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STUDENT HOUSING

SEPTEMBER 30, 2019 – MANAGEMENT REPORT

HIGHLIGHTS

ASH REIT is focused on consolidating the fragmented Canadian Purpose-Built Student Accommodation ("PBSA") market. Currently, ASH is the largest owner/operator of PBSA focused on Canadian universities with seven premier assets and 3,322 beds in four tier-1 markets valued at over $392 million.

On September 30, 2019, the REIT announced and distributed $1.50 per REIT Unit ($6.00 annualized distribution) and Fair Market Value ("FMV") per REIT Unit of $107.10 (an increase from $104.56 as of June 30, 2019).

Since inception, ASH has delivered a return to its initial investors of 14.6% (assuming all cash distributions).

SUBSEQUENT TO QUARTER END

Subsequent to quarter end, Management continued to focus on the roll-out of best practices across its entire portfolio by launching new property specific initiatives to drive long-term value and by integrating the local properties into a single operating entity.

CSL hired additional senior team members to increase property-level operating focus and drive new value enhancing initiatives.

ASH remains in advanced discussions with vendors of PBSA assets worth over $500 million and expects to raise additional capital in Q4'19 and Q1'20 to fund the acquisitions given the quality and scale of the opportunities.

MANAGEMENT OVERVIEW AND UPDATE

Management is excited about the progress it has made over the past 15 months, raising substantial amounts of equity capital and investing it into attractive tier-1 PBSA assets, which has allowed the REIT to become the largest owner/operator of student housing properties serving Canadian universities. We continue to believe that ASH REIT is the best positioned investment vehicle to capitalize on local and national economies of scale, to drive operating initiatives and efficiencies and to remain the market leader.

We were always aware of the immense consolidation opportunity in Canada; however, we are continuously surprised by the operational upside that each property presents. Since Q2 2019, Management has been focused on integrating the local properties into a single operating platform and driving operational performance, which we believe will result in a ~10% NOI increase relative to last year – far outpacing our underwriting at the time of acquisition. In addition to Management's focus on operations, we recently hired two established student housing professionals, with Canadian and US industry experience, to help drive property-level initiatives, which we expect will generate even greater NOI upside.

The REIT is now poised to return to market and acquire additional high-quality assets to further expand its portfolio. The market for acquisitions remains attractive at 100 to 200 bps over local multi-family residential (even though some vendor's value expectations have grown in the past year); as such, we expect to enter into additional value accretive transactions in current and new markets over the next two quarters.

Sanjil Shah
Managing Partner

Jonathan Turnbull
Managing Partner

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Q3 2019 REIT PERFORMANCE

On September 30, 2019, the REIT distributed $1.50 per REIT Unit ($6.00 annualized distribution) payable to Unitholders of record on July 1, 2019 and the FMV per REIT Unit increased from $104.56 to $107.10.

Management believes the REIT's distributions to date, combined with the FMV per REIT Unit increase, is an attractive result for Unitholders relative to (a) the underlying risk of the investment portfolio and (b) the public markets. Since inception, Unitholders have realized a 14.6% return on their Units (assuming all cash distributions), despite the REIT holding substantial amounts of cash for the period prior to Q3 2019. Over the same period, the S&P/TSX Composite Index return was 2.3%.

Since closing the portfolio of four high-quality PBSA properties in Ontario in April 2019 (the "Ontario Portfolio"), the REIT's cash balance reduced substantially and is no longer a drag on value. The increase in the value of REIT Units during the third quarter is primarily a result of improved 2019/2020 school year lease-up at the properties and the execution of certain revenue generating and expense reduction strategies across the portfolio. Management believes the REIT is well-positioned with its current capitalization, asset base and acquisition pipeline to grow its FMV per Unit consistently over the long-term.

	Sept 30, 2019
Investments in Real Properties	$392,307,612
Cash & Cash Equivalents	12,087,031
Other Assets	1,440,636
Debt Obligations	(233,728,420)
Other Liabilities and Performance	(12,221,605)
Fair Market Value (Pre-Distribution)	**$159,885,254**
Less - Distribution to REIT Unit Holders	(2,113,173)
Less - Distribution to General Partner	(704,391)
Fair Market Value (Post-Distribution)	**$157,067,690**
Number of Units	1,466,556
Fair Market Value per Unit	**$107.10**

	Per REIT Unit					
	30-Jun-18	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**	**30-Jun-19**	**30-Sep-19**
FMV / Unit	**$100.00**	**$102.15**	**$102.61**	**$103.83**	**$106.56**	**$109.10**
Distributions / Unit:						
REIT Unit Holders	-	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)
General Partner	-	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)
	$100.00	**$100.15**	**$100.61**	**$101.83**	**$104.56**	**$107.10**

CAPITALIZATION

The REIT held over $392M in PBSA assets as of September 30, 2019, and over the quarter, paid down over $20 million of debt.

The REIT's growth has positioned it as the logical buyer for potential vendors/developers and its balance sheet gives Management the ability to consider multiple acquisitions in the near-term and to capitalize on local and national operating synergies.

Including the additional capital raised on October 1, 2019, the REIT had an equity value of approximately $160 million, cash on hand of ~$10 million, leverage at ~60% LTV, and access to additional sources of capital to fund potential near-term acquisitions.

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PROPERTIES

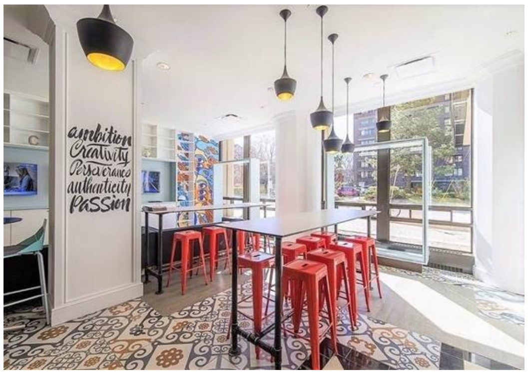
As of September 30, 2019, the REIT owned seven properties with 3,322 beds in four cities across Ontario. Management is currently evaluating several acquisition opportunities and expects to increase its property and bed count substantially over the next few quarters. Of note, the REIT added 15 beds at Laurier during Q3'19.

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	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
Total			**920**	**3,322**	

181 Lester Street ("Lester")

Property Name:	MyRez
Year Built:	2014
Property Manager:	Campus Living Centres
Proximity to Campus:	0.4km
Investment Date:	August 2018
Purchase Price:	$45,500,000
Ownership:	100.0%
Property Website:	www.offcampusrez.com

111 Cooper Street ("Cooper")

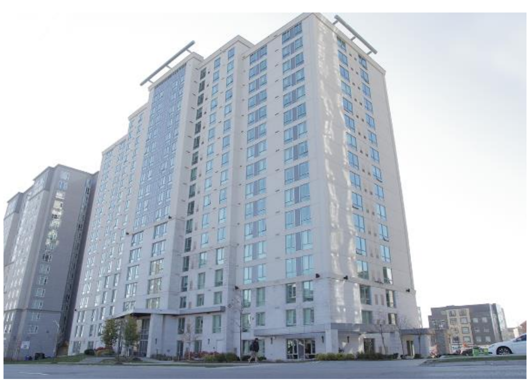


Property Name:	1Eleven
Year Built:	2014/15
Property Manager:	Campus Living Centres
Proximity to Campus:	0.4km
Investment Date:	November 2018
Purchase Price:	$55,000,000
Ownership:	100.0%
Property Website:	www.1eleven.ca

265 Laurier Avenue East ("Laurier")

Property Name:	The Annex
Year Built:	2018
Property Manager:	University of Ottawa
Proximity to Campus:	0.3km
Investment Date:	March 2019
Purchase Price:	$92,000,000
Ownership:	100.0%
Property Website:	www.uottawa.ca/housing/

333 King Street North ("King I")

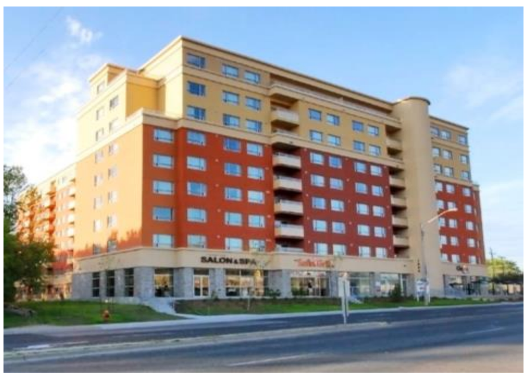


Property Name:	King Street Tower I
Year Built:	2011
Property Manager:	Campus Living Centres
Proximity to Campus:	0.4km
Investment Date:	April 2019
Purchase Price:	$53,319,372
Ownership:	100.0%
Property Website:	www.kingstreettowers.ca

339 King Street North ("King II")

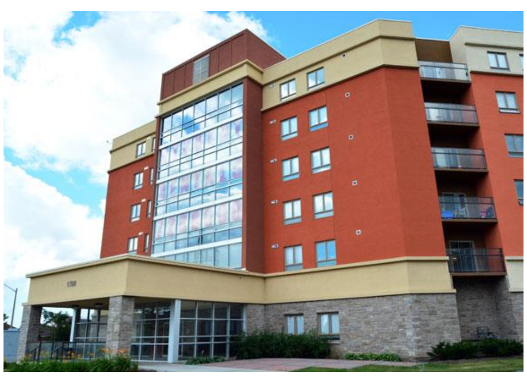
Property Name:	King Street Tower II
Year Built:	2013
Property Manager:	Campus Living Centres
Proximity to Campus:	0.4km
Investment Date:	April 2019
Purchase Price:	$41,680,628
Ownership:	100.0%
Property Website:	www.kingstreettowers.ca

1686 Main Street West ("Main")



Property Name:	West Village Suites
Year Built:	2008
Property Manager:	Campus Living Centres
Proximity to Campus:	0.9km
Investment Date:	April 2019
Purchase Price:	$45,000,000
Ownership:	100.0%
Property Website:	www.westvillagesuites.ca

1700 Simcoe Street North ("Simcoe")



Property Name:	Village Suites Oshawa
Year Built:	2010
Property Manager:	Campus Living Centres
Proximity to Campus:	0.6km
Investment Date:	April 2019
Purchase Price:	$30,000,000
Ownership:	100.0%
Property Website:	www.villagesuitesoshawa.ca

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M & A ENVIRONMENT

The residential multi-family apartment sector continues to garner broad investor attention and many owners of PBSA assets are quick to highlight the values being offered/paid for lesser-quality multi-family apartments. As of October 2019, the publicly traded multi-family apartment REIT sector was trading at or near all-time high valuations – the average public REIT was trading (a) within 7% of their 52-week high; (b) with an implied Price/AFFO multiple of 28.1x (compared to historical average of 18.1x since 2003) and (c) with an implied forward cap-rate of 4.3%[1]. Recently, the IPO of Continuum REIT (multi-family apartment owner/operator) was pulled from the market as the Board of Trustees decided to accept an acquisition proposal from Starlight at a 25% premium to the mid-point of the IPO range and an implied forward cap-rate of ~3.5%. Multi-family cap-rates vary greatly between markets; however, the national average (as provided by CBRE) at September 30, 2019 was down to 3.8% for Class A High-Rises.

As a result of the increased valuations in multi-family sectors, many of Management's discussions have progressed to an interesting 'tipping point' where certain vendors have pushed back on pricing demands; however, as the proven market leader in the recent consolidation of the sector, Management is committed to holding firm during value discussions and is leveraging its network of relationships to source alternative/additional acquisition opportunities where pricing is more appropriate. Management is confident in its ability to acquire tier-1 PBSA assets at 100 to 200bp premiums to local multi-family apartment cap rates.

Although the REIT did not announce any new acquisitions during the quarter, Management is excited about its $1 billion aggregate acquisition pipeline and its on-going in-depth discussions with multiple vendors that own over $500 million of high-quality PBSA properties.

In addition to the acquisition/consolidation strategy, Management has developed relationships with high-quality local and national developers to fuel the REIT's long-term acquisition pipeline with attractive high-quality product.

FINANCING ENVIRONMENT

The REIT paid down over $20 million of short-term debt during the last quarter, which was initially drawn to finance a portion of the Ontario Portfolio in April 2019. At the time of acquisition, the REIT's leverage was at 66% LTV; however, after the recent paydown, leverage reduced to ~60% LTV, which better positions the REIT's balance sheet and frees up additional capacity to pursue sizeable acquisitions.

The financing environment remains attractive and we continue to have productive discussions with various lenders about traditional financing and CMHC supported debt financing. Our discussions with lenders during the diligence of various acquisition candidates indicate that financing options available to us today are similar to the ones we have recently executed.

The weighted average interest rate on debt and maturity for the debt portfolio is 3.6% and ~5.5 years, respectively.

[1] Source: Canaccord Genuity Equity Research

REIT OPERATIONS

In tandem with ASH's acquisition/growth strategy, Management has been very focused on property-level operations. As previously discussed, the student housing industry requires detailed operational focus, as the sector experiences higher operating expenses relative to the multi-family sector (from salaries and wages, marketing, maintenance, etc.). To expedite the optimization of the REIT's operations, Management recently hired two seasoned student housing professionals, Bradley Williams and Amanda Kalbfleisch.

Bradley Williams

- ✓ Vice President of Operations at Canadian Student Living Group
- ✓ 15-years of experience in the Canadian and US student housing sector
- ✓ Master's Degree from Western Illinois University, specializing in College Student Personnel
- ✓ Prior experience includes: overseeing operations for a Canadian student housing portfolio and developer, managing Off-Campus Housing at the University of Guelph, Assistant Director of Residence Life at the University of Denver and Residence Director at Colorado State University and the University of New Hampshire

Amanda Kalbfleisch

- ✓ Director of Operations at Canadian Student Living Group
- ✓ 9-years of experience in the Canadian On and Off-Campus student housing market
- ✓ BA Psychology, Project Management Certificate
- ✓ Prior experience includes: Regional Director for a Canadian student housing portfolio, managed on-campus residences at Wilfrid Laurier and the University of Guelph and leasing/stabilizing new Off-Campus student housing developments

As discussed in the Q2 Management Report, ASH REIT was very successful during the 2019/2020 school year lease-up. Due to Management's increased operational focus, six of the seven properties are currently 100% occupied, as compared to four buildings last year under previous management. Currently, ASH REIT's portfolio is 98% occupied and the average rent per bed has increased by over 5% across the portfolio. The portfolio is tracking on or ahead of budget for the full calendar year 2019 and Management is finalizing new lease rates for each property in advance of the 2020/21 school year. Management is projecting continued attractive top-line growth for the properties given the quality of the asset base, the strong demand for the buildings and the improved tenant experiences that is being rolled-out across the portfolio.

Management has started to roll-out many initiatives/programs focused on improving the social/living environment for its tenants across the portfolio. Management believes such efforts are important as it will translate into having happier tenants, better word-of-mouth support for the portfolio and lower long-term occupancy risks. Some of the initiatives include:

- Increasing community event programming budgets for each building;
- Investing in new advanced intercom systems;
- Upgrading safety camera systems/networks;
- Investing in lobbies and changing configurations to have building management more present to communicate with tenants (and reduce desk-staffing hours);
- Investing in employee training on mental health awareness and crisis management;
- Improving accessibility and creating wheel-chair accessible units; and,
- Switching rent payment service providers to ensure payments reported to credit agencies to help build credit scores for student tenants

CONFERENCE CALL DETAILS

Management will host a conference call to discuss the REIT's Q3 2019 operating performance and the REIT's longer-term strategy on November 28, 2019 at 3:00PM EST. Please register for the call using the following hyperlink:

Q3 2019 Conference Call

STANDARD DISCLOSURE

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