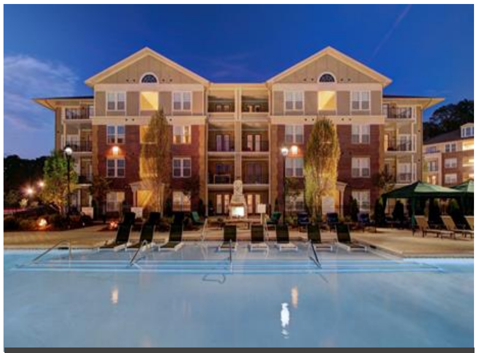
NEWSLETTER | March 2019

Starlight U.S. Multi-Family (No. 5) Core Fund (the "Fund") is listed on the TSX Venture Exchange (TSXV: STUS.A/STUS.U). The Fund currently owns 7,289 suites in 23 apartment communities with a 2012 average vintage (the "Properties"). The Fund is asset managed by a wholly-owned subsidiary of Starlight Group Property Holdings Inc. (the "Manager"). The Fund's mandate is to invest in recently constructed, stabilized, Class "A", institutional quality multi-family properties in growth markets in the United States ("U.S."). The Fund's primary objective is to generate stable monthly cash distributions for its unitholders and enhance the value of its assets through active management.

Fourth quarter 2018 average monthly rent growth was 3.04% (same property – 2.0%) in comparison to the same period in the prior year and same property net operating income growth was 2.1% (excluding prior year property tax adjustments), in comparison to the same period in the prior year.

Carrick Bend (Denver, CO 2014)

South Boulevard (Las Vegas, NV 2012)



Alexander Village (Charlotte, NC 2015)

Boardwalk (San Antonio, TX, 2014)

Altis at Grand Cypress (Tampa, FL 2014)

The Views at Coolray Field (Atlanta, GA 2015)

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Starlight U.S. Multi-Family

Significant Events

On October 31, 2018, the Fund refinanced all outstanding debt to strategically reposition the portfolio's financing structure in order to fix the interest rate on the majority of the Fund's indebtedness, significantly reducing the weighted average interest rate on the Fund's mortgages payable and extend the weighted average term to maturity on the Fund's mortgages payable ("Mortgage Refinancing"). The refinancing of the Fund's debt consisted of:

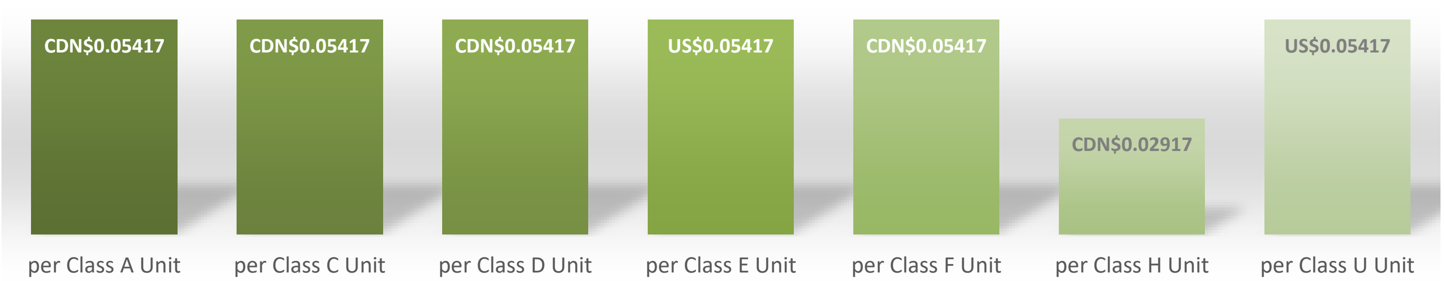
- Entering into an agreement for a new portfolio mortgage secured by the Properties for total proceeds of approximately $800,450 and comprised of three tranches with a weighted average term to maturity of 6.1 years and a weighted average interest rate of approximately 3.84%. The refinancing resulted in reducing the Fund's weighted average interest rate on its mortgages payable by approximately 52 basis points.
- Amending the Credit Facility which allows the Fund to borrow up to $130,000.
- Repayment of the previously outstanding balances of mortgages payable totaling $880,115 and the amounts outstanding under the Credit Facility which resulted in net proceeds after transactions costs of $4,973.

On October 31, 2018, as part of the Mortgage Refinancing, the Fund entered into a third amending agreement to its credit facility which allows the Fund to borrow up to $130,000 at an initial rate of 3.50% over LIBOR with a maturity date of October 31, 2019. The Fund drew an initial amount of $120,000 and the credit facility carries an option to increase the total borrowing to $130,000 on or after April 30, 2019 and prior to July 31, 2019 in which case, the additional borrowing will be available until the maturity date of the credit facility. In November 2018, the Fund entered into a new six-month 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.

Unit Information and Distributions

Monthly Distributions

Since inception, the Fund has paid monthly distributions equal to 6.5% on an annualized basis, with the exception of Class H units which are equal to 3.5% on an annualized basis.



U.S. Multi-Family Market Trends

National Occupancy Levels and Home Ownership Rates

According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate remained unchanged in December 2018 at 3.7%. The Fund's target demographic, the 20 to 34-year-old cohort, has continued to fuel apartment rental demand for newly constructed apartments. According to the U.S. Census Bureau, home ownership was 64.8% in the fourth quarter of 2018. Apartment occupancy rates and rental growth continue to be strong with MPF Research reporting fourth quarter 2018 U.S. apartment occupancy of 95.4%. Year-over-year rent growth across these markets was 3.3%.

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Metropolitan Market Information

The Fund owns 7,289 suites in 23 properties located in 13 cities across eight states. The following table highlights the key macroeconomic and property data in each city and sub-market.

Market	Period [1] ending December Year over Year Job Growth	Unemployment [1] Rate	Occupancy[2]	Last 12[2] Months Rental Growth	One Year [2] Occupancy Forecast	One Year [2] Rental Growth Forecast
Atlanta-Sandy Springs-Roswell	+2.5%	3.6%	94.7%	4.8%	93.8%	3.6%
Northeast Atlanta			94.2%	2.8%	93.3%	
Northeast Gwinnett County			95.8%	5.8%	94.8%	
Austin	+3.5%	2.7%	94.7%	4.2%	94.4%	3.0%
Round Rock/Georgetown			94.2%	2.1%	94.2%	
Near North Austin			95.6%	0.8%	94.7%	
Cedar Park			95.0%	5.5%	94.2%	
Charlotte	+2.0%	3.4%	95.0%	3.6%	95.1%	3.4%
UNC Charlotte			94.1%	3.1%	94.3%	
Dallas Fort Worth	+3.2%	3.3%	94.5%	2.3%	93.8%	2.4%
Allen/McKinney			93.7%	0.6%	93.2%	
Northeast Dallas			93.9%	3.0%	91.5%	
Denver/Boulder	+2.1%	3.7%	94.8%	3.5%	93.9%	2.9%
Thornton/Northglenn			94.1%	4.0%	93.9%	
Houston	+3.5%	3.9%	92.9%	0.3%	93.1%	4.0%
Bear Creek			93.5%	0.4%	93.7%	
Humble/Kingwood			93.7%	-1.5%	93.6%	
Las Vegas	+3.4%	4.5%	95.1%	7.4%	94.7%	5.0%
South Las Vegas			95.5%	7.3%	95.2%	
Nashville	+2.0%	2.3%	94.7%	2.6%	94.4%	3.3%
Murfreesboro/Smyrna			96.0%	4.6%	94.6%	
Orlando	+4.0%	3.0%	96.1%	5.0%	97.1%	3.7%
Kissimmee/Osceola County			97.0%	4.6%	97.4%	
Sanford/Lake Mary			96.4%	3.9%	96.5%	
East Orange County			95.7%	5.7%	96.6%	
Phoenix	+3.7%	4.5%	95.4%	7.4%	94.7%	4.0%
Deer Valley			96.0%	7.9%	95.1%	
Raleigh/Durham	+3.0%	3.3%	94.9%	2.8%	95.0%	2.6%
South Cary/Apex			94.7%	2.1%	93.7%	
San Antonio	+0.8%	3.2%	93.3%	2.4%	93.0%	2.1%
Medical Center			92.3%	2.6%	92.5%	
Tampa	+1.7%	3.2%	95.4%	4.4%	94.7%	3.9%
New Tampa/East Pasco County			95.5%	4.9%	94.6%	

Sources: 1 – United States Bureau of Labor Statistics 2 – MPF Research

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Investment Market Update

Commercial real estate investment demand continues to be strong nationally. There is significant demand from real estate private equity firms that have recently raised funds. Capitalization rates for suburban, Class "A", multi-family real estate in the Fund's metropolitan markets are approximately 4.25% to 5.25%, depending on the quality and location of the apartment community.

Ten Year U.S. Treasury bonds were yielding approximately 2.7% as at March 6, 2019. Lender spreads have compressed to offset increases in treasury yields and all-in interest rates continue to remain low versus historical levels with debt readily available at lower leverage levels.

Property Improvements

At The Allure, swimming pool area upgrades were completed in Q4 of 2018. In addition, The Boardwalk Med Center clubhouse renovation project is expected to be completed in Q2 of 2019.

The Manager continues to undertake in-suite upgrades including the installation of plank flooring, kitchen backsplash, quartz countertops, framed bathroom mirrors, smart technology thermostats and screened in porches where possible throughout the portfolio in order to generate rental premiums of U.S.$50-$100 per suite per month. These upgrades are scheduled to be completed during 2018 Q2.

Property Management and Rental Rates

Property Management

The Fund benefits from the local real estate expertise and market intelligence of best-in-class property managers. Alliance Residential Company, the seventh largest third-party manager in the U.S., provides property management for seven properties totaling 2,324 suites. The Pinnacle Family of Companies, the third largest third-party manager in the U.S., provides property management for seven properties totaling 2,147 suites. Greystar Real Estate Partners, the largest third-party, multi-family property manager in the U.S. provides property management for six properties totaling 1,911 suites. The Altman Companies, a third-party manager in the U.S. with local market expertise and experience, provides property management for two properties totaling 619 suites. High 5 Realty Advisors, LLC a local third-party manager in the U.S. with local market expertise and experience, provides property management for one property with a total of 288 suites.

Utilization of Yield Management Software

The Manager continues to utilize yield management software at all of its Properties. This software provides updated pricing on a daily basis, optimizing asking rents and renewal rents in real time, based on supply and demand for different suite types. This rental rate optimization system is similar to those employed by the hotel and airline industries to manage their room rates and flight prices.

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Ancillary Services Update

The Manager continues to maximize ancillary revenue by ensuring that all rates for ancillary services are at market levels. Privacy yards for select suites are being installed at Alexander Village, The Falls at Eagle Creek, Palm Valley Apartments, Soho Parkway Apartments, Travesia Apartments, City North at Sunrise Ranch, Copperfield Apartments, Falls at Copper Lake and The Village at Marquee Station which generate approximately $100 per month of additional ancillary income per yard. The Properties continue to offer trash pick-up services.

The Manager has implemented a new cable contract Pure Living and Verano Apartments. The new agreement provides high quality, wireless internet and multiple premium television channels under an arrangement where the Manager purchases internet and cable from the provider and resells to residents. As well, renegotiated valet trash agreements resulted in net savings across the entire portfolio.

Outlook

The Manager believes the portfolio will continue to benefit from strong demand for residential rental accommodation based on the quality of its apartment communities, low unemployment rates, strong job growth and rising single family home prices. The performance of the U.S. economy, home ownership rates and local markets continue to support improved multi-family real estate fundamentals. The Fund expects to continue to produce consistent investment returns for unitholders.

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The Fund's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms used in this Newsletter 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 Management Discussion & Analysis and are available on the Fund's profile on SEDAR at www.sedar.com.

This Newsletter contains statements that may constitute forward-looking information within the meaning of Canadian securities laws and which reflect current expectations of the Fund's management regarding future events, including statements concerning: the payment of distributions; the value of the Properties; the trading price of units; national and local real estate market conditions and economic variables; rental rates; occupancy rates; currency exchange rates; the potential results from yield management software; and type, timing and cost of capital improvements.

The forward-looking statements involve risks and uncertainties, including those discussed in the Fund's materials filed with the Canadian securities regulatory authorities from time to time at www.sedar.com, which could cause the actual results and performance of the Fund to differ materially from the forward-looking statements contained in this Newsletter. Those risks and uncertainties include, among other things, risks related to: the reliance on the Manager; the experience of the Fund's officers and directors; real estate ownership; substitutes for residential real estate rental suites; government regulation; financing; interest rate fluctuations; reliance on property management; competition for real property tenants; fluctuations in capitalization rates; U.S. market factors; and currency exchange rates.

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 mortgage financing and current interest rates; the extent of competition between properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund intends to or does operate; the ability of the Manager to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Readers are cautioned against placing undue reliance on forward-looking statements. Except as required by applicable Canadian securities laws, neither the Fund nor the Manager undertakes any obligation to update or revise publicly any forward-looking statements, 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.

This newsletter contains statistical data, market research and industry forecasts that were obtained from government and industry publications and reports or are based on estimates derived from such publications and reports and the Manager's knowledge of, and experience in, the markets in which the Fund operates. Actual outcomes may vary materially from those forecast in such publications or reports. While the Fund and its Manager believe this data to be reliable, market and industry data cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed.

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