

June 30, 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 accommodations 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.

Q2 2021 HIGHLIGHTS

- ✓ As at June 30, 2021, ASH REIT announced a Fair Market Value (“FMV”) of \$114.00 per Class F Unit and \$113.47 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 total returns of 35.0% and annualized returns of 10.5% (to initial Class F unitholders since inception of ASH REIT in June 2018) assuming DRIP participation.
- ✓ Maintained occupancy of over 88% at ASH REIT’s privately managed properties as of June 30, 2021
- ✓ Robust pre-leasing for September 2021 continues with ~85% of beds pre-leased as of July 28, 2021.
- ✓ Announced acquisition of THEO, a high-quality, mixed-use, student housing asset in Ottawa with 507 beds and ~18,000 square feet of commercial space.
- ✓ The FMV for July 31, 2021 has been announced at \$114.00 per Class F Unit and \$113.37 per Class A Unit and a monthly distribution of \$0.50 per REIT Unit was 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 – June 30, 2021

Property Appraised Value	\$550.7 million
Bed Count	4,189
Loan to Value	59%
Fair Market Value per Unit	Class F Unit – \$114.00 Class A Unit – \$113.47
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)

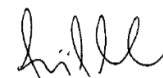
MANAGEMENT OVERVIEW

In Q2 2021, 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 seeing accelerated demand for September 2021 pre-leasing and for a return to normalcy in Canada. Although the leasing season has been delayed from the traditional Q1 timeframe, we remain confident that we will return to pre-pandemic occupancies, as we are continuing to experience strong week-over-week leasing velocity.

Much of Q2 was spent on the due diligence of THEO, a 507 bed PBSA serving the University of Ottawa. On July 9, 2021, we waived conditions to secure this acquisition and expect to close at the end of July. We were successful in negotiating attractive financing terms and lease guarantees to secure revenue in the first year of operations. This top-tier addition to our PBSA portfolio further solidifies our position in Ottawa, allowing us to achieve in-market efficiencies with other nearby properties.

Operationally, our focus was on the integration of our recent acquisitions in Waterloo, Preston House and Bridgeport House, into our portfolio. Staffing, maintenance, leasing and other activities were top-of-mind for our team in order to prepare the new sites for the current leasing season and the upcoming school year. We are encouraged by the interest that students have shown in living at these two properties.

We are heartened to see progress across Canada, with many people having already received their second vaccine dose. We are also beginning to see an influx of international students arranging their return to campus for the Fall. We are positive about the outlook for the health of Canadians, our ability to operate successfully and raise capital to acquire additional properties for our portfolio, while at the same delivering attractive returns to our investors and providing safe accommodations for our residents.



Sanjil Shah
Managing Partner

Q2 2021 REIT PERFORMANCE

As at June 30, 2021, ASH REIT's portfolio was appraised at \$550.7 million. As at June 30, 2021, a FMV of \$114.00 per Class F Unit and \$113.47 per Class A Unit was achieved, and on July 15, 2021, ASH REIT distributed \$0.50 per REIT Unit (\$6.00 annualized distribution) payable to Unitholders of record on June 30, 2021.

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 35.0% total return (for the period June 30, 2018 to June 30, 2021, assuming DRIP participation), despite the REIT holding substantial amounts of cash. Over the same period, the S&P/TSX Capped REIT Index returned 12.4% (for the period June 29, 2018 to June 30, 2021).

	June 30, 2021
Investments in Real Properties	\$544,892,000
Cash & Cash Equivalents	19,278,156
Other Assets	2,009,389
Debt Obligations	(321,105,411)
Other Liabilities and Performance	(21,387,684)
Fair Market Value (Pre-Distribution)	\$223,686,450
Less - Distribution to Unitholders	(975,380)
Less - Distribution to General Partner ⁽¹⁾	(325,127)
Fair Market Value (Post-Distribution)	222,385,943
Number of Class F Units outstanding	1,949,688
Number of Class A Units outstanding	1,067

	28-Feb-21	31-Mar-21	30-Apr-21	31-May-21	30-Jun-21
Fair Market Value per Class F Unit	\$112.00	\$113.00	\$113.00	\$113.00	\$114.00
Fair Market Value per Class A Unit	\$111.90	\$112.80	\$112.70	\$112.60	\$113.47

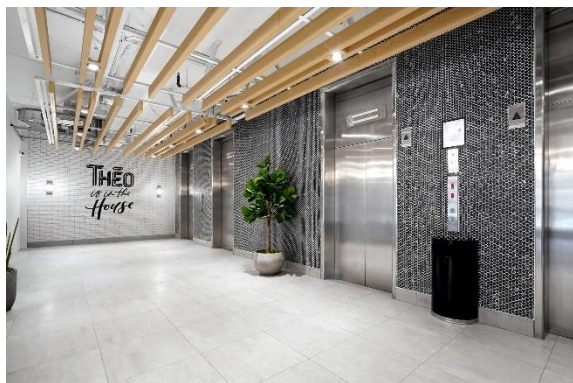
(1) The Distribution to Alignvest Student Housing Inc. ("General Partner") is an incentive allocation calculated as 25% of the total distributions. The General Partner receives no annual management, transaction fees, financing fees, etc.

PROPERTIES

ASH REIT's portfolio currently consists of 10 properties with 4,189 beds in five tier-1 university markets across Canada. With the expected closing of the THEO, which was announced on July 12, 2021, the portfolio will increase to 11 properties with 4,696 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
Subtotal			1,116	4,189	
305 Rideau Street	Ottawa, ON	University of Ottawa & Carleton University	193	507	July 2021
Total			1,309	4,696	

UPCOMING ACQUISITION: THEO, OTTAWA



On July 12, 2021, ASH REIT announced that it had entered into a binding contract to acquire THEO, a recently renovated, multi-unit student housing building located at 305 Rideau Street in Ottawa, Ontario. The transaction is expected to close at the end of July 2021. The building has 12 stories and is comprised of 193 units and 507 beds, with an additional 21 beds to be constructed. The scope of redevelopment was extensive, including replacement of elevators, HVAC/pipe/electrical systems and windows, an addition of the resident amenities area and re-creation of the first and second floor outer façade. Amenities include study rooms on every floor, a state-of-the-art fitness center, half-court basketball court, clubhouse, games room, cinema room and music/art studio. In addition to the residential space, there is approximately 18,000 square feet of street level commercial spaces and 77 parking spaces. The property offers top of the market interior finishes including a premium modern furniture package, stainless steel appliances, quartz countertops and in unit laundry. THEO features a mix of one-, two-, three-, four- and five-bedroom units, with varying layouts allowing for price differentiation.

OPERATIONS AND LEASING UPDATES

ASH REIT is encouraged by the continuing 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, some on-campus residences are challenged with “de-densification” requirements, having to reduce the supply of available beds in order to maintain social distancing and to comply with local public health requirements, resulting in an increased need for off-campus student housing. Select universities are also looking to support international students with accommodations to meet current public health quarantine requirements, and ASH REIT is assisting with the provision of these beds over the summer months.

Since the onset of COVID-19, Management has been encouraged by ASH 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 88% of beds occupied in ASH REIT’s privately managed properties as of June 30, 2021.

Pre-leasing for September 2021 occupancy is lagging relative to prior years, but Management is encouraged by the recent velocity of pre-leasing performance. Management is pleased to report that ASH REIT’s property in Hamilton, West Village Suites, and two properties in Waterloo, King Street Towers I & II, are 100% pre-leased for September 2021. Additionally, pre-leasing at other properties continues at an accelerated pace with an average of 105 leases signed per week over the past eight weeks and substantial applications still in process.

Property	Total Beds	September 2021 Pre-Leased Occupancy (as at July 28, 2021)
King Street Tower I	536	100%
King Street Tower II	419	100%
West Village Suites	449	100%
The Annex	518	90%
1Ten on Whyte	72	89%
Preston House	310	87%
17Hundred	588	75%
MyRez	455	75%
Bridgeport House	485	73%
1Eleven	357	61%

Rent Collection Summary

ASH REIT's rent collection remained strong during the quarter with 96% collections in the privately managed residential portfolio and 98% over the last 12 months. ASH REIT continues to collect 100% of rent at the Annex, which is the property managed by the University of Ottawa.

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 3.32% at June 30, 2021. Interest only periods have also been secured on recent financings.

Property Name	Address	Provider	Type	Debt	LTPP	Appraised Value	LTV	Amort. (Years)	Interest Rate	Maturity
myREZ	181 Lester Street	Schedule 1 Bank	First-Mortgage	\$39.6	87.0%	\$58.2	68.0%	1.0	3.22%	Feb-26
1ELEVEN	111 Cooper Street	Schedule 1 Bank	First-Mortgage	\$40.3	73.3%	\$64.3	62.7%	1.0	3.22%	Feb-26
King Street Towers I & II	333 & 339 King Street	Trust Company	First-Mortgage	\$61.7	64.9%	\$111.3	55.4%	25	3.63%	May-24
West Village Suites	1686 Main Street	Private Lender	First-Mortgage	\$45.9	61.2%	\$99.4	46.2%	30	3.79%	May-24
Village Suites Oshawa	1700 Simcoe Street									
Annex	265 Laurier Avenue	CMHC	First-Mortgage	\$52.0	65.0%	\$106.1	56.3%	25	2.62%	Sep-29
		Private Lender	Second-Lien	\$7.8				30	5.75%	Aug-21
1Ten on Whyte	11024 82 Avenue	Schedule 1 Bank	First-Mortgage	\$5.1	79.9%	\$6.7	76.6%	1.0	3.48%	Feb-24
Preston House	315 King Street	Trust Company	First-Mortgage	\$27.3	70.0%	\$40.6	67.2%	1.0	3.02%	May-28
Bridgeport House	328 Regina Street	Schedule 1 Bank	First-Mortgage	\$43.2	70.8%	\$64.1	67.4%	1.0	3.15%	May-26
Total / Weighted Average				\$322.9	68.9%	\$550.7	58.6%		3.32%	Feb-26

WEBINAR DETAILS

Management will host a webinar to discuss ASH REIT's Q2 2021 operating performance on Thursday, August 12, 2021 at 2 PM EDT. Please register for the webinar using the following hyperlink:

[Q2 2021 Webinar](#)

STANDARD DISCLOSURE

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