

MARCH 31, 2021 – MANAGEMENT REPORT

Note: All dollar references herein are in Canadian dollars.

Alignvest Student Housing Real Estate Investment Trust (“ASH REIT”) is focused on consolidating the fragmented, institutional-grade, purpose-built student accommodation (“PBSA”) real estate sector across Canada.

OBJECTIVES

- ✓ To build a diversified investment portfolio of income-producing purpose-built student accommodation in Canada by acquiring properties at attractive valuations;
- ✓ To improve operating results and reduce risks with professional operations and management; and
- ✓ To deliver attractive and tax-efficient monthly distributions to investors, and long-term capital appreciation.

Q1 2021 HIGHLIGHTS

- ✓ As at March 31, 2021, ASH REIT announced a Fair Market Value (“FMV”) of \$113.00 per Class F Unit and \$112.80 per Class A Unit (collectively with Class F Unit, the “REIT Unit”) and declared a monthly distribution of \$0.50 per REIT Unit (\$6.00 annualized distribution).
- ✓ Delivered annualized returns (to initial Class F unitholders since inception of ASH REIT in June 2018) of 11.7%, assuming DRIP participation.
- ✓ Achieved quarter-end occupancy of over 90% at ASH REIT’s privately managed properties and ~47% at ASH REIT’s university managed property.
- ✓ Completed the \$100 million acquisition of two high-quality properties in Waterloo, Ontario on April 1, 2021, with 795 beds and over 90% occupancy, increasing the REIT’s portfolio-wide appraised value to \$540.8M across 4,189 beds and 10 properties.
- ✓ Entered into an agreement to acquire a high-quality property in Ottawa, Ontario with 500+ beds.
- ✓ Initiated a development partnership strategy to build new properties and renovate or re-purpose existing properties for future acquisition by ASH REIT.
- ✓ The FMV for April 30, 2021 has been announced at \$113.00 per Class F Unit and \$112.70 per Class A Unit and a monthly distribution of \$0.50 per REIT Unit has been declared.

REIT FACTS

ASH REIT DETAILS

Fund Type	Mutual Fund Trust
Fundserv Code	ASH 100 – Class F Unit ASH 101 – Class A Unit
Fund Status	Offering Memorandum
Inception Date	June 2018
Registered Plan Status	Eligible (RRSP, RRIF, TFSA)
Investment Minimum	\$25,000 (Accredited Investors)
Minimum Subsequent Investment	\$1,000
Purchases / Redemptions / Valuations	Monthly
Periodic Distributions	Monthly
Management Fee (Indirectly at CSL)	Class F Units – Nil Class A Units – 1% per annum of net asset value of corresponding Class A Units of CSL, plus taxes
Early Redemption Penalty	Less than 1 Year: 5% 1 to 3 Years: 3% After 3 Years: 0%

ASH REIT HIGHLIGHTS – MARCH 31, 2021

Property Appraised Value	\$540.8 million
Bed Count	4,189
Loan to Value	58%
Fair Market Value per Unit	Class F Unit – \$113.00 Class A Unit – \$112.80
Annual Distribution per Unit	\$6.00
Distribution Yield to Unitholders of Class F Unit (RoC)	5.3%
Targeted Long-Term Returns – Class F Unit	~15% (Net of Fees)

MANAGEMENT OVERVIEW

Q1 2021 has been an extremely busy and important period for us! Throughout the quarter, we continued to focus on operations and growth while maintaining the health and safety of our team and residents at our properties. With the approval and roll-out of vaccines in Canada and our universities issuing “return-to-campus” announcements for Fall 2021, we are starting to see signs of a return to normalcy in Canada.

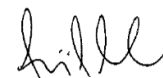
Q1 is the traditional pre-leasing season in student housing. However, this season we have experienced a lag in leasing velocity as students are waiting for more clarity around specific plans for in-person activities. We remain confident that we will return to pre-pandemic occupancies as we are continuing to experience week-over-week growth in our pre-leasing, and still have four months remaining before the start of the school year.

In February, we took advantage of the low interest-rate environment by refinancing three of our mortgages. Importantly, we were able to obtain attractive financing terms from a Schedule A Bank for the first time in our history. This is an important milestone for us as it opens up a significant and attractive capital source for future acquisitions.

We expect that high-quality accommodations will be in demand as students return to campus in Fall 2021. With this in mind, we completed a strategic acquisition of two properties in Waterloo that are adjacent to other properties we already own in the market and we have secured another attractive acquisition in Ottawa with an anticipated closing in early Q3 2021. With these acquisitions completed, our assets will be valued at over \$650 million.

As we continue to grow, and in response to investor requests for additional information, we have included enhanced financial disclosure and commentary in this report. Please contact us if you have any questions or need additional information.

While we are currently battling the “third wave” of the pandemic, we are encouraged to see accelerated vaccinations across Canada in the month of April 2021. We remain optimistic that enough of us will be vaccinated over the next few months so that we achieve herd immunity and start to enjoy the warmer weather over the summer months! We are positive about the outlook for the health of Canadians, and of our ability to deliver attractive returns to our investors and provide safe accommodations for our residents.



Sanjil Shah
Managing Partner

Q1 2021 REIT PERFORMANCE

On April 15, 2021, ASH REIT distributed \$0.50 per REIT Unit (\$6.00 annualized distribution) payable to Unitholders of record on March 31, 2021. As at March 31, 2021, a FMV of \$113 per Class F Unit and \$112.80 per Class A Unit was achieved.

Management believes ASH REIT's distributions to date, combined with the FMV per REIT Unit increase since inception, is an attractive result for Unitholders relative to (a) the underlying risk of the core property portfolio, (b) the public markets, and (c) the resiliency demonstrated through the COVID-19 pandemic. Since inception, Class F Unitholders have realized a 32.1% total return (for the period June 30, 2018 to March 31, 2021, assuming DRIP participation), despite the REIT holding substantial amounts of cash. Over the same period, the S&P/TSX Capped REIT Index returned 3.5% (for the period June 29, 2018 to March 26, 2021).

	March 31, 2021
Investments in Real Properties	\$432,620,000
Cash & Cash Equivalents	39,496,546
Other Assets	1,788,993
Debt Obligations	(251,102,967)
Other Liabilities and Performance	(17,614,752)
Fair Market Value (Pre-Distribution)	\$205,187,820
Less - Distribution to Unitholders	(902,607)
Less - Distribution to General Partner ⁽¹⁾	(300,869)
Fair Market Value (Post-Distribution)	203,984,344
Number of Class F Units outstanding	1,804,981
Number of Class A Units outstanding ⁽²⁾	223

	30-Sep-20	30-Dec-21	31-Jan-21	28-Feb-21	31-Mar-21
Fair Market Value per Class F Unit	\$110.63	\$112.00	\$112.00	\$112.00	\$113.00
Fair Market Value per Class A Unit ⁽²⁾	\$ -	\$ -	\$112.00	\$111.90	\$112.80

(1) The Distribution to Alignvest Student Housing Inc. ("General Partner") is an incentive allocation calculated as 25% of the total distributions. The General Partner receives no annual management, transaction fees, financing fees, etc.

(2) Class A Units were introduced on January 1, 2021.

PROPERTIES

Inclusive of the recent acquisition of Bridgeport House and Preston House in Waterloo, on April 1, 2021, ASH REIT's portfolio consists of 10 properties with 4,189 beds in five tier-1 university markets across Canada.

ASH REIT has also recently entered into an agreement of purchase and sale to acquire a property in Ottawa with over 500 beds. The transaction is expected to close in Q3 2021. ASH REIT has an acquisition pipeline of near- and medium-term opportunities valued at over \$1.7 billion with over 11,000 beds.

Property	Market	Targeted University	Units	Beds	Acquired
181 Lester St.	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	91	455	Aug 2018
111 Cooper St.	Ottawa, ON	University of Ottawa & Carleton University	224	357	Nov 2018
265 Laurier Ave.	Ottawa, ON	University of Ottawa	159	518	Mar 2019
333 King St.	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	126	536	Apr 2019
339 King St.	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	80	419	Apr 2019
1686 Main St.	Hamilton, ON	McMaster University	107	449	Apr 2019
1700 Simcoe St.	Oshawa, ON	University of Ontario Institute of Technology & Durham College	133	588	Apr 2019
11024 82 Ave.	Edmonton, AB	University of Alberta	37	72	Aug 2020
315 King St North	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	62	310	Mar 2021
324 Regina St North	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	97	485	Mar 2021
Total			1,116	4,189	

Q1 2021 ACQUISITIONS: PRESTON HOUSE & BRIDGEPORT HOUSE



Preston House is a PBSA property located at 315 King Street North in Waterloo, Ontario, a 10-minute walk to Wilfrid Laurier University or a 4-minute drive to the University of Waterloo. Preston House is a 17-storey modern building that was constructed in 2013 with 310 beds in 62 fully furnished units. The property has historically operated at 100% occupancy and is currently at 94% occupancy.

Bridgeport House is a PBSA property located at 328 Regina Street North in Waterloo, Ontario, an 11-minute walk to Wilfrid Laurier University or a 5-minute drive to the University of Waterloo. Bridgeport House is an 18-storey modern building that was constructed in 2014 with 485 beds in 97 fully furnished units. The property has historically operated at 100% occupancy and is currently at 92% occupancy.

The two properties offer high-quality amenities, including exercise facilities, games rooms, study rooms, conference/boardrooms, and laundry facilities. The two buildings have highly desirable suite configurations, with every bedroom having a private ensuite bathroom.

OPERATIONS AND LEASING UPDATES

ASH REIT is encouraged by the announcements from post-secondary institutions about their plans to resume in-person teaching and activities for the 2021/22 academic year. As campuses re-open, it is expected that on-campus housing may need to “de-densify” by reducing the supply of beds to maintain social distancing and comply with local public health requirements, resulting in an increased need for off-campus student housing. Management is engaged in preliminary discussions with several universities to supply beds to students who traditionally would have lived in on-campus residences or international students who need accommodations to quarantine prior to commencing their permanent lease arrangements.

Since the onset of COVID-19, Management has been encouraged by the REIT’s maintenance of occupancy and students’ desire to reside in university cities with their peers, regardless of their university’s teaching approach (online, hybrid or in-person). There is a significant portion of residents currently occupying their units, with over 90% of beds economically occupied as of March 31, 2021, which bodes well for the REIT’s future leasing performance.

ASH REIT’s portfolio is well-positioned to meet the “new normal” that is expected to exist in the post-pandemic world with respect to social distancing requirements and the heightened focus on health, hygiene, and safety, as 82% of the REIT’s beds have no more than two students sharing a bathroom, and 58% of bedrooms have private ensuite bathrooms. The REIT’s properties also have ample space in common areas to allow for properly spaced activities.

Pre-leasing velocity for May 2021 and September 2021 occupancy is lagging relative to prior years, both in Canada and around the world. Although post-secondary institutions have announced their intent to hold in-person learning in September 2021, the urgency to commit to living accommodations is behind compared to prior years as students wait for final confirmation of on-campus activities. While this may result in lower occupancy and potentially increased rental concessions from May to September at some of the REIT’s properties, Management believes that once teaching plans are finalized, leasing velocity and financial performance will potentially exceed previous years.

Rent Collection Summary

ASH REIT’s rent collection remained strong during the quarter with 98% collections in the privately managed residential portfolio and 100% of rent at the university managed asset.

FINANCING UPDATES

Management continues to actively pursue attractive debt financing options on both new acquisitions and the current portfolio. With larger banks committing to financing arrangements, the portfolio is benefitting from a lower cost of capital and a weighted average interest rate of 3.38% at March 31, 2021.

Property Name	Address	Provider	Type	Debt	LTPP	Value	LTV	(Years)	Rate	Maturity
myREZ	181 Lester Street	Schedule A Bank	First-Mortgage	\$39.6	87.0%	\$56.9	69.5%	1.0	3.22%	Feb-26
1ELEVEN	111 Cooper Street	Schedule A Bank	First-Mortgage	\$40.3	73.3%	\$62.4	64.6%	1.0	3.22%	Feb-26
King Street Towers I & II	333 & 339 King Street	Trust Company	First-Mortgage	\$61.8	65.1%	\$109.4	56.5%	25	3.63%	May-26
West Village Suites	1686 Main Street	Private Lender	First-Mortgage	\$46.2	61.6%	\$98.0	47.1%	30	3.79%	May-24
Village Suites Oshawa	1700 Simcoe Street									
Annex	265 Laurier Avenue	CMHC	First-Mortgage	\$52.4	65.6%	\$104.5	57.7%	25	2.62%	Jun-29
		Private Lender	Second-Lien	\$7.9						
1Ten on Whyte	11024 82 Avenue	Schedule A Bank	First-Mortgage	\$5.1	79.9%	\$6.6	77.7%	1.0	3.48%	Feb-24
Total / Weighted Average				\$253.3	68.7%	\$437.8	57.9%		3.38%	Apr-26

Subsequent to March 31, 2021, the acquisition of Preston House and Bridgeport House in Waterloo were secured with interim / bridge financing at Prime plus 2%. Management has executed commitment letters for permanent refinancing with a Schedule A Bank and Trust Company to be secured by May 31, 2021 at Cost of Funds plus 150 bps and 24 months of interest-only payments for Bridgeport House, and Cost of Funds plus 90 bps and six months of interest-only payments for Preston House.

ESG UPDATE

Environmental, Social and Governance (ESG) continues to be a priority. ASH REIT issued its inaugural ESG strategy report in Q1 2021 and continues to focus on the health and safety of residents and the team. During the quarter, the ESG committee was established and held its first meeting with representation from the Board of Trustees, Management, and the REIT's operating company, Canadian Student Living Group LP. The ESG committee is developing an ESG roadmap, assessing priorities, and determining how best to measure success in the future. The committee is also reviewing the reporting of peers and best-in-class ESG focused organizations to assist in developing its vision and actions.

2020 PERFORMANCE REVIEW

With the completion and issuance of ASH REIT's 2020 audited consolidated financial statements, Management has provided an analysis of the REIT's performance in comparison to the stabilized results used in the determination of appraised value of the REIT's properties by Cushman & Wakefield. While COVID-19 had a substantial impact on performance in 2020, Management believes ASH REIT demonstrated resiliency and is on track to achieve stabilized Net Operating Income (NOI) as universities resume in-person activities. Note that the below figures do not include ASH REIT's newest acquisitions of Preston House and Bridgeport House.

Operating Summary / Metrics

Summary NOI Comparison:

<i>In \$C millions</i>	2020 Actual NOI	Stabilized NOI
Effective Gross Income	\$29.80	\$36.70
Operating Expenses	\$12.50	\$13.20
Net Operating Income	\$17.30	\$23.50

Year over Year EGI and GPI Growth:

	myREZ		1Eleven		Annex		KST		WVS		17H		1Ten	
	EGI	GPI	EGI	GPI	EGI	GPI	EGI	GPI	EGI	GPI	EGI	GPI	EGI	GPI
2019	6.4%	6.5%	3.3%	2.1%	N/A	N/A	2.3%	1.8%	4.7%	4.4%	12.4%	4.8%	N/A	N/A
2020	3.2%	3.9%	-7.1%	2.9%	-14.3%	22.9%	2.1%	3.1%	4.7%	5.9%	-5.4%	2.9%	N/A	N/A
C&W	5.9%	6.7%	15.5%	4.5%	47.7%	5.6%	15.4%	15.6%	19.4%	19.8%	25.2%	7.6%	N/A	N/A

EGI: Effective Gross Income
GPI: Gross Potential Income

Note: The C&W figures represent the stabilized NOI margins, as per Cushman & Wakefield's third-party appraisal.

ASH REIT's properties have historically realized Gross Potential Income and Effective Gross Income growth year-over year. Effective Gross Income was impacted in 2020 by the following:

- Vacancy and bad debts were impacted by universities shifting to an online learning model and the University of Ottawa's decision to allow tenants to terminate leases at the Annex prior to their expiration date (resulting in an impact of \$2.3 million from residential vacancy at the Annex).
- Commercial income was impacted by government relief programs which required landlords to absorb 25% of commercial rent for a period of time in 2020.
- Parking and laundry income was impacted by the reduced physical occupancy at properties.

While total operating expenses were managed and reduced in 2020, a substantial increase in cleaning expenses was incurred to deal with COVID-19 requirements.

NOI Margins:

	myREZ	1Eleven	Annex	KST	WVS	17H	1Ten	Preston	Bridgeport
2018	59.9%	49.1%	N/A	63.7%	64.2%	39.0%	N/A	N/A	N/A
2019	64.8%	57.2%	68.2%	65.7%	63.4%	42.8%	N/A	N/A	N/A
2020	68.8%	56.4%	47.8%	65.9%	64.6%	39.2%	37.1%	N/A	N/A
C&W	66.8%	62.5%	66.3%	67.9%	67.9%	49.9%	51.9%	68.8%	71.0%

Note: Preston and Bridgeport closed on April 1, 2021. The C&W figures represent the stabilized NOI margins, as per Cushman & Wakefield's third-party appraisal.

The REIT expects substantial growth in NOI margins as students return to campus. In particular, expected higher turnover in September 2021 will allow quicker realization of market rents. The gap to market revenue opportunities in potential gross income range from 5-9% across the portfolio. This opportunity could generate over \$1.8 million in additional NOI. In addition, with regular turnover of residents, there is the opportunity to capitalize on new ancillary revenue sources such as utility charges and furniture rental fees.

NOI Growth Rates:

	myREZ	1Eleven	Annex	KST	WVS	17H	1Ten
2019	15.2%	20.3%	N/A	5.4%	3.4%	23.6%	N/A
2020	9.5%	-8.2%	-39.9%	2.4%	6.7%	-13.3%	N/A
C&W vs. 2019	12.6%	17.3%	23.0%	21.8%	33.9%	37.9%	N/A
C&W vs. 2020	2.9%	27.8%	104.7%	19.0%	25.4%	59.1%	N/A

Note: The C&W figures represent the stabilized NOI margins, as per Cushman & Wakefield's third-party appraisal.

Management has the ability to significantly enhance NOI growth through active management and implementing revenue generating and cost cutting initiatives. Indicative of a stabilized year, 2019 showed a same store NOI growth ranging from 3.4% to 23.6%. In 2020, same store NOI growth dropped primarily due to decreased occupancy because of the pandemic, primarily at the Annex in Ottawa. Management is optimistic that the Annex will return to 100% occupancy in September 2021. The University of Ottawa opened their residence selection portal in mid-March and has already received selections for beds at the Annex exceeding the number of available beds for September 2021 occupancy.

The potential available same store NOI growth compared to 2020 on a go forward stabilized basis (post pandemic), ranges from 2.9% to 104.7%. These results will be achievable once properties return to historical occupancy across the portfolio.

CONFERENCE CALL DETAILS

Management will host a conference call to discuss the REIT's Q1 2021 operating performance and the REIT's longer-term strategy on Wednesday, May 12, 2021 at 2 PM EDT. Please register for the call using the following hyperlink:

[Q1 2021 Conference Call](#)

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