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

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

For the period from April 24, 2017 (date of formation) to June 30, 2017
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF 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 consolidated interim financial statements of Starlight U.S. Multi-Family (No.1) Value-Add 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 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. 1) VALUE-ADD FUND

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

	Note		As at June 30, 2017
ASSETS			
Non-current assets:			
Investment properties	4	$	155,254
Utility deposits			10
Total non-current assets			155,264
Current assets:			
Tenant and other receivables	5		77
Prepaid expenses and other assets	6		229
Restricted cash	7		3,313
Cash			9,964
Total current assets			13,583
TOTAL ASSETS		**$**	**168,847**
LIABILITIES			
Non-current liabilities:			
Mortgages payable	8	$	104,464
Deferred income tax			72
Total non-current liabilities excluding net liabilities attributable to Unitholders			104,536
Current liabilities:			
Mortgages payable	8		(243)
Tenant rental deposits			417
Accounts payable and accrued liabilities	9		2,290
Finance cost payable			135
Total current liabilities excluding net liabilities attributable to Unitholders			2,599
TOTAL LIABILITIES		**$**	**107,135**
Net liabilities attributable to Unitholders	11		61,712
TOTAL LIABILITIES AND NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS		**$**	**168,847**

Commitments and contingencies (Note 16).

See accompanying notes to the consolidated interim financial statements.

Approved by the Board of Directors of Starlight U.S. Multi-Family (No. 1) Value-Add GP, Inc., as General Partner for Starlight U.S. Multi-Family (No. 1) Value-Add Fund on August 10, 2017, and signed on its behalf:

Daniel Drimmer Director *Graham Rosenberg* Director

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

Consolidated Interim Statement of Net Income and Comprehensive Income
(In thousands of U.S. dollars)
(Unaudited)

	Note	For the period from April 24, 2017 (date of formation) to June 30, 2017
Revenue from property operations		$ 586
Property operating costs		135
Income from rental operations		451
Finance costs	14	145
Fund and trust expenses	10	71
Unrealized foreign exchange gain		(3)
Fair value adjustment IFRIC 21		102
Income before income taxes		136
Income taxes: - current	2(h)	1
- deferred	2(h)	72
Net income and comprehensive income		**$ 63**

See accompanying notes to the consolidated financial statements.

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

Consolidated Interim Statement of Changes in Net Liabilities Attributable to Unitholders
For the period from April 24, 2017 (date of formation) to June 30, 2017
(In thousands of U.S. dollars)
(Unaudited)

	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Balance, April 24, 2017	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Changes during the period:								
Units issued on offering, net of issue costs	12,918	12,061	9,994	9,305	13,119	1,338	2,914	61,649
Re-allocation due to unit conversions	(492)	-	500	876	(8)	-	(876)	-
Net Income and comprehensive Income	13	12	11	11	13	1	2	63
Balance, June 30, 2017	**$12,439**	**$12,073**	**$10,505**	**$10,192**	**$13,124**	**$1,339**	**$2,040**	**$61,712**

See accompanying notes to the consolidated interim financial statements.

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

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

	Note		For the period from April 24, 2017 (date of formation) to June 30, 2017
Operating activities:			
Net income and comprehensive income		$	63
Adjustments for financing activities included in net income and comprehensive income:			
Finance costs	14		145
Adjustments for items not involving cash:			
Fair value adjustment of investment properties including IFRIC 21			(1,254)
Change in non-cash operating working capital	15		428
Deferred tax			72
Cash used in operating activities			**(546)**
Financing activities:			
Proceeds from the issuance of units, net of issuance costs			61,649
Mortgages payable:			
Proceeds from new financing	3		104,211
Finance costs paid			(135)
Cash provided by financing activities			**165,725**
Investing activities:			
Acquisitions of investment properties	3		(155,193)
Capital additions to investment properties	4		(22)
Cash used in investing activities			**(155,215)**
Increase in cash			9,964
Cash, beginning of period			-
Cash, end of period		**$**	**9,964**

See accompanying notes to the consolidated financial statements.

Starlight U.S. Multi-Family (No. 1) Value-Add 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 extensions available subject to approval by the General Partner. The Fund may be extended beyond five years by a special resolution by the unitholders ("Unitholders") of the Fund.

The Fund was established for the purpose of investing 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, and are located primarily in the States of Arizona, Colorado, Florida, Georgia, Nevada, North Carolina, Tennessee and Texas. Following completion of the initial public offering (the "Offering"), the Fund acquired two multi-family residential properties comprising a total of 943 suites located in the States of Arizona and Texas in the markets of Phoenix and Austin, respectively. The balance of the net proceeds of the Offering will be used to subsequently acquire one or more additional value-add income-producing, multi-family properties in the above-noted target markets within the United States. The Fund is managed by Starlight Group Property Holdings Inc. (the "Manager") and is a related party.

On June 16, 2017, the Fund completed the Offering and issued the following limited partnership units: 1,834,158 Class A units, 1,622,500 Class C units, 1,419,000 Class D units, 1,805,408 Class F units and 190,000 Class H units at a price of C$10.00 and 312,080 Class U units and 996,700 Class E units, at a price of $10.00. The class A units and class U units distributed under the Offering were listed on the TSX Venture Exchange (the "Exchange") under the symbols SUVA.A and SUVU.U, respectively.

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 consolidated interim financial statements of the Fund have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using accounting policy described herein.

(b) Basis of measurement:

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

1. Basis of presentation (continued):

(c) Comparatives:

The Fund was established on April 24, 2017 and accordingly, no comparatives have been presented in the consolidated interim statement of net income and comprehensive income, the consolidated interim statement of cash flows and the consolidated interim statement of changes in net liabilities attributable to Unitholders or the related notes thereto.

(d) Functional and presentation currency:

These 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 that the fair value was determined.

Foreign currency gains or losses arising from settlement of transactions or translations are included in the consolidated statement of net loss and comprehensive loss. 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 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:

(a) Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries. All intercompany transactions and account balances have been eliminated upon consolidation.

When the Fund is exposed to, or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over such investee, the investee is considered a subsidiary. The existence and effect of potential substantive voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are de-consolidated from the date control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Fund using consistent accounting policies.

The following significant entities operate as wholly owned subsidiaries of Fund:

- Starlight U.S. Multi-Family (No.1) Value-Add Investment L.P. (“Investment L.P.”)
- Starlight U.S. Multi-Family (No.1) Value-Add Holding L.P. (“Holding L.P.”)
- Starlight U.S. Multi-Family (No.1) Value-Add REIT Inc. (“U.S. REIT”)

(b) Critical judgments and estimates:

The preparation of consolidated interim 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. 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. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

2. Significant accounting policies (continued):

(b) Critical judgments and estimates (continued):

(i) 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 impacts 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.

(ii) 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.

(iii) Investment properties:

The estimates used when determining the fair value of investment properties are capitalization rates and 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 are 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. The Fund determines fair value internally utilizing financial information, external market data and capitalization rates provided by independent industry experts and third party appraisals.

2. Significant accounting policies (continued):

(b) Critical judgments and estimates (continued):

(iv) 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.

(v) 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 apply 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 Fund's investment properties or through a disposition of its ownership interests in its U.S. subsidiaries.

(vi) 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 Starlight Investments Value-Add Partnership ("SLVAP") 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. See note 11.

2. Significant accounting policies (continued):

(c) Investment properties:

The Fund selected the fair value method to account for real estate classified as investment property. A property is determined to be an investment property when it is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties include land and building structures, as well as residential suites situated on the properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of net loss and comprehensive loss in the period in which they arise.

Fair values are primarily determined by using the capitalized net operating income method which applies a capitalization rate to the future stabilized cash flows of the property. The capitalization rate applied is reflective of the characteristics, location and market of the property. The stabilized cash flows of the property are 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. The Fund determines fair value internally utilizing internal financial information, external data and capitalization rates provided by industry experts. Gains and losses arising from changes in the fair value or disposal of investment properties are included in the consolidated statement of loss and comprehensive loss in the period in which they arise. Subsequent capital expenditures are added to the carrying value of investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably.

(d) Cash and restricted cash:

Cash includes unrestricted cash and balances held in the Fund's bank accounts. Restricted cash can only be used for specified purposes and includes amounts held by lenders for insurance, property taxes, repairs and replacements. Tenant security deposits held by the Fund are also deemed restricted cash. The Fund may also internally restrict cash if necessary.

(e) Revenue recognition:

The Fund has retained substantially all of the risks and benefits of ownership of its investment properties and, therefore, accounts for its leases with tenants as operating leases.

2. Significant accounting policies (continued):

(e) Revenue recognition (continued):

Revenue from investment properties includes all rental income earned from the property, including residential tenant rental income, parking income, laundry income, waste removal income and all other miscellaneous income paid by the tenants and other vendors under the terms of their existing leases and contracts. Revenue recognition under a lease commences when a tenant has a right to use the leased asset and collection is reasonably assured. Revenue is recognized pursuant to the terms of the lease agreement.

Amounts collected from residents are recognized as income when due, which, due to the short-term nature of the leases, approximates straight-line revenue recognition. Lease incentives granted are recognized as an integral part of the total rental revenue over the term of the leases.

An allowance for doubtful accounts is maintained for estimated losses, resulting from the inability of tenants to meet the contractual obligations under their lease agreements. Such allowances are reviewed periodically based on the recovery experience of the Fund and the creditworthiness of the tenants. All amounts outstanding for greater than 90 days are provided for through the consolidated statement of net income and comprehensive income.

(f) Finance costs:

Finance costs consist of interest on mortgages payable, amortization of financing costs related to mortgages payable, amortization of mortgage premiums and discounts, distributions to Unitholders, fair value changes on interest rate caps and service fees associated with class A and class U limited partnership units of the Fund.

(g) Financial instruments:

Financial instruments are classified as one of the following: (i) fair value through profit and loss (“FVTPL”), (ii) loans and receivables, (iii) held-to-maturity, (iv) available-for-sale or (v) other liabilities. Financial instruments are recognized initially at fair value. Financial assets and liabilities classified at FVTPL are subsequently measured at fair value with gains and losses recognized in profit and loss. Financial instruments classified as held-to-maturity, loans and receivables or other liabilities are subsequently measured at amortized cost. Available-for-sale financial instruments are subsequently measured at fair value and any unrealized gains and losses are recognized through other comprehensive income and presented in the fair value reserve in equity. The Fund derecognizes a financial asset when the contractual rights to the cash flows from the asset expire.

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

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

Financial liabilities are classified as FVTPL when the financial liability is either classified as held-for-trading or it is designated as FVTPL. A financial liability may be designated at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and International Accounting Standards ("IAS") 39, Financial Instruments - Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated at FVTPL.

The following table summarizes the Fund's classification and measurement of financial assets and liabilities:

	Classification	Measurement	June 30, 2017
Financial assets:			
Utility deposits	Loans and receivables	Amortized cost	**$ 10**
Tenant and other receivables	Loans and receivables	Amortized cost	**77**
Prepaid expenses and other assets	Loans and receivables	Amortized cost	**229**
Restricted cash	Loans and receivables	Amortized cost	**3,313**
Cash	Loans and receivables	Amortized cost	**9,964**
Financial liabilities:			
Mortgages payable	Other liabilities	Amortized cost	**104,464**
Tenant rental deposits	Other liabilities	Amortized cost	**417**
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	**2,290**
Finance costs payable	Other liabilities	Amortized cost	**135**
Net liabilities attributable to Unitholders	Other liabilities	Amortized cost	**$ 61,712**

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities, other than financial assets and liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate ("EIR") over the anticipated life of the related instrument. Transaction costs on financial assets and liabilities measured at FVTPL are expensed in the period incurred. Financial assets are derecognized when the contractual rights to the cash flows from financial assets expire or have been transferred. At each reporting date, the Fund assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Fund recognizes an impairment loss for financial assets carried at amortized cost as follows: the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original EIR. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

The Fund's net liabilities attributable to Unitholders have been classified as financial liabilities under IAS 32, Financial Instruments - Presentation.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Financial liabilities are discharged when the contractual obligations are discharged, cancelled or expired.

2. Significant accounting policies (continued):

(h) Income taxes:

(i) Canadian status:

The Fund is not subject to tax under Part I of the *Income Tax Act* (Canada) (the "Tax Act"). Each Unitholder of the Fund is required to include in computing the Unitholder's income for a particular taxation year the Unitholder's share of the income or loss of the Fund allocated to the Unitholder for its year ended in or on the Unitholder's taxation year-end, whether or not any of that income or loss is distributed to the Unitholder in the taxation year.

Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

The Tax Act contains specified investment flow-through ("SIFT") rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships and their investors (the "SIFT Measures"). A "SIFT partnership" (as defined in the Tax Act) will be subject to SIFT tax on its "taxable non-portfolio earnings" (as defined in the Tax Act) at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations.

The "taxable non-portfolio earnings" less SIFT tax payable by a SIFT partnership will also be included in computing income of the Unitholder for purposes of the Tax Act as though it were a taxable dividend from a taxable Canadian corporation, subject to the detailed provisions of the Tax Act. The SIFT Measures do not apply to a partnership that does not hold any "non-portfolio property" throughout the taxation year of the partnership.

The Fund believes that it does not hold any "non-portfolio property" and is not a SIFT partnership and therefore not subject to the SIFT Measures. Accordingly, no provision has been made for tax under the SIFT Measures. The Fund intends to continue to operate the Fund in such a manner so as to remain exempt from the SIFT Measures on a continuous basis in the future. However, the Fund's continued exemption will depend upon meeting, through actual operating results, various conditions imposed by the SIFT Measures. If the Fund becomes a SIFT partnership, it will be generally subject to income taxes at regular Canadian corporate rates on its taxable non-portfolio earnings, if any.

2. Significant accounting policies (continued):

(h) Income taxes (continued):

(ii) U.S. status

Current taxes

The Fund is treated as a partnership for U.S. federal income tax purposes. As such, it is generally not subject to U.S. federal income tax under the U.S. Internal Revenue Code (the “Code”).

Furthermore, the U.S. REIT intends to make and maintain elections as a real estate investment trust under the Code. In order for the U.S. REIT to qualify, it must meet a number of organizational and operational requirements, including a requirement to make annual distributions to its Unitholders equal to a minimum of 90% of its taxable income, computed without regards to dividends paid deductions and net capital gains.

The U.S. REIT generally will not be subject to U.S. federal income tax on its taxable income to the extent such income is distributed as a dividend to its stockholders annually. The U.S. REIT has elected, or intends to elect, to be treated as a real estate investment trust and believes the U.S. REIT’s organization, ownership, method of operations, future assets and future income will enable the U.S. REIT to qualify as a real estate investment trust under the Code. Accordingly, no provision for U.S. federal income and excise taxes has been made with respect to the income of the U.S. REIT.

The Fund intends to operate the U.S. REIT in such a manner for it to qualify as real estate investment trust on a continuous basis in the future. However, actual qualification as a real estate investment trust will depend upon meeting, through actual annual operating results, the various conditions imposed by the Code.

If the U.S. REIT fails to qualify as a real estate investment trust in any taxable year, it will be subject to U.S. federal and state income taxes at regular U.S. corporate rates, including any applicable alternative minimum tax. In addition, the U.S. REIT may not be able to requalify as a real estate investment trust for the four subsequent taxable years. Even if the U.S. REIT qualifies as a real estate investment trust, the U.S. REIT may be subject to certain U.S. state and local taxes on its income and property, and to U.S. federal income and excise taxes on its undistributed taxable income and/or specified types of income in certain circumstances.

2. Significant accounting policies (continued):

(h) Income taxes (continued):

(ii) U.S. status (continued):

The Investment L.P. is treated as a partnership for Canadian tax purposes but has elected to be treated as a corporation for U.S. federal income tax purposes. As such, the Investment L.P. is generally subject to U.S. tax in respect of its allocable share of (i) capital gain distributions made by the U.S. REIT, (ii) gain upon a sale of the shares of the U.S. REIT and (iii) distributions made by the U.S. REIT in excess of both its (a) current and/or accumulated earnings and profits (as determined under U.S. tax principles) and (b) the adjusted tax basis in the U.S. REIT shares held by the Holding L.P. The Investment L.P. is also liable for U.S. withholding taxes with respect to its allocable share of the above specified gains and/or distributions from the applicable Holding LP and/or the applicable U.S. REIT.

Taxes paid or considered to have been paid by Investment L.P. will be allocated pursuant to its limited partnership agreement and the Fund's allocated share will be allocated to Unitholders pursuant to the Fund's amended and restated limited partnership agreement. The availability of a foreign tax credit or foreign tax deduction in respect of foreign source income allocated to Unitholders by the Fund will be subject to the detailed rules contained in the Tax Act and each Unitholder's particular circumstances. Although the foreign tax credit provisions of the Tax Act are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

Texas imposes an annual franchise tax on modified gross income of taxable entities known as the Texas Margin Tax, which is equal to one percent of the lesser of: (i) 0.331% of a taxable entity's total revenue if the taxable entity qualifies and chooses to file using the EZ computation report; or (ii) 0.75% of the taxable entity's margin which is the lesser of 70% of total revenues or 100% of the total revenues less, at the election of the taxpayer: (a) cost of goods sold; (b) compensation; or (c) one million dollars. A taxable entity is defined to include partnerships, corporations, limited liability companies and other legal entities. The U.S. REIT owns its properties indirectly through Delaware limited liability companies. For the period April 24, 2017 to June 30, 2017, the current tax expense relating to Texas franchise tax was $1.

2. Significant accounting policies (continued):

(h) Income taxes (continued):

(ii) U.S. status (continued):

Deferred taxes

As at June 30, 2017 a deferred tax liability of $72 for the Fund has been accrued based on a 38% tax rate and relates to differences between the fair value of the investment properties and their tax basis as of June 30, 2017. The Investment L.P. would bear this tax liability on the disposition of the real estate directly or the Fund's interest in its U.S. subsidiaries, avoiding any tax filing obligations or payment of taxes directly by the Unitholders.

(i) Levies:

Levies are outflows from the investment properties imposed by a government in accordance with legislation. The Fund has assessed property taxes as being in the scope of International Financial Reporting Interpretations Committee interpretation 21 Levies ("IFRIC 21"), given that property taxes are non-reciprocal charges imposed by a government, in accordance with the legislation, and based on property value. IFRIC 21, Levies, confirms that an entity shall recognize an asset if it has a prepaid levy but does not yet have a present obligation to pay that levy. The Fund has determined that the liability to pay property taxes is an obligating event to pay a levy at a point in time and therefore recognizes the liability and the expense at the time the obligation is crystallized, which is at the beginning of the fiscal year, in most cases.

(j) Provisions:

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value for the expenditures expected to settle the obligation using a discount rate that reflects current market assessment considering the time value of money and the risks specific to the obligation. Provisions are re-measured at each statement of financial position date using the current discount rate. The increase in the provision due to the passage of time is recognized as a finance cost.

2. Significant accounting policies (continued):

(k) Future accounting changes:

Certain new standards, interpretations and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or Financial Reporting Interpretations Committee ("IFRIC") but are not yet effective for the period ended June 30, 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 ("IFRS 9"):

IFRS 9 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 that will allow entities to better reflect their risk management activities has been included in the standard. The amendments complete the IASB's 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 ("IFRS 15"):

IFRS 15 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.

2. Significant accounting policies (continued):

(k) Future accounting changes (continued):

(ii) Revenue from Contracts with Customers ("IFRS 15") (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 ("IFRS 16"):

IFRS 16 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 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 ("IAS 40")

During December 2016, the IASB issued an amendment to IAS 40 clarifying certain existing requirements. The amendment requires that 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 management's 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)

3. Acquisitions:

The following asset acquisitions were completed during the period ended June 30, 2017. The fair value of consideration has been allocated to the identifiable assets acquired and liabilities assumed based on their fair values at the date of acquisition as follows:

	The Landing (i)	**Spectra South** (ii)	**Total**
Acquisition date	16-Jun	16-Jun	
Investment properties (iii)	$ 94,478	$ 59,500	$ 153,978
Add:			
Prepaid expenses and other assets	67	20	87
Restricted cash	1,278	2,035	3,313
Deduct:			
Accounts Payable and accrued liabilities	26	1,893	1,919
Tenant rental deposits	150	116	266
Net asset acquired	$ 95,647	$ 59,546	$ 155,193
Consideration paid, funded by:			
New financing obtained and used for acquisition	$ 64,190	$ 40,021	$ 104,211
Cash paid	31,457	19,525	50,982
	$ 95,647	$ 59,546	$ 155,193

(i) The Fund completed the acquisition of The Landing at Round Rock (“The Landing”), located in Austin, Texas, which is comprised of 583 multi-family residential suites.

(ii) The Fund completed the acquisition of Spectra South, from an affiliated entity of the Manager, located in Phoenix, Arizona which is comprised of 360 multi-family residential suites.

(iii) Investment properties are net of IFRIC 21 adjustment relating to property taxes of $2,090 and $388, respectively, for The Landing and Spectra South.

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

4. Investment properties:

The following table summarizes the change in the investment properties for the period ended June 30, 2017:

Balance, April 24, 2017	$	-
Acquisitions of investment properties (Note 3)		153,978
Capital additions		22
IFRIC 21 property tax liability adjustment		1,254
Balance, June 30, 2017	$	155,254

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

		June 30, 2017
Cost	$	154,000
IFRIC 21 property tax liability adjustment		1,254
Balance, June 30, 2017	$	155,254

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

	June 30, 2017
Capitalization rates - range	4.90% to 5.00%
Capitalization rate - weighted average	4.94%

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		June 30, 2017
Capitalization rate	10 basis-point increase	$	(3,106)
Capitalization rate	10 basis-point decrease	$	3,235

The impact of a one percent change in the net operating income used to value the investment properties as at June 30, 2017 would affect the fair value by approximately $1,565.

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

5. Tenant and other receivables:

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

		June 30, 2017
Tenant receivables, net	$	51
Other receivables		26
	$	77

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 balance:

		June 30, 2017
Prepaid insurance	$	60
Prepaid expenses		169
	$	229

7. Restricted cash:

The following table presents details of the restricted cash balance:

		June 30, 2017
Escrowed funds:		
Property taxes	$	1,355
Property insurance		82
Internally restricted cash:		
Withholding taxes		1,876
	$	3,313

Restricted cash includes cumulative amounts that are paid monthly into escrow funds with the Fund's Lenders for property taxes and property insurance obligations coming due within a 12 month period.

Internally restricted cash includes an amount that was credited to the Fund as withholding agent on the closing of Spectra South. This amount will be released following approval by the Internal Revenue Service.

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

8. Mortgages payable:

Mortgages payable are secured by investment properties and bear interest at variable rates. The Fund's variable rate mortgages were based on U.S. 30-day London Interbank Offered Rate ("LIBOR") plus an interest rate spread.

Property Name	Payment Terms	Maturity Date	Interest Rate	June 30, 2017
The Landing (i)	Interest only until June 2020	June 2020, with two one-year extension options	LIBOR + 2.00%	$ 64,700
Spectra South(ii)	Interest only until June 2020	June 2020, with two one-year extension options	LIBOR + 2.00%	40,250
Face value				104,950
Unamortized financing costs				(729)
Carrying value				$ 104,221

(i) The Landing mortgage allows the Fund to draw an additional $5,100 for approved capital expenditures.

(ii) The Spectra South mortgage allows the Fund to draw an additional $2,100 for approved capital expenditures.

The following table provides a breakdown of current and non-current portions of mortgages payable:

	June 30, 2017
Non-current:	
Mortgages payable	$ 104,950
Unamortized financing costs	(486)
	104,464
Current:	
Unamortized financing costs	(243)
	(243)
Balance	$ 104,221

Future principal payments on mortgages payable are as follows:

	Principal payments	Balloon payments	Total
2017	$ -	$ -	$ -
2018	-	-	-
2019	-	-	-
2020	-	104,950	104,950
Total	$ -	$ 104,950	$ 104,950

9. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities as at June 30, 2017 consist of the following:

Tenant prepayments	$	158
Operating payables		2
Accrued property management fees, utilities, payroll, other		232
Accrued asset management fees (Note 13)		22
Accrued withholding taxes payable		1,876
	$	2,290

10. Fund and trust expenses:

Fund and trust expenses during the period from April 24, 2017 to June 30, 2017 consist of the following:

Asset management fees (Note 13)	$	22
General and administrative expenses		49
	$	71

11. Net liabilities attributable to Unitholders:

The beneficial limited partnership interest in the net liabilities and net income and comprehensive income of the Fund is held in seven classes of units: class A, C, D, E, F, H and U. 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 unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of units' rights. 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 (000s')		Value
Issued on Offering	8,180	$	64,923
Less issuance costs	-		(3,274)
Net income and comprehensive income	-		63
As at June 30, 2017	8,180	$	61,712

11. Net liabilities attributable to Unitholders (continued):

As at June 30, 2017, the Fund had 8,179,933 total limited partnership units issued and outstanding comprised of 1,763,973 class A units, 1,622,500 class C units, 1,489,700 class D units, 1,090,500 class E units, 1,804,980 class F units, 190,000 class H units and 218,280 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 outstanding, as at April 24, 2017	-	-	-	-	-	-	-	-
Units issued in connection with the Offering, June 16, 2017	1,834	1,623	1,419	997	1,805	190	312	8,180
Units reallocated due to conversions	(70)	-	70	94	-	-	(94)	-
Units outstanding, as at June 30, 2017	1,764	1,623	1,489	1,091	1,805	190	218	8,180

Carried Interest:

The partners of Starlight Investments Value-Add Partnership (“SIVAP”), currently being the Manager and the President of the General Partner, through SIVAP’s indirect interest in the Holding L.P., 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 a particular class if all distributable cash, as defined in the Offering prospectus, of the Holding L.P. were received by 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 L.P.) to Unitholders in accordance with the Fund`s amended and restated limited partnership agreement, exceeds (ii) the aggregate Minimum Return (as defined in the Offering prospectus), in respect of such class of units (the calculation of which, for greater clarity includes the amount of the Investors Capital Return Base, as defined in the Offering prospectus), each such excess, if any, to be calculated in U.S. dollars and, in the case of C$ 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 L.P. to the Investment L.P. and by the Investment L.P. 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 a particular class pursuant to the foregoing exceed the Minimum Return for such class, the partners of SIVAP (currently being the Manager and the President of the General Partner), through SIVAP’s indirect interest in the Holding L.P., will be entitled to 50% of each such excess amount (i.e., a catch-up) until the amounts, if any, distributable in excess of the Investors Capital Return Base is equal to three times (i.e., 75%/25%) the catch-up payment receivable by the Manager in respect of such class. As of June 30, 2017, the Fund has not recognized a carried interest derived from the net liabilities attributable to Unitholders after taking into account the Minimum Return to Unitholders.

12. 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.

13. Transactions with related parties:

The consolidated interim financial statements as at June 30, 2017 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 to the Fund as the Manager is owned and controlled by Daniel Drimmer who is a director and Chief Executive Officer of the General Partner and a significant Unitholder of the Fund.

(a) Pursuant to the management agreement dated June 16, 2017 (the "Management Agreement"), the Manager is to perform asset management services for 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 Fund's properties since the date of acquisition by the Fund in U.S. dollars

   Included in Fund and trust expenses is $22 in asset management fees charged by the Manager for the operating period June 16, 2017 (the date of acquisition of The Landing and Spectra South) to June 30, 2017. The amount payable to the Manager as at June 30, 2017 was $22. (Note 9)

(b) 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 $150,000 of properties acquired in each calendar year;

   ii. 0.75% of the purchase price of a property, on the next $150,000 of properties acquired in each calendar year; and

   iii. 0.50% of the purchase price on properties in excess of $300,000 of properties acquired in each calendar year.

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

13. Transactions with related parties (continued):

For the period from April 24, 2017 to June 30, 2017, the Fund incurred acquisition fees of $1,535 under the Management Agreement which were paid at the time of acquisition and are initially capitalized to investment properties.

14. Finance costs:

Finance costs for period from April 24, 2017 to June 30, 2017 consisted of the following:

Interest on mortgages payable	$	135
Amortization of financing costs		10
	$	145

15. Change in non-cash operating working capital:

The following table presents the changes in non-cash operating working capital during the period from April 24, 2017 to June 30, 2017:

Utility deposits	$	(10)
Prepaid expenses and other assets		(142)
Tenant and other receivables		(77)
Tenant rental deposits		151
Accounts payable and accrued liabilities		370
Finance cost payable		135
	$	428

16. Commitments and contingencies:

At June 30, 2017, the Fund had no commitments for future minimum lease payments under non-cancellable operating leases. All future leases as of June 30, 2017 expire within 12 months. The Fund holds commitments to provide for carried interest when applicable 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.

17. 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 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 June 30, 2017.

18. 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 that 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 income and comprehensive income.

(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 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 variable rate mortgages once LIBOR reaches stipulated levels. For the period April 24, 2017 to June 30, 2017, all else being equal, an increase or decrease of ten basis points in LIBOR would impact net income and comprehensive income by $4.

18. 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 that 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 June 30, 2017 the Fund had not entered into any hedging or forward contract arrangements to limit the impact of the changes in the Canadian/U.S. dollar exchange rate.

19. 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.

19. 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 and finance cost payable, approximate their carrying amounts due to their short-term nature (Level 1).

(ii) The fair value of mortgages payable 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 as at June 30, 2017 approximated their carrying value.

(iii) 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.