Condensed Consolidated Interim Financial Statements
(In thousands of U.S. dollars)

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

Three months ended March 31, 2017
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of an entity’s interim financial statements, they must be accompanied by a notice indicating that such financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Starlight U.S. Multi-Family (No. 5) Core Fund (the “Fund”) have been prepared by and are the responsibility of the Fund’s management.

The Fund’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

Condensed Consolidated Interim Statement of Financial Position
(In thousands of U.S. dollars)
(Unaudited)

	Note	March 31, 2017	December 31, 2016
		(Unaudited)	(Audited)
ASSET			
Non-current assets:			
Investment properties	4	$ 1,072,584	$ 1,056,414
Derivative financial instruments	11	357	8
Utility deposits		348	381
Total non-current assets		1,073,289	1,056,803
Current assets:			
Tenant and other receivables	5	1,242	1,007
Prepaid expenses and other assets	6	2,091	983
Restricted cash	7	9,008	11,648
Cash		3,655	7,669
Total current assets		15,996	21,307
TOTAL ASSETS		**$ 1,089,285**	**$ 1,078,110**
LIABILITIES			
Non-current liabilities:			
Mortgages payable	8	$ 565,235	$ 583,459
Preferred shares - U.S. REITs series A	10	625	625
Deferred income tax		86,035	79,961
Total non-current liabilities excluding net liabilities attributable to Unitholders		651,895	664,045
Current liabilities:			
Mortgages payable	8	110,884	92,564
Credit facility	9	8,927	8,792
Tenant rental deposits		1,247	1,232
Accounts payable and accrued liabilities	12	5,446	4,642
Finance costs payable	13	2,595	1,455
Distributions payable		2,077	2,089
Total current liabilities		131,176	110,774
TOTAL LIABILITIES		**783,071**	**774,819**
Net liabilities attributable to Unitholders	15	306,214	303,291
TOTAL LIABILITIES AND NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS		**$ 1,089,285**	**$ 1,078,110**

Commitments and contingencies (Note 20).

Subsequent events (Note 24).

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Directors of Starlight U.S. Multi-Family (No. 5) Core GP, Inc., as General Partner for Starlight U.S. Multi-Family (No.5) Core Fund on May 18, 2017, and signed on its behalf:

Daniel Drimmer Director   *Graham Rosenberg* Director

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

Condensed Consolidated Interim Statement of Net Income and Comprehensive Income
Three months ended March 31, 2017
(In thousands of U.S. dollars)
(Unaudited)

	Note		Three months ended March 31, 2017
			(Unaudited)
Revenue from property operations		$	24,311
Expenses:			
Property operating costs			6,232
Realty taxes			16,898
Income from rental operations			1,181
Finance costs	18		5,292
Distributions to Unitholders			6,178
Dividends to Preferred Shareholders ï U.S. REITs series A			19
Fund and trust expenses	14		1,421
Unrealized foreign exchange loss			86
Realized foreign exchange loss			10
Fair value adjustment investment properties	4		(9,695)
Fair value adjustment IFRIC 21			(12,644)
Income before income taxes			10,514
Income taxes - current			106
- deferred			6,074
Net income and comprehensive income		**$**	**4,334**

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

Condensed Consolidated Interim Statement of Changes in Net Liabilities Attributable to Unitholders
Three months ended March 31, 2017
(In thousands of U.S. dollars)
(Unaudited)

	Class A	**Class C**	**Class D**	**Class E**	**Class F**	**Class H**	**Class U**	**Total**
Balance, December 31, 2016	$86,599	$83,852	$78,619	$17,907	$20,985	$ 887	$14,442	$303,291
Changes during the period:								
Units repurchased and cancelled under normal course issuer bid (ñNCIBò)	(1,411)	-	-	-	-	-	-	(1,411)
Re-allocation due to unit conversions	3,126	(58)	(1,955)	509	(1,081)	(8)	(533)	-
Net income and comprehensive income	1,268	1,203	1,101	264	286	12	200	4,334
Balance, March 31, 2017	**$89,582**	**$84,997**	**$77,765**	**$18,680**	**$20,190**	**$ 891**	**$14,109**	**$306,214**

See accompanying notes to the condensed consolidated interim financial statements.

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

Condensed Consolidated Interim Statement of Cash Flows
(In thousands of U.S. dollars)
(Unaudited)

	Note	For the period ended March 31, 2017
		(Unaudited)
Operating activities:		
Net income and comprehensive income		$ 4,334
Adjustments for financing activities included in net income and comprehensive income:		
Finance costs	18	5,292
Distributions to Unitholders		6,178
Distributions to Preferred Shareholders ï U.S. REITs series A		19
Adjustments for items not involving cash:		
Fair value adjustment of investment properties including IFRIC 21	4	(14,813)
Unrealized foreign exchange loss		86
Change in non-cash operating working capital	19	637
Change in restricted cash		2,640
Deferred tax		6,074
Cash provided by operating activities		10,447
Financing activities:		
Repurchase of units under NCIB	15	(1,411)
Mortgage payable:		
Principal payments		(399)
Finance costs paid		(5,097)
Distributions to Unitholders		(6,178)
Distributions to Preferred Shareholders ï U.S. REITs series A		(19)
Cash used in financing activities		(13,104)
Investing activities:		
Capital additions to investment properties	4	(1,357)
Cash used in investing activities		(1,357)
Decrease in cash		(4,014)
Cash, beginning of period		7,669
Cash, end of period		**$ 3,655**

See accompanying notes to the condensed consolidated interim financial statements.

Starlight U.S. Multi-Family (No. 5) Core Fund (the “Fund”) is a limited partnership formed under and governed by the laws of the Province of Ontario. The term of the Fund is targeted to be three years, with two one-year extension options available through approval by the General Partner. The Fund may be extended beyond five years by the passing of a special resolution by the unitholders of the Fund (“Unitholders”). The Fund was established for the primary purpose of indirectly owning an aggregate of 5,882 multi-family apartment suites in 20 properties located in the States of Florida, Georgia, North Carolina and Texas, in the United States.

The Fund’s initial properties were indirectly acquired through the exchange of the limited partnership units of Starlight U.S. Multi-Family Core Fund, Starlight U.S. Multi-Family (No. 2) Core Fund, Starlight U.S. Multi-Family (No. 3) Core Fund, Starlight U.S. Multi-Family (No. 4) Core Fund and the exchange of common shares of Campar Capital Corporation for limited partnership units of the Fund (the “Plan of Arrangement”). Subsequent to completion of its initial public offering on October 18, 2016, the Fund indirectly acquired three additional properties comprised of an aggregate of 910 multi-family apartment suites located in the States of Georgia, Nevada and Texas in the markets of Atlanta, Las Vegas and Austin, respectively, in the United States.

The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto Ontario M8X 2X3.

1. Basis of presentation:

(a) Statement of compliance:

These condensed consolidated interim financial statements of the Fund have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards and using accounting policies described herein.

(b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for investment properties and derivative financial instruments which have been measured at fair value.

(c) Comparatives:

The Fund was registered on August 26, 2016 and accordingly, no comparatives have been presented in the condensed consolidated interim statement of net income and comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statements of changes in net liabilities attributable to Unitholders or the related notes thereto.

1. Basis of presentation (continued):

(d) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in U.S. dollars, which is the functional currency of the Fund and its subsidiaries and all amounts have been rounded to the nearest thousand except when otherwise indicated.

Transactions in currencies other than U.S. dollars are translated at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into U.S. dollars at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. dollars at the exchange rate at the date the fair value was determined.

Foreign currency gains or losses arising from settlement of transactions or translations are included in the condensed consolidated interim statement of net income and comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.

(e) Critical judgements and estimates:

The preparation of these condensed consolidated interim financial statements in conformity with IFRS require 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. Significant accounting policies:

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies included in the Fund's period ended December 31, 2016 audited consolidated financial statements. These accounting policies are based on the IFRS applicable at that time. The condensed consolidated interim financial statements do not include all of the disclosures included in the period ended December 31, 2016 audited consolidated financial statements and accordingly, should be read in conjunction with the period ended December 31, 2016 audited consolidated financial statements and notes thereto.

3. Adoption of accounting standards:

Future Accounting Policy Changes:

Certain new standards, interpretations and improvements to existing standards were issued by the International Accounting Standards Board (ñIASBò) or IFRIC but are not yet effective for the period ended March 31, 2017. Management is assessing the effects of the pronouncements on the Fund. The standards impacted that may be applicable to the Fund are following:

(i) Financial Instruments (ñIFRS 9ò):

IFRS 9 Financial Instruments, addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method be used. Additionally, a new hedge accounting model will allow entities to better reflect their risk management activities has been included in the standard. The amendments complete the IASBôs financial instruments project and the standard is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Fund intends to adopt the amended standard on the required effective date. However, the Fund has completed an assessment of the extent to which changes will be required and does not consider the section to have a significant impact, if any, based on the current status.

(ii) Revenue from Contracts with Customers (ñIFRS 15ò):

IFRS 15 Revenue from Contracts with Customers, is a new standard issued by the IASB. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Fund expects to be entitled in exchange for those goods or services.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue - Barter Transactions Involving Advertising Services. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively.

3. Adoption of accounting standards (continued):

(ii) Revenue from Contracts with Customers (ñIFRS 15ò) (continued):

The Fund intends to adopt the amended standard on the required effective date. However, the Fund has completed an assessment of the extent to which changes will be required and does not consider the section to have a significant impact, if any, based on the current status.

(iii) Leases (ñIFRS 16ò):

IFRS 16 Leases was issued by the IASB in January 2016. IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15, Revenue from Contracts with Customers, has also been applied.

The Fund intends to adopt the amended standard on the required effective date. However, the Fund has completed an assessment of the extent to which changes will be required and does not consider the section to have a significant impact, if any, based on the current status.

(iv) Investment Properties (ñIAS 40ò):

During December 2016, the IASB issued an amendment to IAS 40 clarifying certain existing requirements. The amendment requires an asset be transferred to or from investment property only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in managementôs intentions for the use of a property does not provide evidence of a change in use. These amendments are effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

The Fund intends to adopt the amended standard on the required effective date. However, the Fund has completed an assessment of the extent to which changes will be required and does not consider the section to have a significant impact, if any, based on the current status.

(In thousands of U.S. dollars, unless otherwise noted)

4. Investment properties:

The following table summarizes the change in the investment properties for the three months ended March 31, 2017 and the period ended December 31, 2016:

Balance, August 26, 2016	$	-
Acquisitions relating to the Plan of Arrangement		909,118
Acquisitions of investment properties		141,499
Capital additions		1,192
Fair value adjustment		1,090
IFRIC 21 realty tax liability adjustment		3,515
Balance, December 31, 2016		1,056,414
Acquisitions of investment properties		-
Capital additions		1,357
Fair value adjustment		9,695
IFRIC 21 realty tax liability adjustment		5,118
Balance, March 31, 2017	$	1,072,584

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

	March 31, 2017	December 31, 2016
Cost	$ 1,053,166	$ 1,051,809
Cumulative fair value adjustment	10,785	1,090
Cumulative IFRIC 21 realty tax liability adjustment	8,633	3,515
Fair value	$ 1,072,584	$ 1,056,414

The key valuation assumptions for investment properties are set out in the following table:

	March 31, 2017	December 31, 2016
Capitalization rates - range	4.63% to 5.50%	4.75% to 5.50%
Capitalization rate - weighted average	5.04%	5.06%

(In thousands of U.S. dollars, unless otherwise noted)

4. Investment properties (continued):

Purchase prices for acquisitions relating to the Plan of Arrangement were based on valuations prepared by independent qualified valuators. The Fund determined the fair value of each investment property using the direct income capitalization approach. The capitalized earnings reflect rental income from current leases and assumptions about rental income from future leases and occupancy reflecting market conditions at the reporting date, less future cash outflows in respect of such leases.

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

Weighted average	Change		March 31, 2017		December 31, 2016
Capitalization rate	10-basis-points increase	$	(21,521)	$	(20,709)
Capitalization rate	10-basis-points decrease	$	21,279	$	21,549

The impact of a one percent change in the net operating income used to value the investment properties as at March 31, 2017 would affect the fair value by approximately $10,765 (December 31, 2016 - $10,654).

5. Tenant and other receivables:

The following table presents details of the tenant and other receivables balances:

		March 31, 2017		December 31, 2016
Tenant receivables, net	$	453	$	399
Other receivables		789		608
	$	1,242	$	1,007

The Fund holds no collateral in respect of tenant and other receivables.

6. Prepaid expenses and other assets:

The following table presents details of the prepaid expenses and other assets balances:

		March 31, 2017		December 31, 2016
Prepaid insurance	$	1,766	$	661
Prepaid expenses		325		322
	$	2,091	$	983

(In thousands of U.S. dollars, unless otherwise noted)

7. Restricted Cash:

The following table presents details of the restricted cash balances:

	March 31, 2017	December 31, 2016
Escrowed funds:		
Real estate taxes	$ 4,229	$ 8,111
Replacement / repairs	1,667	1,098
Property insurance	561	1,187
Interest rate caps	28	304
Insurance proceeds	1,935	374
Internally Restricted Cash:		
Security deposit	588	574
	$ 9,008	$ 11,648

Restricted cash includes cumulative amounts that are paid monthly into reserves for real estate taxes and property insurance obligations coming due within a 12-month period. Replacement/repairs restricted cash includes cumulative amounts that are paid monthly to lenders that are reserved for planned capital improvements either for specific repairs or non-specific operating maintenance. Escrowed interest rate caps relate to restricted funds to meet lender requirements to purchase interest rate cap agreements, if mortgages with floating rates reach specific interest rate levels as defined in each mortgage agreement.

Insurance proceeds relate to partial settlement funds received to cover fire-related expenses at Yorktown Crossing caused by a fire that took place on August 17, 2016. The fire was caused by a lightning strike. One of the 13 buildings comprising 24 multi-family apartment suites at the property was impacted. For the three months ended March 31, 2017, $80 (period from August 17, 2016 to December 31, 2016 - $115) has been recognized in revenue from property operations in connection with the insurance claim for loss of income since the fire occurred and $1,555 was received in insurance proceeds to replace the subject building (period from August 26, 2016 to December 31, 2016 - $500). The Fund is currently in the process of rebuilding the 24 suites impacted and expects the proceeds to be sufficient to cover the entire rebuild.

Security deposits relate to funds paid by tenants that are specifically restricted until a tenant exits a lease and are either refunded or applied to their lease, as applicable.

(In thousands of U.S. dollars, unless otherwise noted)

8. Mortgages payable:

Mortgages payable are secured by investment properties and bear interest at various fixed and variable rates. The Fundõs variable rate mortgages were based on U.S. 30-day LIBOR (ñLIBORó) plus an interest rate spread.

Property Name	Payment Terms	Maturity Date	Interest Rate	March 31, 2017	December 31, 2016
Eagle Creek	Monthy blended principal and interest payments	December 2021	LIBOR + 1.94%	$ 34,162	$ 34,350
Greenhaven	Monthy blended principal and interest payments	December 2021	LIBOR + 1.97%	19,593	19,700
Villages of Towne Lake	Monthy blended principal and interest payments	November 2022	4.02%	8,624	8,670
Sorelle	Interest only	September 2018 + two one-year extension options	LIBOR + 2.00%	44,651	44,651
Belle Haven	Interest only	March 2018 + two one-year extension options	LIBOR + 2.00%	17,820	17,820
Villages of Sunset Ridge	Interest only until August 2019	July 2025	LIBOR + 1.98%	21,695	21,695
Palm Valley	Interest only until April 2017	March 2025	LIBOR + 1.84%	31,575	31,575
Soho	Interest only until July 2017	June 2022	LIBOR + 1.96%	33,900	33,900
Travesia	Interest only	April 2018 + a one-year extension option	LIBOR + 1.75%	36,000	36,000
Allure	Interest only until July 2019	July 2025	LIBOR + 1.98%	36,909	36,909
Cinco	Interest only	July 2017 + two one-year extension options	LIBOR + 2.00%	23,900	23,900
Jones Road	Interest only	December 2017 + two one-year extension options	LIBOR + 2.00%	9,200	9,200
Grand Cypress	Interest only until February 2018	January 2023	LIBOR + 2.25%	37,600	37,600
Verano	Monthy blended principal and interest payments	February 2023	LIBOR + 2.56%	37,942	38,000
Boardwalk	Interest only	August 2017	LIBOR + 1.75%	23,238	23,238
South Boulevard	Interest only	July 2017 + a three-month extension option	LIBOR + 1.75%	34,840	34,840
City North	Interest only	November 2019 + two one-year extension options	LIBOR + 2.00%	35,496	35,496
Coolray	Interest only	November 2019 + two one-year extension options	LIBOR + 1.90%	23,075	23,075
Pooled Mortgage (i)	Interest only	November 2021 + a one-year extension option.	LIBOR + 2.40%	171,679	171,679
Face value				681,899	682,298
Mortgage discount				(77)	(80)
Unamortized financing costs				(5,703)	(6,195)
Carrying value				$ 676,119	$ 676,023

(i) The pooled mortgage includes five properties: Marquee Station, Falls at Copper Lake, Yorktown Crossing, Reserves at Alafaya and Pure Living.

(In thousands of U.S. dollars, unless otherwise noted)

8. Mortgages payable (continued):

Mortgages payable are classified as current liabilities if they are due and payable within 12-months after the date of the condensed consolidated interim statement of financial position. The following table provides a breakdown of current and non-current portions of mortgages payable:

		March 31, 2017		December 31, 2016
Current:				
Mortgages payable	$	112,464	$	94,308
Mortgage premium		(13)		(13)
Unamortized financing costs		(1,567)		(1,731)
		110,884		92,564
Non-current:				
Mortgages payable		569,435		587,990
Mortgage premium		(64)		(67)
Unamortized financing costs		(4,136)		(4,464)
		565,235		583,459
Balance	$	676,119	$	676,023

Future principal payments on mortgages payable are as follows:

		Principal payment		Balloon payment		Total
2017 ï remainder of year	$	2,404	$	91,178	$	93,582
2018		4,281		98,470		102,751
2019		4,847		58,571		63,418
2020		5,530		-		5,530
2021		5,291		219,835		225,126
Thereafter		7,798		183,694		191,492
Total	$	30,151	$	651,748	$	681,899

9. Credit facility:

On October 19, 2016, the Fund entered into a credit facility agreement (the ñCredit facilityò) with a Canadian chartered bank with a maturity date of October 19, 2017 which is secured by a general charge over the Fund properties, assets and undertakings and is subordinate to any permitted liens. The Credit facility has two tranches: Tranche A allows the Fund to borrow up to C$10,000; and Tranche B allows the Fund to borrow up to C$13,000. Both tranches consist of interest and fees payable on the first day of each month in arrears, up to and including the maturity date, at either the prime rate plus a weighted average of 3.39% over the life of the Credit facility or the bankerõs acceptance (ñBAò) stamping fee plus a weighted average of 4.39% over the life of the Credit facility.

As at March 31, 2017, the Fund had drawn $8,927 (December 31, 2016 - $8,792), net of unamortized financing costs of $96 (December 31, 2016 - $145) on the Credit facility. All amounts drawn were BA advances, including C$10,000 from Tranche A and C$2,000 from Tranche B. A 0.50% standby fee is charged on any undrawn amount under the Credit facility.

Included in finance costs is interest of $100 relating to the BA advances and $10 of standby fees for the period ended March 31, 2017 (December 31, 2016 - $62 and $7 respectively).

10. Preferred shares – U.S. REITs Series A:

The Funds subsidiaries, Starlight U.S. Multi-Family Core REIT Inc., Starlight U.S. Multi-Family (No. 2) Core REIT Inc., Starlight U.S. Multi-Family (No. 3) Core REIT Inc., Starlight U.S. Multi-Family (No. 4) Core REIT Inc., and Starlight U.S. Multi-Family (No. 5) Core REIT Inc., collectively (the ñU.S. REITsò) have issued and outstanding 625 series A, preferred shares (ñsharesò) that are held by U.S. residents. The shares are redeemable at the option of the U.S. REITs, at a redemption value of $1 per share. The shares pay a cumulative dividend at 12.5% per annum, semi-annually on June 30 and December 31. The shares have no voting rights.

11. Derivative financial instruments:

(a) Interest Rate Cap

The Fund utilizes interest rate cap agreements to protect its interest costs on eight of its variable rate mortgages as required by the applicable lenders. As the Fund has elected not to use hedge accounting, an unrealized fair value loss of $6 was recorded in finance costs in the condensed consolidated interim statement of net income and comprehensive income for the period ended March 31, 2017 (December 31, 2016ï ($6)).

(In thousands of U.S. dollars, unless otherwise noted)

11. Derivative financial instruments (continued):

The following is a summary of the Fundõs interest rate cap agreements:

	Notional Amount	Maturity Date	Interest Rate Cap	Carrying Value and Fair Value at March 31, 2017	Carrying Value and Fair Value at December 31, 2016
Commonwealth Bank of Australia	$ 19,700	1-Nov-17	3.78%	$ -	$ -
Commonwealth Bank of Australia	34,350	1-Nov-17	4.06%	-	-
SMBC Capital Markets, Inc.	31,575	1-Mar-18	4.00%	-	-
Commonwealth Bank of Australia	33,900	1-Jun-18	3.54%	-	-
Commonwealth Bank of Australia	21,695	1-Jul-18	4.08%	-	-
Commonwealth Bank of Australia	36,909	1-Jul-18	4.00%	-	-
Commonwealth Bank of Australia	37,600	1-Jan-19	4.00%	1	3
SMBC Capital Markets, Inc.	38,000	1-Feb-19	3.75%	1	5
	$ 253,729			$ 2	$ 8

The following table represents a summary of the changes in fair value for the interest rate cap agreements:

Balance, December 31, 2016	$ 8
Unrealized loss for the period	(6)
Balance, March 31, 2017	$ 2

(b) Variable Rate Collar

On March 9, 2017, the Fund entered into a variable rate collar contract with a Canadian chartered bank with a maturity date of March 12, 2018. The contract allows the Fund to exchange U.S. dollar funds for C$29,400 in aggregate or C$2,450 each month to provide the holders of Canadian dollar units with some protection against the weakening of the U.S. dollar up to the date of declaration of distributions. The fair value of the contract as at March 31, 2017 was $355, resulting in an unrealized gain of $355 during the period.

(In thousands of U.S. dollars, unless otherwise noted)

12. Accounts payable and accrued liabilities:

The following table presents the details of accounts payable and accrued liabilities:

	March 31, 2017	December 31, 2016
Tenant prepayments	$ 868	$ 841
Operating payables	221	956
Accrued liability relating to Yorktown Crossing (note 7)	1,679	-
Accrued property management fees, utilities, payroll, other	2,183	2,378
Accrued asset management fees	317	316
Accrued service fees	163	134
Deferred revenue	15	17
	$ 5,446	$ 4,642

13. Finance costs payable:

The following table presents the details of finance costs payable:

	March 31, 2017	December 31, 2016
Accrued interest on mortgages payable	$ 1,558	$ 1,448
Accrued interest on Credit facility	9	7
Insurance financing	1,028	-
	$ 2,595	$ 1,455

14. Fund and trust expenses:

The following table presents the details of Fund and trust expenses:

	March 31, 2017
Asset management fees	$ 918
General and administrative expenses	188
Service fees	163
One-time reorganization costs	152
	$ 1,421

15. Net liabilities attributable to Unitholders:

The beneficial limited partnership interest in the net liabilities and net income (loss) and comprehensive income (loss) of the Fund is held in seven classes of units: class A, C, D, F, H, U and E. The Fund is authorized to issue an unlimited number of units in the classes as described above. Each Unitholder is entitled to one vote for each limited partnership unit held. Each class of unit entitles the holder to the same rights as a Unitholder in another class of units and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of unitsôrights. As there are varying economic values per class of units, the net liabilities attributable to Unitholders will be distributed disproportionately on a per unit basis upon liquidation.

	Units (000's)	Value
Units as at December 31, 2016	49,408	$ 303,291
Class A units repurchased and cancelled under NCIB	(204)	(1,411)
Additional units on conversion	5	-
Net loss and comprehensive loss	-	4,334
Units as at March 31, 2017	49,209	$ 306,214

As at March 31, 2017, the Fund had 49,209,000 total limited partnership units issued and outstanding, comprised of 15,029,777 class A units, 13,511,772 class C units, 13,047,091 class D units, 2,385,486 class E units, 3,283,469 class F units, 149,614 class H units and 1,801,791 class U units. The following table represents a summary of the changes in thousands of units by class:

	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Units as at December 31, 2016	14,728	13,512	13,371	2,318	3,459	151	1,869	49,408
Units repurchased and cancelled under NCIB	(204)	-	-	-	-	-	-	(204)
Units reallocated due to conversions	506	-	(324)	68	(176)	(1)	(68)	5
Units as at March 31, 2017	15,030	13,512	13,047	2,386	3,283	150	1,801	49,209

On October 26, 2016, the Fund announced the TSX Venture Exchange had accepted the Fundôs notice of intention to make the NCIB. Under the NCIB, the Fund may purchase for cancellation up to a maximum of 2,042,526 class A units and 268,912 class U units, representing 10% of the Fundôs public float of class A units and class U units, respectively. The Fund may not purchase more than 2% of the issued and outstanding class A units or class U units during any 30 day period, which as at October 21, 2016, represented 417,231 class A units and 54,066 class U units, respectively.

15. Net liabilities attributable to Unitholders (continued):

The NCIB commenced on November 1, 2016 and will remain in effect until the earlier of (i) October 31, 2017 or (ii) the date on which the Fund has purchased the maximum number of units permitted under the NCIB.

During the period ended March 31, 2017, the Fund purchased and cancelled 204,300 class A units at a total cost of C$1,868, the U.S. dollar equivalent of $1,411 (December 31, 2016 - 196,000, C$1,730, $1,296, respectively).

Carried Interest:

The Manager and the President of the Fund, as holders of the class B limited partnership units of Starlight Investments Partnership, are entitled to 25% of the excess distributable cash after returning: (i) 6.5% per annum on the initial investment amount contributed, less the aggregate agents fees payable, if any, in respect of the limited partnership units of the Fund calculated on a cumulative basis from the effective date of the Plan of Arrangement (the "Minimum Return"); and (ii) the return of the initial investment amount contributed from limited partnership units of the Fund pursuant to the Plan of Arrangement and the Offering, less the aggregate agents fees payable.

In the event the Minimum Return is not received by Unitholders of the Fund, an amount of up to 20% of the deemed value, net of taxes payable, paid as a carried interest in connection with the Plan of Arrangement will be payable to the Fund.

As of March 31, 2017, the Fund has not recognized a carried interest derived from the net liabilities attributable to Unitholders and after taking into account the Minimum Return to Unitholders (December 31, 2016 – $nil).

16. Segmented disclosure:

All of the Fund's assets and liabilities are in, and its revenues are derived from, the U.S. real estate industry segment. The Fund's investment properties are, therefore, considered by management to have similar economic characteristics. No single tenant accounts for 10% or more of the Fund's rental revenue.

17. Transactions with related parties:

The condensed consolidated interim financial statements include the following transactions with related parties:

The Fund engaged the Manager to perform certain management services, as outlined below. The Manager is a related party as it is controlled by a significant Unitholder of the Fund.

(a) Pursuant to the management agreement dated October 15, 2016 (the ñManagement Agreementò), the Manager is to perform asset management services for fees equal to 0.35% of the sum of:

   i. the appraised values of the Properties acquired in connection with the Plan of Arrangement, or in the case of future acquisitions, the purchase price of the Fundõs properties in U.S. dollars; and
   ii. the cost of any capital expenditures in respect of Fundõs properties since the date of acquisition by the Fund in U.S. dollars.

(b) In addition, the Manager is to receive an amount equal to the service fee paid to registered dealers on the Fundõs distributions, paid quarterly in arrears.

Included in Fund and trust expenses is $918 in asset management fees and $163 in service fees charged by the Manager (note 14) for the period ended March 31, 2017, of which $480 is payable (Note 12) at March 31, 2017 (December 31, 2016 - $450).

(c) Pursuant to the Management Agreement, the Manager 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 the Manager calculated as follows:

   i. 1.0% of the purchase price of a property, on the first $100,000 of properties acquired in each calendar year;

   ii. 0.75% of the purchase price of a property, on the next $100,000 of properties acquired in each calendar year; and

   iii. 0.50% of the purchase price on properties in excess of $200,000 of properties acquired in each calendar year.

For the period ended March 31, 2017, the Fund incurred acquisition fees of $nil.

(In thousands of U.S. dollars, unless otherwise noted)

18. Finance costs:

The following table presents the details of finance costs:

	For the period ended, March 31, 2017
Interest on mortgages payable	$ 4,964
Interest and standby charges on Credit facility	109
Amortization of mortgage discount	3
Amortization of financing costs	562
Fair value gain on derivative financial instruments	(349)
Other interest	3
	$ 5,292

19. Change in non-cash operating working capital:

The following table presents the changes in non-cash operating working capital:

	For the period ended, March 31, 2017
Utility deposits	$ 33
Tenant and other receivables	(235)
Prepaid expenses and other assets	(1,108)
Tenant rental deposits	15
Accounts payable and accrued liabilities	804
Finance cost payable	1,140
Distribution payable	(12)
	$ 637

20. Commitments and contingencies:

At March 31, 2017, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of March 31, 2017 expire within 12-months. The Fund holds commitments to provide for carried interest when applicable, to pay service fees on outstanding class A units and class U units and to distribute excess cash to Unitholders.

The Fund may be involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, none of these, individually or in aggregate, would result in the recognition of 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 trustees and officers of the Fund and its subsidiaries.

21. Capital management:

The Fund's capital management objectives and policies are to maintain a strong capital base so as to support ongoing operations, maintain creditor and market confidence and to sustain future development of the business. Capital consists of mortgages payable, the Credit facility and net liabilities attributable to Unitholders. The Fund monitors capital using tools designed to anticipate cash needs and to maintain adequate working capital, while also distributing appropriate amounts to the Unitholders on a regular basis.

The Fund was in compliance with all financial covenants as at March 31, 2017.

22. Risk management:

The Fund's activities expose it to credit risk, market risk, liquidity risk and currency risk. These risks and the actions taken to manage them are as follows:

(a) Credit risk:

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; and (ii) the possibility that the residents may experience financial difficulty and be unable to meet their rental obligations. The properties mitigate the risk of credit loss with respect to residents by evaluating creditworthiness of new residents, obtaining security deposits wherever permitted by legislation and geographically diversifying the location of the properties. The Fund monitors its collection experience on a monthly basis and ensures a stringent policy is adopted to provide for all past due amounts. Subsequent recoveries of amounts previously written-off are credited in the consolidated statements of net loss and comprehensive loss.

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices. The investment properties are subject to the risks associated with debt financing, including the risk that mortgages and credit facilities will not be refinanced on terms as favourable as those of the existing indebtedness.

The Fund's objective in managing interest rate risk is to minimize the volatility of the Fund's income. The Fund has the ability to enter into interest rate cap agreements for all its floating rate mortgages. Loan agreements for some of the Fund's properties require the Fund to enter into an interest rate cap agreement once LIBOR reaches stipulated levels. For the period ended March 31, 2017, all else being equal, an increase or decrease of ten basis points in LIBOR would impact net income (loss) and comprehensive income (loss) by $170 (December 31, 2016 - $138).

22. Risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Fund may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. To mitigate the risk associated with the refinancing of maturing debt, the Fund staggered the maturity dates of its mortgage portfolio over a number of years and has options to extend certain mortgages.

All of the Fund's current liabilities have contractual maturities of less than 12 months and are subject to normal trade terms. For contractual maturities of mortgages payable, see note 8.

(d) Currency risk:

Currency risk is the risk the Fund encounters from fluctuations in the Canadian/U.S. dollar exchange rate. The revenues and expenses of the investment properties are denominated in U.S. dollars and distributions made to the Fund Unitholders are in both Canadian and U.S. dollars. The Fund converts such distribution amounts into Canadian dollars, as applicable, before distributions are paid to Unitholders. As a consequence, distributions are impacted by the prevailing exchange rates.

As at March 31, 2017, the Fund had entered into a variable rate collar arrangement to provide some protection against the impact of changes in the Canadian/U.S. dollar exchange rate on the Fund's monthly distributions on Canadian dollar units (note 11).

23. Fair value measurement of financial instruments:

The Fund uses various methods in estimating the fair values recognized in the consolidated financial statements. The fair value hierarchy reflects the significance of inputs used in determining the fair values:

- Level 1 - quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 - valuation technique for which significant inputs are not based on observable market data.

23. Fair value measurement of financial instruments (continued):

The following summarizes the significant methods and assumptions used in estimating fair values of the Fund's financial instruments:

(i) The fair value of the Fund's financial assets, which include tenant and other receivables, restricted cash and cash, as well as financial liabilities, which include tenant rental deposits, accounts payable and accrued liabilities, Preferred shares – U.S. REITs series A, finance cost payable and distributions payable, approximate their carrying amounts due to their short-term nature (Level 1).

(ii) Derivative financial instruments are considered as Level 2 financial instruments.

(iii) The fair value of mortgages payable and Credit facility is estimated based on the current market rates for debt with similar terms and conditions (Level 2). The fair value of the Fund's mortgages payable and Credit facility as at March 31, 2017 approximated their carrying value.

(iv) Investment properties and net liabilities attributable to Unitholders are considered as Level 3 financial instruments due to the extent of assumptions required beyond observable market data to derive the fair values.

24. Subsequent events:

Subsequent to March 31, 2017, the Fund purchased and cancelled 112,400 Class A units at a total cost of C$1,067, the U.S. dollar equivalent of $789.