NEWSLETTER | May 2022

Starlight U.S. Multi-Family (No. 2) Core Plus Fund (the "Fund") is listed on the TSX Venture Exchange (TSXV: SCPT.A and SCPT.U). The Fund currently owns 995 suites in three apartment communities, Hudson at East ("Hudson"), Montane Apartments and Summermill at Falls River ("Summermill") (collectively, the "Properties") and is asset managed by Starlight Investments US AM Group LP (the "Manager"). The Fund was established in February 2021 to indirectly acquire, own, and operate a portfolio primarily comprised of light value-add income-producing Class "A", institutional quality multi-family real estate assets constructed in 1990 or newer, located in Arizona, California, Colorado, Florida, Georgia, Idaho, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Texas, Utah and Washington (the "Primary Markets").

The Fund's core plus strategy is focused on achieving increases in rental rates through high return, light value-add capital expenditures to rental suites, clubhouses and amenities in targeted geographic locations experiencing compelling demand increases due to population and employment growth as well as lifestyle preferences. The light value-add strategy also includes active asset management utilizing reputable, best-in-class United States ("U.S.") based third-party property managers to implement net operating income ("NOI") growth by maximizing rental rates and ancillary revenue opportunities with rigorous operational controls to manage and reduce costs. The Fund's presentation currency is U.S. dollars. Unless otherwise stated, dollar amounts expressed are in U.S. dollars.

Summermill at Falls River (Raleigh, NC 2002)

Hudson at East (Orlando, FL 2019)

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Significant Events

During the three months ended March 31, 2022 ("Q1 2022"), the Fund recorded a fair value gain on its Properties of $12,648, contributing to the cumulative 32.3% increase over the aggregate purchase price. The fair value gain during Q1 2022 was primarily driven by NOI growth and capitalization rate compression from increasing demand in the investment market for multi-family properties across the Primary Markets.

Significant increases in rent growth and occupancy were achieved during Q1 2022 with the Fund reporting 8.8% annualized rent growth and economic occupancy of 94.5%, which was ahead of Q1-2021 and Q4-2021 by 120 and 90 basis points, respectively. These significant increases are being driven by growth in demand for multi-family suites due to the economic strength following the downturn created by the outbreak of the coronavirus (SARS – CoV2) global pandemic ("COVID-19") in the U.S. and the Primary Markets (see "COVID-19" and "Future Outlook").

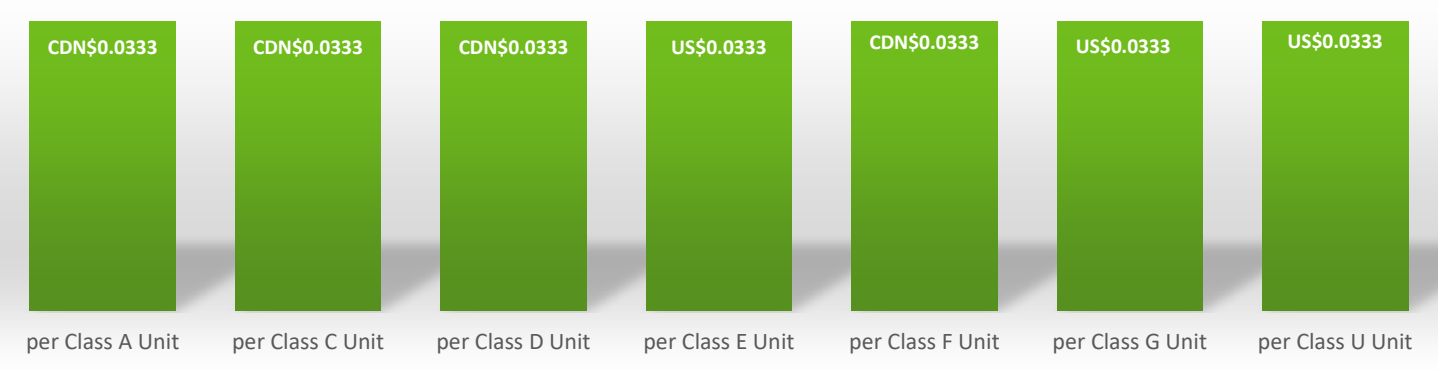
As at May 9, 2022, the Fund had collected 98.9% of rents for Q1 2022, demonstrating the Fund's strong tenant profile.

Subsequent to March 31, 2022 the Fund completed the refinancing of the loan payable secured by Hudson which generated net proceeds of $26,623 reflecting the significant increase in the fair value of Hudson which along with cash on hand in the Fund, was used to acquire Summermill, a 320-suite multi-family property located in Raleigh, North Carolina.

Unit Information and Distributions

Monthly Distributions

The Fund expects to pay monthly distributions equal to 4.0% on an annualized basis on all outstanding unit classes. The following is a summary of the monthly distribution amounts for each outstanding unit class.



U.S. Multi-Family Market Trends

Unemployment rates initially increased to a peak of approximately 15% in April 2020 due to COVID-19, followed by a steady decline driven by the continued economic recovery in the U.S. According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate decreased in March 2022 to 3.6%, with the local markets where the Properties operate having maintained unemployment rates in line with the national average. In Q1 2022, key multi-family fundamentals including submarket occupancies, rent growth and collection rates, indicated a continued strengthening and recovery

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of the multi-family market in the U.S. and the Primary Markets. The Manager continues to closely monitor national and local economic conditions as part of its response to COVID-19 (see "COVID-19" and "Future Outlook") and is well positioned to take advantage of any continued improvement in the sector's performance.

Metropolitan Market Information

The Fund owns 995 suites in three cities across three states. The following highlights the key macroeconomic and property data in each city and sub-market.

Denver Market Trends

Employment

According to the U.S. Bureau of Labor Statistics, the Denver Metropolitan Area gained over 22,989 jobs from December 2021 to February 2022, primarily attributable to the rebound from COVID-19. The unemployment rate in February 2022 was 4.0% in Denver, a decrease from 4.2% in November 2021, but slightly above the national average of 3.6%. It is expected that Denver's unemployment rates will continue to decline as the overall economy continues to recover from the impact of COVID-19.

Occupancy Projections

According to RealPage Market Analytics, Q1 2022 occupancy levels for Denver were 97.0%. Annualized rental growth for the quarter was 1.1%, with year-over-year rent growth at 16.4%. The 2022 forecast for occupancy levels in Denver is for a slight decrease to 95.7%, with 2022 rental growth projected at 11.6%.

Denver Submarkets

According to RealPage Market Analytics, the Denver submarket in which the Fund has invested – Parker/Castle Rock – had a Q1 2022 occupancy rate of 96.9%, with year over year rent growth of 16.8%. Occupancy rates in this submarket are expected to decrease slightly to 95.4% in 2022.

Orlando Market Trends

Strong Employment Growth

According to the U.S. Bureau of Labor Statistics, the Orlando Metropolitan Area job market remained stable from December 2021 to February 2022, primarily attributable to the continued rebound from COVID-19. The unemployment rate in February 2022 was 3.4% in Orlando, a decrease from 3.8 % in November 2021 and lower than the national average of 3.6%.

Occupancy Projections

According to RealPage Market Analytics, Q1 2022 occupancy levels for Orlando were 97.9%. Annualized rental growth for the quarter was 3.4%, with year-over-year rent growth of 26.9%. The 2022 forecast for occupancy levels in Orlando is for a slight decrease to 96.7%, with rent growth projected at 20.6% for 2022.

Orlando Submarkets

According to RealPage Market Analytics, the Orlando submarket in which the Fund has invested – East Orange Market – had a Q1 2022 occupancy rate of 97.6%, with year over year rent growth of 31.7%. Occupancy rates in this submarket are expected to decrease to 95.3% in 2022.

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Raleigh Market Trends

Strong Employment Growth

According to the U.S. Bureau of Labor Statistics, the Raleigh Metropolitan Area job gained 6,640 from December 2021 to February 2022, primarily attributable to the rebound from COVID-19. The unemployment rate in February 2022 was 3.0% in Raleigh, a slight increase from 2.8 % in November 2021 but still lower than the national average of 3.6%.

Occupancy Projections

According to RealPage Market Analytics, Q1 2022 occupancy levels for Raleigh were 97.1%. Annualized rental growth for the quarter was 1.6%, with year-over-year rent growth of 21.8%. The 2022 forecast for occupancy levels in Raleigh is for a decrease to 95.9%, with rent growth projected at 16.9% for 2022.

Orlando Submarkets

According to RealPage Market Analytics, the Raleigh submarket in which the Fund has invested – Far North Raleigh – had a Q1 2022 occupancy rate of 97.2%, with year over year rent growth of 20.4%. Occupancy rates in this submarket are expected to decrease to 95.7% in 2022.

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 Primary Markets are approximately 3.0% to 4.0%, depending on the quality and location of the apartment community.

As at May 9, 2022, Ten Year U.S. Treasury bonds were yielding approximately 3.04%, the U.S. 30-Day London Interbank Offered Rate was approximately eighty-four basis points and the U.S. 30-day Secured Overnight Financing Rate was seventy-eight basis points. All-in interest rates continue to remain low versus historical levels however index rates are beginning to trend upwards, while debt continues to be available at moderate leverage levels. The Fund continues to actively monitor the current interest rate environment and any associated impact this may have on the Fund’s financial performance.

Property Improvements

Montane Apartments completed upgraded dog wash stations, installation of safety signage, the replacement of pool pumps, upgrades to HVAC systems and landscaping, infrastructure and plumbing systems. Hudson completed an upgrade to the sprinkler systems. The Fund’s continued light value-add initiatives are expected to result in improvements to common areas, amenities and building exteriors.

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. Bainbridge Management Group, a third-party manager with local market expertise in Orlando provides property management for Hudson. Avenue-5 Residential, a third-party manager with local market expertise in Denver provides property management for Montane Apartments. High5 Residential, a third-party manager with local market expertise in Raleigh provides management Summermill.

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Utilization of Yield Management Software

The Manager now utilizes AIRM (AI Revenue Management) 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, as well as offering updates to amenity pricing 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 all ancillary rates are at market levels and exploring additional ancillary fee opportunities.

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. Although COVID-19 has resulted in a volatile economy, the Fund believes it is well positioned to navigate through this challenging time and continues to undertake proactive measures at the Properties to combat the spread, assist tenants where needed and implement other measures to minimize business interruption.

The Fund intends to actively monitor any impact COVID-19 may have on the Fund's operating results in future periods specifically as they relate to rent collections, occupancy, rent growth, ancillary fees and expenses incurred for preventative measures in response to COVID-19 at the Properties.

Although positive U.S. employment and economic growth statistics, as well as strengthening rent growth, collections and occupancy statistics for multi-family properties operating in the Primary Markets have been published in recent months, the extent to which COVID-19 impacts the Fund's operations, financial condition and financial results will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Such future developments include the severity and duration of COVID-19, any intensification of COVID-19, the actions by federal, state, and local governments and others taken to contain COVID-19 or mitigate its impact, changes in the preferences of tenants and prospective tenants, and the direct and indirect economic effects of COVID-19 and containment measures, among others. The rapid development and fluidity of this situation impedes the Manager's ability to predict the ultimate adverse impact of COVID-19. COVID-19 and the current financial, economic, and capital markets environment, and future developments in these and other areas, present material uncertainty and risk with respect to the Fund's performance, financial condition, results of operations and cash flows.

Future Outlook

Throughout 2021 and into early 2022, key multi-family fundamentals improved significantly including strengthening occupancy, rent growth and collection rates which translated into favourable operating results of various owners of multi-family properties, including those in the Primary Markets. These trends, in conjunction with the Primary Markets exhibiting sustained job and population growth historically as a result of lifestyle choices as well as positive net migration, should continue to support further demand for multi-family apartments in future periods. In addition, previous economic downturns have typically been followed by periods of above market rent growth for multi-family properties in the U.S. Consistent with this trend, the Properties achieved rent growth on new leases in excess of 10%.

COVID-19 has disrupted active and new construction of comparable product in the markets the Fund operates in which has created a temporary imbalance in supply of comparable, multi-suite residential properties. This imbalance, along with the continued economic recovery and improving operating fundamentals, should continue to create favourable supply and demand conditions for the Properties resulting in future increases in occupancy and rent growth. The Fund

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believes it is well positioned to take advantage of these trends. In addition, investment trends are also positive as investors continue to target multi-family real estate for investment causing capitalization rates to compress.

Operating and investment fundamentals continue to be strong in the multi-family markets where the Properties are located. The Fund is optimistic on future growth prospects and will continue to focus on increasing rental rates and net income at the properties and increasing value for investors.

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

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This Newsletter is intended for informational purposes only and is not, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities of the Fund, or investment advice to any individual. Particular investments should be evaluated relative to each individual's circumstances and individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Past performance may not be repeated and nothing in this Newsletter should be construed as an indication of future values of the Fund or future returns on any investment in the Fund.

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 interim 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 impact of COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's TSX Venture Exchange listed and unlisted units, acquisitions, financing, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, average monthly rent, taxes, and plans and objectives of or involving the Fund. Particularly, matters described at "Future Outlook" and "COVID-19" are forward-looking information. 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", "goal", "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 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: the impact of COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's listed units; changes in government legislation or tax laws which would impact any potential income taxes or other taxes rendered or payable with respect to the Properties or the Fund's legal entities; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof, and the availability of multi-family properties for acquisition; the extent and pace at which any changes in interest rates that impact the Fund's weighted average interest rate may occur; the availability of debt financing; and the price at which properties may be acquired. A variety of factors, many of which are beyond the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

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 impact of COVID-19 on the Fund's portfolio as well as the impact of COVID-19 on the markets in which the Fund operates and the trading price of the Fund's listed units; the applicability of any government regulation concerning the Fund's tenants or rents as a result of COVID-19 or otherwise; the realization of property value appreciation and timing thereof; the inventory of multi-family real estate properties; the use of the proceeds of the Fund's unsecured loan; the availability of multi-family properties for acquisition and the price at which such properties may be acquired; the availability of mortgage financing and current interest rates; the ability of the Fund to benefit from any light value-add program the Fund conducts at certain Properties; the price at which Properties may be disposed and the timing thereof; closing and other transaction costs in connection with the acquisition and disposition of Properties; the availability of mortgage financing and current interest rates; the capital structure of the Fund; the extent of competition for multi-family properties; the growth in NOI generated from light value-add initiatives; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of the Manager to manage and operate the properties of the Fund; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws. Given this unprecedented period of uncertainty, there can be no assurance regarding: (a) the impact of the COVID-19 on the Fund's business, operations and performance or the volatility of the Fund's units; (b) the Fund's ability to mitigate such impacts; (c) credit, market, operational, and liquidity risks generally; (d) the Manager or any of its affiliates, will continue its involvement as asset manager of the Fund in accordance with its current asset management agreement; and (e) other risks inherent to the Fund's business and/or factors beyond its control which could have a material adverse effect on the Fund.

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.

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