

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Starlight U.S. Multi-Family (No. 5) Core Fund
3280 Bloor Street West, Suite 1400, Centre Tower
Toronto, Ontario, M8X 2X3

Item 2 Date of Material Change

October 18, 2016

Item 3 News Release

A news release in respect of the material change described hereunder was issued and disseminated on October 18, 2016 through the facilities of CNW Group and was subsequently filed on SEDAR. A copy of the news release is attached as Schedule "A".

Item 4 Summary of Material Change

On October 18, 2016, Starlight U.S. Multi-Family (No. 5) Core Fund (the "**Fund**") completed its public offering (the "**Offering**") of limited partnership units of the Fund. Pursuant to the Offering, the Fund issued an aggregate of approximately C\$61.8 million of limited partnership units, comprised of 1,995,760 Class A Units, 500,000 Class C Units, 1,461,100 Class D Units, 436,500 Class E Units, 1,488,850 Class F Units, and 120,450 Class U Units of the Fund at a price of C\$10.00 per Class A Unit, Class C Unit, Class D Unit, and Class F Unit and US\$10.00 per Class E Unit and Class U Unit.

Item 5 Full Description of Material Change

On October 18, 2016, the Fund completed the Offering. Pursuant to the Offering, the Fund issued an aggregate of approximately C\$61.8 million of limited partnership units, comprised of 1,995,760 Class A Units, 500,000 Class C Units, 1,461,100 Class D Units, 436,500 Class E Units, 1,488,850 Class F Units, and 120,450 Class U Units of the Fund at a price of C\$10.00 per Class A Unit, Class C Unit, Class D Unit, and Class F Unit and US\$10.00 per Class E Unit and Class U Unit.

With the net proceeds from the Offering, the Fund has acquired a property located in Las Vegas, Nevada and is currently in the process of acquiring two additional properties located in Atlanta, Georgia, and Austin, Texas, in the aggregate comprising 910 multi-family residential units for an aggregate purchase price of approximately US\$141.4 million (the "**New Properties**"). The balance of the net proceeds of the Offering will be used to subsequently acquire one or more additional income-producing, multi-family properties in targeted regions within the United States within nine months of the closing date of the Offering, consistent with the primary purpose of the Fund, and for general working capital purposes.

The Fund had previously received final approval for the listing of the Class A Units and Class U Units on the TSX Venture Exchange (under the symbols "SUA.A" and "SUA.U", respectively). The Class C Units, Class D Units, Class E Units, Class F Units and Class H Units of the Fund will not be listed by the Fund on any stock exchange, but are each convertible into Class A Units (in the case of the Class C Units, Class D Units, Class F Units and Class H Units) and Class U Units (in the case of Class E Units), subject to compliance with the terms and conditions in the Fund's amended and restated limited partnership agreement. The Class A Units and Class U Units are convertible into Class D

Units and Class E Units, respectively, subject to compliance with the terms and conditions in the Fund's amended and restated limited partnership agreement.

Starlight Investments Ltd. (“**Starlight**”) is the promoter of the Fund and also acts as manager of the Fund. Starlight is a privately held real estate investment and asset management company that is driven by an experienced team comprised of more than 110 professionals. Starlight currently manages approximately C\$6.4 billion of multi-residential and commercial properties for joint venture partnerships with three institutional investors, Northview Apartment REIT (TSX: NVU.UN), True North Commercial REIT (TSX: TNT.UN), and for private investors. Starlight's portfolio consists of approximately 33,000 apartment units across Canada and the United States and approximately 2.5 million square feet of commercial properties.

Gross proceeds have been calculated based on a rate of exchange of C\$1.3138 for US\$1.0000.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact:

Evan Kirsh
President, Starlight U.S. Multi-Family (No. 5) Core Fund
Telephone: (647) 725-0417
Email: ekirsh@starlightus.com

Martin Liddell
Chief Financial Officer, Starlight U.S. Multi-Family (No. 5) Core Fund
647-279-2588
mliddell@starlightus.com

Item 9 Date of Report

October 19, 2016

SCHEDULE "A"



FOR IMMEDIATE RELEASE

STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND COMPLETES SUCCESSFUL INITIAL PUBLIC OFFERING AND ANNOUNCES OCTOBER 2016 DISTRIBUTIONS AND CONVERSION RATIOS

Not for distribution to U.S. newswire services or for dissemination in the United States

TORONTO, October 18, 2016 - Starlight U.S. Multi-Family (No. 5) Core Fund (TSX.V: SUA.A, SUA.U) (the "**Fund**") announced today that it has completed its initial public offering (the "**Offering**"). Pursuant to the Offering, the Fund issued an aggregate of approximately C\$61.8 million of limited partnership units, comprised of 1,995,760 Class A Units, 500,000 Class C Units, 1,461,100 Class D Units, 436,500 Class E Units, 1,488,850 Class F Units, and 120,450 Class U Units of the Fund at a price of C\$10.00 per Class A Unit, Class C Unit, Class D Unit and Class F Unit and US\$10.00 per Class E Unit and Class U Unit.

The units of the Fund were offered to the public through a syndicate of agents led by CIBC and which included Scotiabank, BMO Capital Markets, GMP Securities L.P., National Bank Financial Inc., Raymond James Ltd., TD Securities Inc., Canaccord Genuity Corp. and Desjardins Securities Inc.

The Fund was established for the primary purpose of indirectly acquiring, owning and operating a portfolio of income-producing, multi-family real estate properties in targeted regions within the United States. The Fund had previously announced the completion of a reorganization transaction (the "**Reorganization**") whereby it acquired a portfolio of 20 income-producing, multi-family properties in the United States (the "**Existing Portfolio**") from, among others, 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 Campar Capital Corporation. The Existing Portfolio is comprised of 5,882 multi-family residential apartment suites in the States of Florida, Georgia, North Carolina and Texas, in the markets of Orlando, Tampa, Atlanta, Charlotte, Raleigh, Houston, Dallas, Austin and San Antonio, respectively. Pursuant to the Reorganization, the Fund issued 18,865,785 Class A Units, 13,011,772 Class C Units, 5,653,643 Class D Units, 2,091,189 Class F Units, 344,545 Class H Units, 2,582,851 Class U Units and 1,047,476 Class E Units.

The Fund is currently in the process of acquiring three properties located in Atlanta, Georgia, Las Vegas, Nevada and Austin, Texas, comprising 910 multi-family residential units for an aggregate purchase price of approximately US\$141.4 million (the "**New Properties**"). The balance of the net proceeds of the Offering, will be used to subsequently acquire one or more additional income-producing, multi-family properties in targeted regions within the United States within nine months of the closing date of the Offering, consistent with the primary purpose of the Fund, and for general working capital purposes.

The Fund had previously received final approval for the listing of the Class A Units and Class U Units on the TSX Venture Exchange (under the symbols "SUA.A" and "SUA.U", respectively). The Class C Units, Class D Units, Class E Units, Class F Units and Class H Units will not be listed by the Fund on any stock




DIRECT CONTACT

T: 416 234 8444

F: 416 234 8445 E: info@starlightus.com





exchange, but are each convertible into Class A Units (in the case of the Class C Units, Class D Units, Class F Units and Class H Units) and Class U Units (in the case of Class E Units), subject to compliance with the terms and conditions in the Fund's limited partnership agreement. The Class A Units and Class U Units are convertible into Class D Units and Class E Units, respectively.

Starlight Investments Ltd. ("**Starlight**") is the promoter of the Fund and will also act as manager of the Fund. Starlight is a privately held real estate investment and asset management company that is driven by an experienced team comprised of more than 110 professionals. Starlight currently manages approximately C\$6.4 billion of multi-residential and commercial properties for joint venture partnerships with three institutional investors, Northview Apartment REIT (TSX: NVU.UN), True North Commercial REIT (TSX: TNT.UN), and for private investors. Starlight's portfolio consists of approximately 33,000 apartment units across Canada and the United States and approximately 2.5 million square feet of commercial properties.


October 2016 Distribution and Exchange Ratios for Convertible Units

The Fund today also announced its initial cash distribution amounts for the month of October 2016. The Fund also announced the exchange ratios for its convertible units.

Distributions:

The Fund's initial cash distribution amounts on its outstanding units for the period from October 18, 2016 to October 31, 2016 will be as follows:

- i. C\$0.05417 per Class A Unit, representing approximately C\$0.65 per unit on an annualized basis;
- ii. C\$0.05417 per Class C Unit, representing approximately C\$0.65 per unit on an annualized basis;
- iii. C\$0.05417 per Class D Unit, representing approximately C\$0.65 per unit on an annualized basis;
- iv. C\$0.05417 per Class E Unit, representing approximately US\$0.65 per unit on an annualized basis.
- v. C\$0.05417 per Class F Unit, representing approximately C\$0.65 per unit on an annualized basis; and
- vi. C\$0.02917 per Class H Unit, representing approximately C\$0.35 per unit on an annualized basis less a portion of the cost of the derivative instrument purchased by the Fund to provide the holders of Class H Units with some protection against any weakening of the U.S. dollar as compared to the Canadian dollar on termination and liquidation of the Fund (the "**Class H Unit Liquidation Hedge**"); and



vii. US\$0.05417 per Class U Unit, representing approximately US\$0.65 per unit on an annualized basis.

The distribution will be paid on November 15, 2016 to unitholders of record as at October 31, 2016. The distributions in respect of the Class A Units, Class C Units, Class D Units, Class F Units and Class H Units were determined in U.S. dollars and converted into Canadian dollars.

Exchange Ratios for Convertible Units:

The Fund has confirmed the exchange ratios for the conversion of the Class C Units, Class D Units and Class F Units, which are each convertible into Class A Units in accordance with, and subject to compliance with, the terms and conditions of the Fund's amended and restated limited partnership agreement dated as of October 12, 2016 (the "**Limited Partnership Agreement**"). For each Class C Unit, Class D Unit and Class F Unit so converted, a holder will receive that number of Class A Units equal to the following exchange ratio:

Class C Units: 1.05541

Class D Units: 1.00000

Class F Units: 1.03166

No fractions of Class A Units will be issued upon conversion, and any fractional amounts will be rounded down to the nearest whole number of Class A Units.

The exchange ratio for Class H Units will be updated from time to time to reflect the applicable costs of the Class H Unit Liquidation Hedge, provided that Starlight, as manager of the Fund, may, at its sole discretion, discontinue the Class H Unit Liquidation Hedge in the event that derivative instruments are not available on an economical basis or Starlight determines that the continuation of the Class H Unit Liquidation is no longer in the best interests holders of Class H Units.

The Fund has also confirmed the exchange ratio for the conversion of the Class E Units which are each convertible into Class U Units in accordance with, and subject to compliance with, the terms and conditions of the Limited Partnership Agreement. For each Class E Unit so converted, a holder will receive that number of Class U Units equal to the following exchange ratio:

Class E Units: 1.00000

The Fund has also confirmed the exchange ratios for the conversion of the Class A Units which are convertible into Class D Units and Class U Units which are convertible to Class E Units, in accordance with, and subject to compliance with, the terms and conditions of the Limited Partnership Agreement. For each Class A Unit and Class U Unit, so converted, a holder will receive that number of Class D or Class E Units equal to the following exchange ratio:

Class A to D Class Units: 1.00000

Class U to Class E Units: 1.00000

The exchange ratios for converting Class A Units and Class U Units may be adjusted in accordance with the Limited Partnership Agreement from time to time.

The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act and applicable state securities laws.

Gross proceeds noted in this press release have been calculated based on a rate of exchange of C\$1.3138 for US\$1.0000.

About Starlight U.S. Multi-Family (No. 5) Core Fund

The Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario) for the primary purpose of indirectly acquiring, owning and operating a portfolio of diversified income producing rental properties in the U.S. multi-family real estate market.

Forward-looking Statements


This news release contains statements that may constitute forward-looking information within the meaning of Canadian securities laws and which reflect the Fund's current expectations regarding future events, including statements concerning: the expected closing of the Fund's acquisition of the New Properties; the acquisition by the Fund of additional income producing multi-family properties; and payment of distributions. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the Fund or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

The forward-looking statements involve risks and uncertainties, including those set forth in the Fund's final prospectus dated October 12, 2016, including under the section "Risk Factors", a copy of which can be obtained at www.sedar.com. Actual results could differ materially from those projected herein. Those risks and uncertainties include, among other things, risks related to: management's current expectations about: the inventory of multi-family real estate properties; the availability of properties for acquisition and the price at which such properties may be acquired; the availability of mortgage financing and current interest rates; the global and North American economic environment; use of

DIRECT CONTACT

T: 416 234 8444

F: 416 234 8445 E: info@starlightus.com



derivatives and governmental regulations or tax laws; reliance on the Fund's manager; the experience of the Fund's officers and directors; substitutes for residential real estate rental suites; reliance on property management; competition for real property investments and tenants; 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 acquisition of additional properties; the inventory of multi-family real estate properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of the manager of the Fund to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Readers are cautioned against placing undue reliance on forward-looking statements. Except as required by applicable Canadian securities laws, neither the Fund nor its 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.

For further information contact:

Evan Kirsh
President, Starlight U.S. Multi-Family (No. 5) Core Fund
647-725-0417
ekirsh@starlightus.com

Martin Liddell
Chief Financial Officer, Starlight U.S. Multi-Family (No. 5) Core Fund
647-279-2588
mliddell@starlightus.com

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