance across the U.S. and in the Primary Markets is supportive for multi-family real estate fundamentals.

The Fund has continued its value-enhancing capital expenditure program at the Properties which combined with active asset management initiatives is anticipated to drive strong occupancy, rental and NOI growth. The Fund expects to produce consistent investment returns for Unitholders while carrying out its value enhancing capital initiatives.

QUARTERLY INFORMATION

	For the three months ended June 30, 2018	For the three months ended March 31, 2018	For the three months ended December 31, 2017	For the three months ended September 30, 2017	Period from April 24, 2017 to June 30, 2017 (1)
Revenue from property operations	$ 3,597	$ 3,335	$ 3,380	$ 3,505	$ 586
Property operating costs	(1,007)	(833)	(875)	(895)	(135)
Property taxes	-	(2,645)	-	-	-
Income (loss) from property operations	$ 2,590	$ (143)	$ 2,505	$ 2,610	$ 451
Share of income from investment in joint venture	(128)	1,088	-	-	-
Finance costs	(1,539)	(1,057)	(893)	(918)	(145)
Distributions to Unitholders	(1,021)	(1,006)	(1,004)	(1,020)	-
Distributions to Preferred Shareholders	(4)	(4)	-	-	-
Fund and trust expenses	(247)	(285)	(218)	(207)	(71)
Unrealized foreign exchange gain (loss)	-	1	-	(6)	3
Fair value adjustment on Properties	1,098	9,664	-	5,678	-
Fair value adjustment IFRIC 21	(678)	1,984	(554)	(614)	(102)
Provision for carried interest	76	(1,813)	-	-	-
Non-controlling interest	(7)	-	-	-	-
Income taxes:					
Current	(7)	(7)	(8)	(8)	(1)
Deferred	(1,162)	(2,896)	699	(2,591)	(72)
Net (loss) income and comprehensive (loss) income attributable to Unitholders	$ (1,029)	$ 5,526	$ 527	$ 2,924	$ 63
FFO	$233	$693	$778	$863	$132
AFFO	$620	$802	$780	$865	$132
FFO per Unit - basic and diluted	$0.03	$0.08	$0.10	$0.10	$0.02
AFFO per Unit - basic and diluted	$0.08	$0.10	$0.10	$0.10	$0.02
Distributions per Unit (2)	$0.12	$0.12	$0.12	$0.12	$0.00

Notes:

(1) Represents the Initial Operating Period commencing the date the Initial Properties w ere acquired to June 30, 2017.

(2) Distributions per unit for each period are based on the total distributions per w eighted average unit outstanding during the period.

Additional information relating to the Fund can be found on SEDAR at www.sedar.com.

Dated: August 29, 2018

Toronto, Ontario, Canada