NEWSLETTER AUGUST 2017

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 6,980 suites in 23 apartment communities with an average age 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.

As at June 30, 2017, the Fund's properties were 92.6% occupied. The adjusted funds from operations payout ratio of the Fund for the period was 88.2%. Management continues to actively increase rental rates, create new ancillary revenue streams and control operating expenses to drive growth in net operating income ("NOI") and asset values. The Fund recorded same property NOI growth of 5.9% during the second quarter. As a result, the Fund's investment properties fair values increased by $8.3 million in the second quarter of 2017.

Carrick Bend (Denver, CO 2014)

Spectra North (Phoenix, AZ 2012)

The Views at Coolray Field (Atlanta, GA 2015)

Copperfield (Nashville, TN 2015)

The Reserves at Alafaya (Orlando, FL 2014)

Altis at Grand Cypress (Tampa, FL 2014)

Significant Events

During the three months ended June 30, 2017, the Fund disposed of two properties in Houston, Texas being Villages of Towne Lake (2008) and Residences at Cinco Ranch (2009) as well as Belle Haven Apartments (2014 Vintage), a smaller property in the Charlotte, North Carolina market. The net proceeds were redeployed on a tax deferred basis into Spectra North in Phoenix, Arizona (2012 Vintage) and Carrick Bend in Denver, Colorado (2014). These properties represent the Fund's initial investments in the high growth Phoenix and Denver markets and combined with the strategic dispositions enhance the geographical diversification of the Fund's portfolio and improve the average age of construction. On August 1, 2017, the Fund completed the acquisition of Copperfield, a 288 suite Class "A" apartment community constructed in 2015 and located in Nashville, Tennessee.

Unit Information and Distributions

Monthly Distributions

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

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 U.S. unemployment rate decreased slightly in June 2017 to 4.5%. Our target market, 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 increased by 0.1% to 63.7% in the second quarter of 2017. Apartment occupancy rates and rental growth continue to be strong with MPF Research reporting second quarter 2017 U.S. apartment occupancy of 96.2% for the 100 largest markets. Year-over-year rent growth across these markets was 3.6%.

The Allure (Austin, TX 2013)

South Blvd Apartments (Las Vegas, NV 2012)

Metropolitan Market Information

The Fund owns 6,980 suites in 23 properties located in 13 submarkets across eight 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	+3.5%	4.9%	95.0%	5.8%	94.7%	4.2%
Northeast Atlanta			94.4%	3.8%		
Northeast Gwinnett County			95.5%	5.3%		
Austin	+2.8%	3.4%	94.8%	2.0%	94.1%	2.1%
Round Rock/Georgetown			94.6%	0.7%		
Northwest Austin			94.7%	2.5%		
Cedar Park			95.9%	-1.1%		
Dallas Fort Worth	+3.3%	4.0%	95.7%	5.1%	95.3%	4.0%
Allen/McKinney			94.5%	1.4%		
Denver/Boulder	+2.6	2.5%	95.3%	4.5%	94.7%	3.6%
Thornton/Northglenn			96.3%	2.1%		
Houston	+1.9%	5.3%	92.9%	-1.6%	94.2%	1.2%
Bear Creek			92.0%	-0.1%		
Humble/Kingwood			94.1%	-1.2%		
Las Vegas	+3.7%	5.1%	96.0%	6.2%	95.1%	3.2%
South Las Vegas			95.9%	6.1%		
Nashville	+3.6%	3.3%	95.0%	3.4%	95.4%	3.8%
Murfreesboro/Smyrna			95.9%	2.7%		
Orlando	+4.0%	3.9%	97.2%	5.5%	96.3%	3.1%
Kissimmee/Osceola County			97.6%	4.7%		
Sanford/Lake Mary			97.1%	6.1 %		
East Orange County			97.7%	6.0%		
Phoenix	+3.0%	4.5%	95.8%	4.6%	94.6%	3.9%
Deer Valley			95.3%	2.8%		
Raleigh/Durham	+3.0%	3.7%	94.1%	5.1%	94.0%	3.4%
South Cary/Apex			95.3%	6.4%		
San Antonio	+2.4%	3.9%	94.2%	1.9%	93.3%	1.8%
Medical Center			93.6%	1.5%		
Tampa	+3.6%	4.1%	95.9%	5.2%	95.1%	2.5%
New Tampa/East Pasco County			97.3%	6.0%		

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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 2.24% as at August 3, 2017. Lender spreads have compressed to offset increases in bond rates and all-in interest 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 was completed at the beginning of Q2 2017. Exterior painting and pool area upgrades at City North at Sunrise Ranch were completed in Q2 2017. At Sorelle Apartments, the first phase of the multi-year corridor project was completed in early Q2 2017 with phase two beginning in Q4 2017. Lobby sitting area renovations at The Views at Coolray Field were completed in Q2 2017. Flooring upgrades for The Village at Marquee Station's fitness room, games room and leasing office were completed in Q2 2017.

We continue to undertake in suite upgrades including plank flooring installations, where possible throughout the portfolio to generate rental premiums of $50-$100 per suite, per month.

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 nine properties with a total of 2,651 suites. The Pinnacle Family of Companies, the third largest third-party manager in the U.S., provides property management for six properties with a total of 1,701 suites. Alliance Residential Company, the seventh largest third-party manager in the U.S., provides property management for seven properties with a total of 2,324 suites. The Altman Companies, a third-party manager in the U.S. with local market expertise and experience, provides property management for one property with a total of 304 suites.

Rental Rates

Given the strong seasonal, spring and summer leasing period and strong occupancy levels at the Fund's properties, the Manager is aggressively increasing rental rates on both new and renewal leases. When 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 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 the ancillary rates are at market levels. Privacy yards for select suites are being installed at Greenhaven Apartments, The Falls at Eagle Creek, Palm Valley Apartments, Soho Parkway Apartments, Travesia Apartments and Villages at Sunset Ridge which generate approximately $100 per month of additional ancillary income per yard. All properties continue to offer trash pick-up services.

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 properties are performing well with strong occupancy, rental and NOI growth. The Fund expects to continue to produce consistent investment returns for unitholders while continuing to seek opportunities to recycle capital into new properties in its primary markets that will reduce the average age of construction and enhance the geographical diversification of the portfolio.

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

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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.

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