NEWSLETTER MARCH 2017

Starlight U.S. Multi-Family (No. 5) Core Fund (the "Fund") is listed on the TSX Venture Exchange. The Fund owns 6,792 apartment suites in 23 properties with an average property vintage of 2011. The Fund is sponsored and asset managed by Starlight Group Property Holdings Inc. (the "Manager"). The Fund's mandate is to invest in recently constructed, stabilized, Class "A" multi-family properties in the Southern United States. 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.

The occupancy of the Fund's properties, for the period from October 18 – December 31, 2016 was 92.9%. In addition to the strong occupancy; the Fund continued to raise rental rates on both new and renewal leases as warranted, given market conditions. The Fund's properties had same property net operating income ("NOI") growth of 3.1%. The AFFO payout ratio of the Fund for the initial period was 90.4% and ahead of the forecasted amount of 94.2%. Management continues to actively increase rental rates, create new ancillary revenue streams and control operating expenses to drive growth in NOI and asset values.

South Blvd. Apartments (Las Vegas, NV 2012)

The Views at Coolray Field (Atlanta, GA 2015)

Altis at Grand Cypress (Tampa, FL 2014)

Pure Living Heathrow (Orlando, FL (2009)

Soho Parkway Apartments (Dallas, TX 2008)

Boardwalk Med Center (San Antonio, TX 2014)

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Unit Information and Distributions

On October 18, 2016, the Fund announced its first distribution, in the amount of CDN$0.02466 per class A, C, D and F unit, CDN$0.01317 per Class H unit (which reflects costs associated with hedging arrangements) and US$0.02466 per class E and U unit for the period from the date of completion of the initial public offering on October 18, 2016 to October 31, 2016. From and after November 1, 2016 the Fund has made monthly cash distributions n the amount of CDN$0.05417 per class A, C, D and F unit, CDN$0.2917 per Class H unit (which reflects costs associated with hedging arrangements) and US$0.05417 per class E and U unit. In each case, other than Class H units, the Fund has made monthly distributions equal to 6.5% on an annualized basis.

CDN$0.05417 per Class A Unit	CDN$0.05417 per Class C Unit	CDN$0.05417 per Class D Unit	US$0.05417 per Class E Unit	CDN$0.05417 per Class F Unit	CDN$0.02917 per Class H Unit	US$0.05417 per Class U Unit

U.S. Multi-Family Market Trends

National Occupancy Levels and Home Ownership Rates

According to the U.S. Bureau of Labor Statistics (the "USBL"), the U.S. unemployment rate decreased in December 2016 to 4.5%. The 20 to 34 year old cohort has continued to fuel apartment rental demand for new product. According to the U.S. Census Bureau, home ownership increased by 0.8% to 63.7% in the fourth quarter of 2016. Apartment occupancy rates and rental growth continue to be strong with MPF Research ("MPF") reporting fourth quarter 2016 U.S. apartment occupancy of 96.1% for the 100 largest markets. Year-over-year rent growth across these markets was 3.7%.

The Reserves at Alafaya (Orlando, FL 2014)

Marquee Station (Raleigh, NC 2014)

The Allure (Austin, TX 2013)

Falls at Eagle Creek (Houston, TX 2009)

Metropolitan Market Information

The Fund owns 6,792 apartment suites in 23 properties in 18 markets across five States. The following table highlights the key macroeconomic and property data in each city and sub-market.

Market	Year over Year Job Growth	Unemployment Rate	Occupancy	Last 12 Months Rental Growth	One Year Occupancy Forecast	One Year Rental Growth Forecast
Atlanta-Sandy Springs-Roswell	+2.7%	5.0%	95.3%	6.6%	94.4%	4.1%
Northeast Atlanta			93.9%	4.4%		
Northeast Gwinnett County			96.2%	4.8%		
Austin	+1.9%	3.2%	94.8%	2.8%	94.4%	3.0%
Round Rock/Georgetown			95.8%	4.1%		
Northwest Austin			94.4%	3.7%		
Cedar Park			96.0%	4.1%		
Charlotte-Gastonia-Rock Hill	+1.7%	4.6%	95.5%	4.4%	94.6%	3.9%
UNC Charlotte			95.5%	6.5%		
Dallas Fort Worth	+3.3%	3.7%	96.0%	6.0%	95.3%	4.3%
Allen/McKinney			95.9%	3.6%		
Houston	+0.5%	5.3%	93.2%	-1.4%	91.8%	1.8%
Bear Creek			91.8%,	1.4%		
Humble/Kingwood			93.9%	-0.2%		
Friendswood/Pearland			94.1%	-0.3%		
Rosenberg/Richmond			92.3%	-1.7%		
Las Vegas	+2.7%	5.0%	95.9%	6.8%		
South Las Vegas			95.7%	7.9%		
Orlando	+4.2%	4.2%	96.7%	5.4%	96.3%	3.6%
Kissimmee/Osceola County			97.8%	4.3%		
Sanford/Lake Mary			96.1%	4.4%		
East Orange County			96.5%	4.2%		
Raleigh/Durham	+1.8%	4.1%	95.2%	5.5%	94.4%	3.5%
South Cary/Apex			95.1%	7.0%		
San Antonio	+2.2%	3.7%	94.3%	2.2%	93.0%	2.6%
Medical Center			93.7%	2.0%		
Tampa	+2.2%	4.5%	96.0%	5.2%	95.4%	3.0%
New Tampa/East Pasco County			96.7%	3.1%		

Investment Market Update

Commercial real estate investment demand continues to be strong nationally. Capitalization rates for suburban, Class "A", multi-family products in the Fund's metropolitan markets are approximately 4.50% to 5.50%, depending on the quality and location of the apartment community.

Ten Year U.S. Treasury bonds were yielding approximately 2.40% as at February 28, 2017. Lender spreads remain very competitive and all-in rates continue to remain low versus historical levels with debt readily available at lower leverage levels.

Property Improvements

Exterior painting at The Falls at Copper Lake began in Q4 2016 and is expected to be completed by the end of Q1 2017. Exterior painting and pool area upgrades at City North at Sunrise Ranch will begin in Q1 2017. At Sorelle Apartments, we expect to commence Phase 1 corridor renovations in Q2 2017.

At Altis at Grand Cypress we are undertaking unit plank flooring upgrades and continuing to upgrade the kitchen/plank flooring at Verano Apartments, Pure Living Heathrow, Sorelle Apartments and The Village at Marquee Station.

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. Greystar Real Estate Partners, the largest third-party, multi-family property manager in the U.S., provides property management for Belle Haven Apartments, The Falls at Copper Lake, The Falls at Eagle Creek, The Reserve at Jones Road, Sorelle Apartments, Villages at Sunset Ridge, The Village at Marquee Station and Yorktown Crossing.

The Pinnacle Family of Companies, the third largest third-party manager in the U.S., provides property management for Greenhaven Apartments, Pure Living Heathrow, Soho Parkway Apartments, The Reserves at Alafaya, Verano Apartments, The Views at Coolray Field and Villages of Towne Lake.

Alliance Residential Company, the seventh largest third-party manager in the U.S., provides property management for The Allure, Boardwalk Med Center, Broadstone Travesia, City North at Sunrise Ranch, Palm Valley Apartments, Residences at Cinco Ranch and South Blvd Apartments.

The Altman Companies, a third-party manager in the U.S. with local market expertise and experience, provides property management for Altis at Grand Cypress.

Rental Rates

Given the strong occupancy levels at the Fund's properties, the Manager is aggressively increasing rental rates on both new and renewal leases. Where necessary during slower leasing months, concessions are offered on new and renewal leases at the Fund's properties.

Implementation of Yield Management Software

The Manager continues to utilize yield management software at all of its properties. This software provides new pricing on a daily basis, optimizing asking rents and renewal rents in real time, based on supply and demand for different unit 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 install/test/market private yards for select suites at Greenhaven Apartments, The Falls at Eagle Creek, Palm Valley Apartments, The Reserves at Alafaya, Soho Parkway Apartments and Travesia Apartments which generate $100 per month of additional ancillary income per yard.

Outlook

The Manager believes that its properties will continue to see strong demand for residential rental accommodation based on the quality of its apartment communities, low unemployment rates and strong job growth in the markets that it operates as well as the continuing trend towards renting versus home ownership. The performance of the U.S. economy and local markets continue to support improved multi-family real estate fundamentals. The Fund properties are expected to continue to perform well with strong occupancy, rental growth and NOI growth. We expect to continue to produce consistent investment returns for unitholders.

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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 Fund's properties; the trading price of units; national and local real estate market conditions and economic variables; rental rates; occupancy rates; currency exchange rates; the potential results from yield management software; and type, timing and cost of capital improvements.

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

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

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