

NEWSLETTER | May 2019

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

First quarter 2019 same property average monthly rent growth (“AMR”) was 1.6% higher in comparison to the same period in the prior year and same property net operating income (“NOI”) growth was 7.5% higher in comparison to the same period in the prior year.



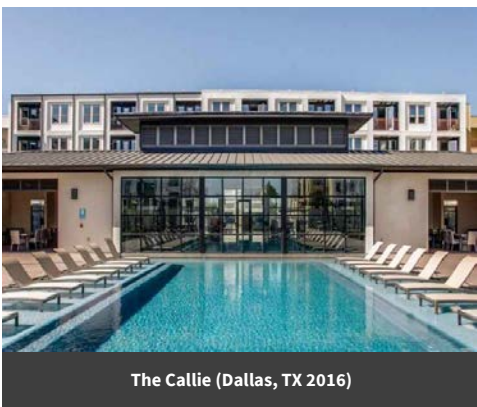
The Views at Coolray Field (Atlanta, GA 2015)



Falls at Eagle Creek (Houston, TX 2009)



Altis at Sand Lake (Orlando, FL 2016)



The Callie (Dallas, TX 2016)



Palm Valley Apartments (Austin, TX 2009)



Village at Marquee Station (Raleigh, NC 2013)

Significant Events

On April 2, 2019, the Fund and Tricon Capital Group Inc. ("Tricon") entered into an agreement (the "Arrangement Agreement") whereby Tricon will acquire all of the issued and outstanding units of the Fund in an all-share transaction (the "Transaction"). As part of the Transaction, Starlight Investments US AM Group LP, the manager of the Fund (the "Manager") has entered into a transitional services agreement whereby the Manager will provide asset management services to Tricon for the Fund's properties for a period of three years after closing. The Transaction is expected to close in June 2019 and in no event later than an outside date of July 31, 2019, subject to an extension by up to 60 days in certain circumstances and subject to the satisfaction or waiver of certain closing conditions.

The Transaction includes Tricon issuing 50,779,314 Tricon Shares in exchange for all outstanding units of the Fund. As a result of the Transaction, Tricon will also indirectly assume all of the Fund's existing debt as well as other outstanding liabilities of the Fund and acquire all of the Fund's properties. Unitholders will receive Tricon Shares in exchange for their units of the Fund based on exchange ratio's as set out in the Arrangement Agreement.

Assuming the Transaction closes in June 2019, the last distribution to Unitholders prior to the exchange of units of the Fund for Tricon Shares would be paid to Unitholders using a record date of May 31, 2019. For further information relating to the Transaction including required approvals please see the Fund's news release dated April 2, 2019 in addition to other Transaction documents which are available on www.sedar.com under the Fund's profile as well as on the Fund's website at www.starlightus.com.

Unit Information and Distributions

Monthly Distributions

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



U.S. Multi-Family Market Trends

National Occupancy Levels and Home Ownership Rates

According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate increased in March 2019 to 3.9%. The Fund's target demographic, the 20 to 34-year-old cohort, has continued to fuel apartment rental demand for newly constructed apartments. According to the U.S. Census Bureau, home ownership was 64.2% in the first quarter of 2019, a drop of 0.6% from the fourth quarter of 2018. Apartment occupancy rates and rental growth continue to be strong with MPF Research reporting first quarter 2019 U.S. apartment occupancy of 95.2%. Year-over-year rent growth was 3.5%.

Metropolitan Market Information

The Fund owns 7,289 suites in 23 properties located in 13 cities across 8 states. The following table highlights the key macroeconomic and property data in each city and sub-market.

Market	Period ending March Year over Year Job Growth ¹	Unemployment Rate ¹	Occupancy ²	Last 12 Months Rental Growth ²	One Year Occupancy Forecast ²	One Year Rental Growth Forecast ²
Atlanta-Sandy Springs-Roswell	+2.2%	3.6%	94.7%	5.4%	94.0%	4.5%
Northeast Atlanta			93.9%	3.3%	93.2%	
Northeast Gwinnett County			95.1%	3.6%	94.7%	
Austin	+2.1%	2.7%	94.4%	4.7%	93.9%	3.2%
Round Rock/Georgetown			94.0%	4.3%	94.0%	
Near North Austin			94.9%	4.3%	94.6%	
Cedar Park			94.4%	5.9%	93.4%	
Charlotte	+2.4%	2.8%	94.7%	4.1%	94.5%	3.4%
UNC Charlotte			93.9%	3.5%	93.9%	
Dallas Fort Worth	+3.0%	3.3%	94.2%	2.6%	93.9%	2.6%
Allen/McKinney			93.2%	1.0%	93.0%	
Northeast Dallas			95.3%	4.8%	94.5%	
Denver/Boulder	+1.6%	2.9%	94.8%	3.8%	93.6%	1.8%
Thornton/Northglenn			93.7%	3.7%	93.1%	
Houston	+2.2%	3.7%	92.6%	0.1%	92.6%	2.7%
Bear Creek			93.1%	-0.3%	92.9%	
Humble/Kingwood			93.2%	-0.7%	92.7%	
Las Vegas	+2.4%	3.8%	95.1%	8.0%	94.2%	5.6%
South Las Vegas			95.2%	6.5%	94.6%	
Nashville	+2.6%	2.6%	94.4%	3.2%	94.8%	3.9%
Murfreesboro/Smyrna			96.0%	3.9%	94.6%	
Orlando	+3.7%	3.0%	95.8%	3.7%	94.9%	2.8%
Kissimmee/Osceola County			95.2%	3.1%	95.1%	
Sanford/Lake Mary			95.3%	3.4%	94.5%	
East Orange County			95.1%	3.2%	94.4%	
Phoenix	+2.8%	4.1%	95.7%	8.1%	94.9%	3.5%
Deer Valley			96.0%	8.1%	95.1%	
Raleigh/Durham	+1.1%	3.6%	94.4%	3.9%	95.1%	2.4%
South Cary/Apex			94.6%	4.4%	93.1%	
San Antonio	+2.1%	3.1%	93.1%	3.2%	92.4%	2.1%
Medical Center			92.6%	2.9%	91.8%	
Tampa	+2.2%	3.3%	95.2%	4.2%	96.1%	3.8%
New Tampa/East Pasco County			94.9%	4.3%	95.5%	

Sources: 1 – United States Bureau of Labor Statistics

2 – MPF Research Reporting

Investment Market Update

Commercial real estate investment demand continues to be strong nationally. There is significant demand from real estate private equity firms that have recently raised capital. Capitalization rates for suburban, Class “A”, multi-family real estate in the Fund’s metropolitan markets are approximately 4.25% to 5.0%, depending on the quality and location of the apartment community.

Ten Year U.S. Treasury bonds were yielding approximately 2.5% as at May 7, 2019. Lender spreads have compressed to offset increases in treasury yields and all-in interest rates continue to remain low versus historical levels with debt readily available at lower leverage levels.

Property Improvements

The Boardwalk Med Center clubhouse renovation project was completed in Q1 of 2019. At Sorelle, exterior door upgrades were completed in Q1 2019. Exterior painting began at Palm Valley Apartments, and is scheduled for completion in Q2 2019.

Property Management and Rental Rates

Property Management

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

Utilization of Yield Management Software

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

Ancillary Services Update

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

The Manager has implemented new bulk cable contracts at City North at Sunset Ranch, Broadstone Travesia, Palm Valley and Soho Parkway. The new agreement provides high quality, wireless internet and multiple premium television channels under an arrangement where the fund purchases internet and cable from the provider and resells to residents. In addition, revenue share cable contract renewals were renegotiated at Spectra North and South Blvd. The Manager has undertaken a portfolio-wide telephone expense reduction initiative that is expected to be completed in Q2 2019.

Outlook

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

For more information visit www.starlightus.com or contact:

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This Newsletter is not intended for distribution in any jurisdiction that would require the filing of a prospectus, registration statement, offering memorandum or similar document under the applicable laws of such jurisdiction or would result in the Fund having any reporting or other obligation in such jurisdiction. Accordingly, neither the Fund nor the Manager has done anything that would permit the possession or distribution of this Newsletter in any jurisdiction where action for that purpose is required.

The Fund's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain terms used in this Newsletter do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. Details on Non-IFRS Measures are set out in the Fund's Management Discussion & Analysis and are available on the Fund's profile on SEDAR at www.sedar.com.

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

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

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the inventory of multi-family real estate properties; the availability of mortgage financing and current interest rates; the extent of competition between properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund intends to or does operate; the ability of the Manager to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; successful closing of the transaction; and governmental regulations or tax laws. Readers are cautioned against placing undue reliance on forward-looking statements. Except as required by applicable Canadian securities laws, neither the Fund nor the Manager undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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