Alignvest Student Housing REIT

2018 Annual Management Report

ALIGNVEST STUDENT HOUSING

2018 ANNUAL MANAGEMENT REPORT

2018 HIGHLIGHTS

ASH REIT launched in June 2018 to consolidate the fragmented Canadian purpose-built student accommodation (“PBSA”) market.

The REIT acquired its first property, 181 Lester Street in Waterloo, Ontario (“Lester”), in August 2018. In November 2018, the REIT acquired 111 Cooper Street in Ottawa, Ontario (“Cooper”). With these two properties, the REIT ended 2018 with over 800 beds, valued at over $100 million, in two premier Canadian student housing markets.

As expected, the REIT distributed $3.00 per Unit in 2018. The fair market value (“FMV”) per Unit increased from $100.00 in June 2018 to $100.61 on December 31, 2018; combined with the distributions, ASH REIT delivered an annualized return of over 7% to Unitholders in 2018.

SUBSEQUENT TO YEAR END HIGHLIGHTS

In March 2019, the REIT acquired 265 Laurier Avenue East in Ottawa, Ontario (“Laurier”), its second property in Ottawa and first property having a long-term affiliation with a university.

On March 28, 2019, the REIT announced that it entered into a binding contract to purchase a portfolio of four high-quality PBSA properties across Ontario, with two properties in Waterloo and properties in Hamilton and Oshawa, both new markets for the REIT.

Following the completion of this portfolio acquisition, the REIT will own over 3,300 beds at seven properties across four tier-1 university markets in Canada.

MANAGEMENT LETTER TO UNITHOLDERS

We are pleased to report that 2018 was a very successful year for the REIT and our Unitholders. We successfully launched the REIT in June 2018 and have delivered on our strategy of acquiring high-quality PBSA assets at capitalization rates that are 100 to 200 basis points higher than local multi-family residential buildings. The past nine months of operations have proven our underlying belief that there is a very attractive consolidation opportunity in the market; in 2018, we acquired two of the highest-quality properties in Waterloo and Ottawa valued at over $100 million.

As we discussed with investors prior to launching the REIT, the initial phase in our long-term strategy is to consolidate the fragmented, high-quality, PBSA market in Canada. Since launch, we have found that the market has become increasingly aware of us, our objectives and our reputation. As a result, the magnitude and quality of acquisition opportunities have grown and far exceeded our expectations. Our pipeline of acquisition candidates has expanded three-fold and we have become much more selective with our targets.

The growth of the REIT is accelerating at a faster pace than originally expected; however, we have maintained control over the growth by taking a step-by-step approach in acquiring properties, giving us substantial time to properly diligence opportunities and integrate operations in a focused and responsible manner. The larger than expected quantity of available high-quality properties, combined with our access to equity (and debt) capital, positions the REIT to consolidate the sector before competition and acquisition prices increase. We expect that this increased pace of growth will result in better long-term returns for our investors.

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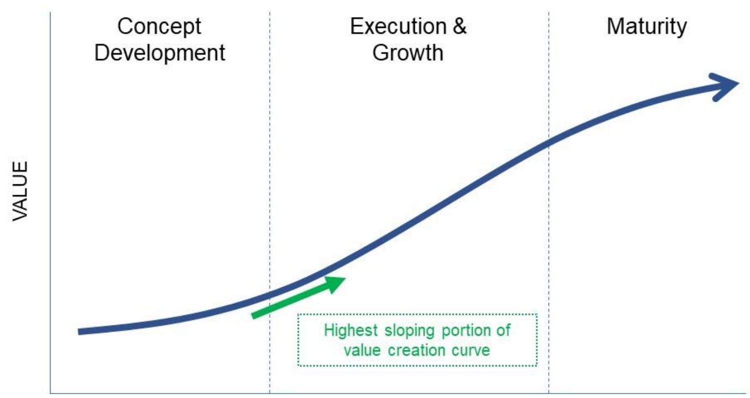
We believe the REIT is currently transitioning from the "Concept Development" stage and has entered the "Execution & Growth" stage of its long-term value delivery to investors. We are very focused on maintaining our controlled program of high-quality growth via acquisitions and optimizing the integration of every acquired property into our platform.



We have entered 2019 with strong momentum – in March 2019, we closed on the premier student housing property in the country (Laurier) and recently announced the acquisition of four additional properties, all of which align with our targeted acquisition strategy. The four additional properties will accelerate our growth and development in a very controlled and risk-averse manner as the properties are well known to us and the scale of the individual properties allow for an easy integration into our portfolio.

We remain focused on our continued success in consolidating the PBSA market in Canada. We continue to be in active discussions with possible vendors of properties worth over $500 million and remain committed to our strategy of acquiring high-quality properties at attractive prices.

As the REIT's Units have only been offered since June 2018, we are pleased that we have been able to deliver an annualized return of over 7% to our initial Unitholders in 2018 (via an annualized distribution of $6.00 per Unit and capital appreciation), despite holding large cash balances throughout the year. Our low-yielding cash balances have declined as we have deployed capital into operating properties and we expect to continue to improve our cash flows from operations to deliver long-term aggregate annual returns of 15% to our Unitholders.

Thank you for your support and confidence in us. We look forward to continuing to successfully execute our long-term strategy.

Sanjil Shah
Managing Partner

Jonathan Turnbull
Managing Partner

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MANAGEMENT TEAM & BOARD OF TRUSTEES

Sanjil Shah

Sanjil Shah is a Trustee of the REIT and a Managing Partner of the General Partner, as well as a Partner and Chief Financial Officer of Alignvest Management Corporation, an alternative asset management company with interests in a broad spectrum of investments, including real assets and real estate. Prior to joining Alignvest, Mr. Shah was the Chief Financial Officer and Chief Operating Officer of StorageNow, a niche real estate business that consolidated a fragmented real estate sector in Canada. Mr. Shah oversaw the acquisition, development and operations of 11 selfstorage stores in Ontario, Saskatchewan and Alberta. The portfolio was successfully built over a four-year period and sold to InStorage REIT for cash consideration of $110 million. Prior to joining StorageNow, Mr. Shah was a Senior (41) Manager at KPMG LLP. Mr. Shah holds a Bachelor of Arts from the University of Toronto and is a Chartered Professional Accountant and Certified Professional Accountant (Illinois).

Jonathan Turnbull

Jonathan Turnbull joined Alignvest in 2017 and is a Trustee of the REIT and a Managing Partner of the General Partner. Prior to Alignvest, Mr. Turnbull founded Dundee Private Equity and was Chief Executive Officer and Chief Financial Officer of Dundee Acquisition Ltd., the first special purpose acquisition company completed in Canada. Mr. Turnbull spent three years overseeing the PBSA activities of Dundee Acquisition, including the diligence and negotiation of over $400 million of PBSA acquisitions in Canada. Over $100 million of these acquisitions closed into the Dundee Acquisition/Woodbourne joint-venture – the single largest PBSA transaction ever completed in Canada at the time. Previously, Mr. Turnbull spent over 20 years managing and executing investment banking, equity capital markets and debt capital markets businesses in New York and London for Salomon Brothers and Citigroup. Mr. Turnbull was Global Head of Citigroup's Infrastructure business. He has advised on M&A transactions valued at over $300 billion and raised over $50 billion for his clients in the infrastructure, telecom, media and technology sectors. Mr. Turnbull holds an HBA in Business Administration from the Richard Ivey School of Business.

Celia Chan

Celia Chan is the Chief Financial Officer of the General Partner as well as the Vice President of Finance of Alignvest Management Corporation. Prior to joining Alignvest, Ms. Chan was a Manager at Ernst & Young LLP, a global professional services firm, where she specialized in providing audit and advisory services to clients in the financial services industry, specifically asset management companies and mutual funds. Ms. Chan is a CPA, CA and holds a Bachelor of Commerce and Finance from the University of Toronto.

Drew Coles

Drew Coles is a Trustee of the REIT and Chair of the Trustees. Mr Coles is the Chief Executive and a director of Full – G Capital Ltd., a hotel real estate investment and asset management company. Prior to Full – G, Drew was President and CEO of InnVest REIT which was a $2.1 Billion (CAD) publicly traded real estate investment trust on the Toronto Stock Exchange (INN.UN), generating over $500M (CAD) in revenue with over 5,000 employees. At the time of privatization (August 2016), the company held an investment portfolio of over 100 hotels across Canada and was Canada's largest publicly traded hotel REIT. The InnVest portfolio held diverse asset classes, brands (including Marriott, Fairmont, Hyatt Regency, Hilton, Comfort and Holiday Inn) and locations (including Toronto, Calgary, Vancouver, Edmonton, Quebec City, Ottawa, Halifax, Regina. St. John's and most major lodging markets across Canada). Drew Coles previously led the luxury hotel real estate investments for Oxford Properties valued at approximately $1.7 billion, which included the Fairmont Banff Springs and Fairmont Chateau Lake Louise. He has been involved in over $4B of hotel assets by transactions, asset management and management agreements in the past 10 years. Drew Coles currently sits as a director on the board of Avante Logixx (TSX: XX.V), one of Canada's premier security companies, as of January 2018. He holds an Honors MBA from Webster University, St. Louis, MO, and a B.A. Economics from Acadia University.

Robert Wolf

Robert Wolf is a corporate director, active investor and financial management professional. Since 2008, through RTW Capital Corporation, he has been making active investments in and providing advisory services to North American businesses in a variety of sectors. Mr. Wolf is currently a trustee/director of (i) WPT Industrial REIT (TSX:WIR.UN), serving as Lead Trustee and member of the Audit Committee; and (ii) Crosswinds Holdings Inc. (TSX:CWI), serving as Chair of the Audit Committee. Mr. Wolf previously was also a director of (i) InnVest REIT (TSX:INN.UN), serving as Chair of the Investment Committee and member of the Audit Committee, Nominating and Governance Committee and Capital Structure Task Force; (ii) OneREIT (TSX:ONR.UN), serving as Chair of the Investment Committee and member of the Governance and Compensation Committee; (iii) C.A. Bancorp Canadian Realty Finance Corp. (TSX:RF.A), and (iv) Monarch National Insurance Company, serving as Chair of the Audit Committee. Prior to 2008, Mr. Wolf was the Chief Financial Officer of RioCan REIT (TSX: REI.UN) from its inception in 1994. In this role, he led all efforts to successfully raise over C$3 billion of equity and debt capital. In addition to being responsible for all financial reporting and compliance functions, he also played a key role in number of significant transactions, including corporate acquisitions, joint ventures and debt restructurings. Prior to 1994, Mr. Wolf held a variety of positions in both public accounting and private/public real estate companies. He obtained his Chartered Accountancy designation in 1984 and holds a Masters of Business Administration from the Schulich School of Business at York University (1982) and a Bachelor of Commerce from McGill University (1981).

Reza Satchu

Reza Satchu is a Trustee of the REIT. Mr Satchu is a Managing Partner and co-founder of Alignvest Management Corporation. Mr. Satchu has co-founded, built, and/or managed several operating businesses from inception including: Alignvest Management Corporation, SupplierMarket, a supply chain software company with over 125 employees and investors that included KKR & Co. L.P. executives and Sequoia Capital, which was sold to Ariba Inc. for share consideration implying an enterprise value of US$924 million; StorageNow, which became one of Canada's largest self-storage companies prior to being sold to InStorage REIT for cash consideration of $110 million; and KGS-Alpha Capital Markets L.P., a U.S. fixed-income broker dealer with over US$150 million of equity capital. Mr. Satchu has a bachelor's degree in economics from McGill University and a Masters of Business Administration from Harvard University.

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SUMMARY PROFILE

Alignvest Student Housing Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended investment trust focused on owning and operating properties in the highly-fragmented Canadian PBSA market.

The REIT will seek to generate attractive returns to Unitholders in the student housing sector by focusing on (1) acquiring high-quality, newly-built, operating properties in attractive student housing markets; (2) taking advantage of its early-mover position to consolidate the industry at attractive purchase prices; (3) improving the underlying operations of purchased properties; (4) maximizing economies of scale and creating operational savings by integrating onto a single platform; and (5) consolidation of all property management in-house to enhance long-term margins, control and value realization for Unitholders.

The REIT launched on June 15, 2018 and is ahead of schedule in terms of the execution of its long-term plan. The quality and quantity of PBSA available for the REIT to acquire at attractive prices have exceeded the expectations of Management.

Highlights of the Year:

- Launched the REIT in June 2018 with over $65 million of capital and commitments and ended the year with over $106 million of acquired assets
- Acquired initial property, 455 beds at 181 Lester Street in Waterloo, Ontario, in August 2018
- Acquired second property, 357 beds at 111 Cooper Street in Ottawa, Ontario, in November 2018
- Successfully commenced the integration of owned assets onto a singular asset management platform and successfully rolled-out new services and cost control/management measures at each property

Subsequent to Year End:

- Acquired third property, 503 beds at 265 Laurier Avenue East in Ottawa, Ontario, in March 2019
- Announced the acquisition of four high-quality properties that are scheduled to close in Q2 2019
- Within one year from launch, the REIT is on track to become the largest owner/operator of PBSA assets focused on Canadian universities with over 3,300 tenants/beds and ~$400 million in asset value

Long-Term Objectives:

- Build the premier student housing owner/operator platform in Canada – delivering a differentiated and high-quality product to the REIT's tenants
- Provide Unitholders with stable and growing cash distributions from investments in a diversified portfolio of PBSA assets across Canada
- Maximize value through the ongoing management of its properties and through the future acquisition of PBSA, resulting in a 15% aggregate annual return to Unitholders

FINANCIAL HIGHLIGHTS

The REIT has substantially grown since its launch in June 2018. The REIT acquired two properties in 2018, acquired a third property in March 2019, and recently announced the acquisition of a portfolio of four additional properties, which are scheduled to close in Q2 2019. The short-term or partial year ownership of these properties makes the 'financial' results for the year rather unique and year-on-year comparisons of operating results will be limited for the time-being.

The below table has been prepared to reflect the two properties acquired in 2018. Information has also been provided in the table to include the five additional properties acquired or under contract to be acquired in 2019 (as of March 31, 2019).

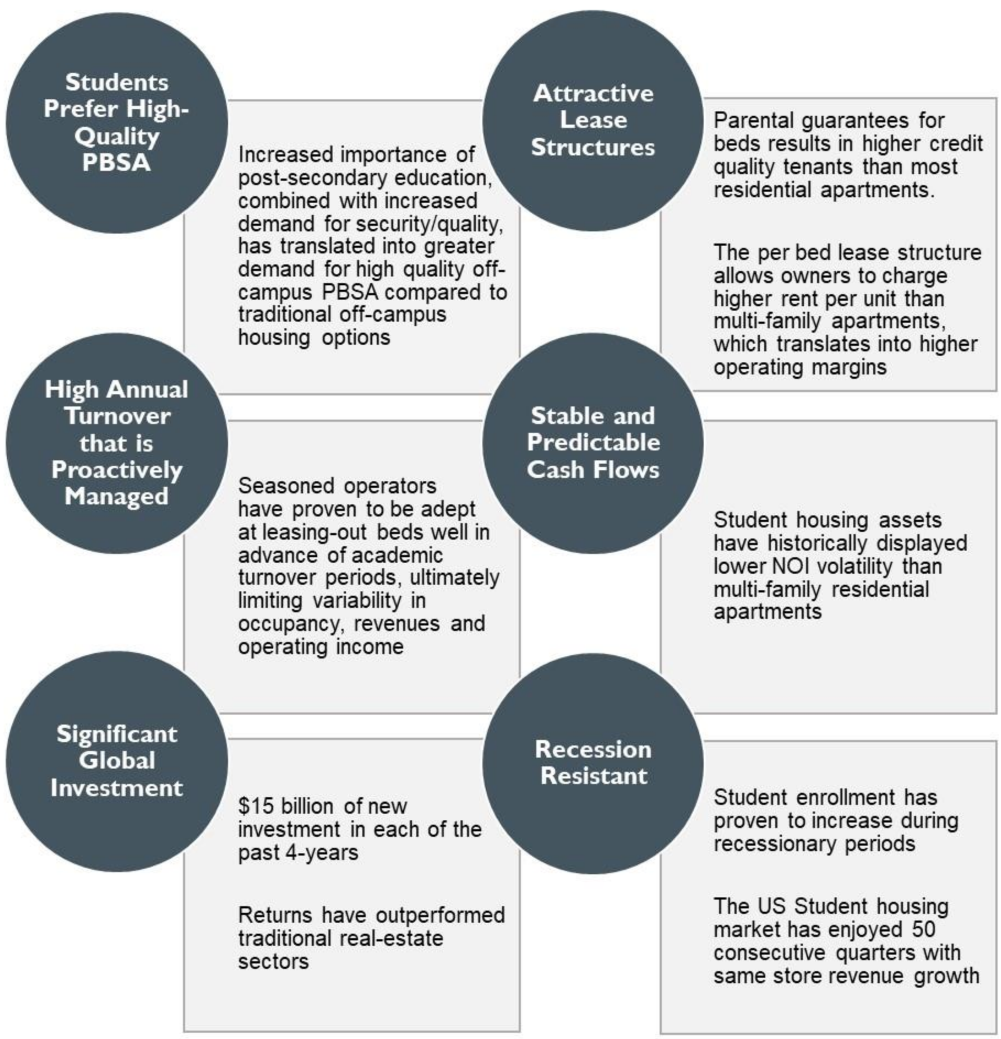
	December 31, 2018	March 31, 2019	Pro Forma Portfolio Acquisition
Number of Buildings	2	3	7
Number of Beds	812	1,315	3,307
Number of Units	315	474	920
Average Beds / Unit	2.6	2.8	3.6
Portfolio Occupancy	100%	100%	99%
Average Rent / Bed / Month	$838	$906	$740
Purchase Price of Assets	$100 million	$192 million	
Total Property Value	$107 million	$205 million	
Total First Mortgage Debt ($ millions)	$63 million	$122 million	
First Mortgage Debt / Asset Value	59%	60%	
Weighted Average Mortgage Interest Rate	4.1%	3.7%	
Weighted Average Mortgage Maturity at Issuance	4-years	6-years	
Fair Market Value per REIT Units	$100.61	$101.83	
Closing Market Capitalization	$58 million	$119 million	
Unitholder Annualized Return	7.2%	8.4%	

STUDENT HOUSING MARKET OVERVIEW

The private student housing market is a $200 billion global market that has been built in response to a growing supply/demand imbalance at most universities in the western world. Student population growth at post-secondary schools have exceeded global population growth by a factor of 4x over the past 20-years; however, a lack of capital/funds at most schools have prevented universities from building residences/beds to keep up with the growth in demand. As such, the private sector has stepped-in and built beds in most western markets to absorb the excess demand from local and international students.

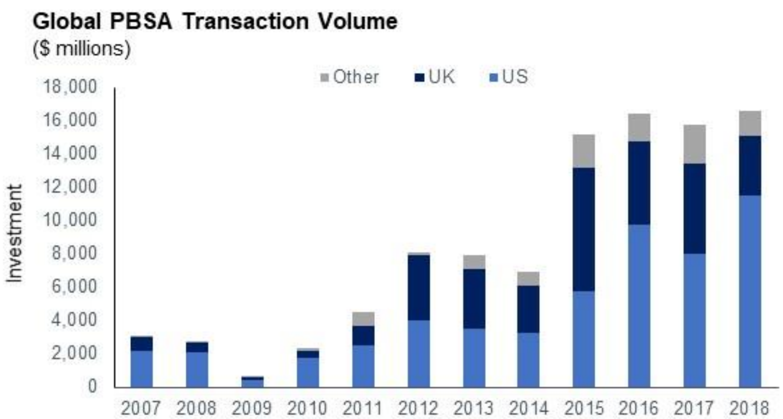
The private sector has evolved substantially over the past 20 years - building off the strong underlying supply/demand fundamentals into the robust and attractive market that we see today around the world.

Global PBSA Industry Characteristics



Investment in the sector by global investment firms/leaders have exceeded $15 billion in each of the past 4-years, with most of the money invested in established (already consolidated) markets such as the United States and United Kingdom. Recently, global owners have started to venture into newer/less developed markets as they have become very comfortable with the overall asset class and have been able to secure attractive and large portfolios in newer markets such as France, Spain, Germany and Australia.

- Global pensions and sovereign wealth funds have dramatically increased their exposure to the sector over the past four years alongside traditional private equity and real estate investment firms
- Large Canadian pensions are leaders in foreign markets such as the US, UK, Spain, Germany, etc.



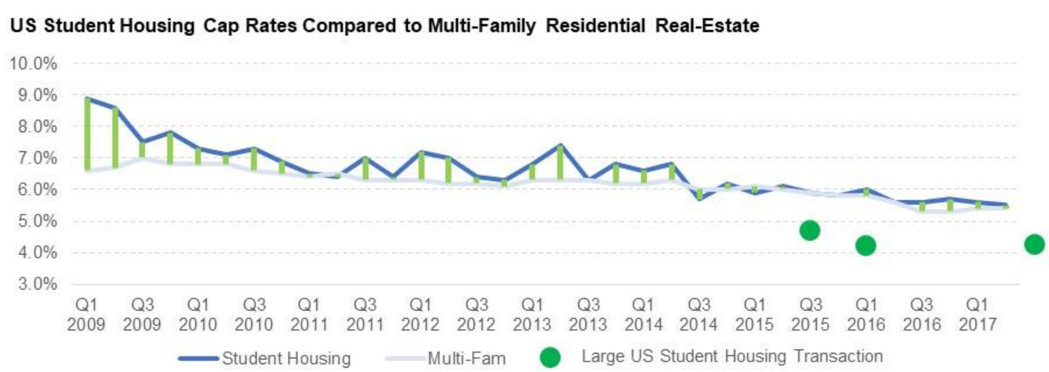
Sources: CBRE, JLL and Cushman Student Housing Reports

Global Investment Leaders:

- CPPIB
- PSP
- Brookfield
- QuadReal (bcIMC)
- Greystar
- GIC
- Blackstone
- Goldman Sachs
- KKR
- Temasek
- Starwood
- Harrison Street
- TIAA
- Wellcome Trust
- APG
- ICBC Intl Holdings

PBSA valuations around the world have improved steadily over the past few years as investors have become more familiar with the sector and the scale of interest has grown.

- Consistent operating performance, combined with increased capital from institutional investors, have driven global valuations higher – the sector currently trades at similar cap rates to multi-family residential apartments
  - Initial valuation discounts to multi-family have been eliminated in mature markets (such as the US and UK)
  - Certain larger transactions have been completed at premium valuations to the multi-family residential sector

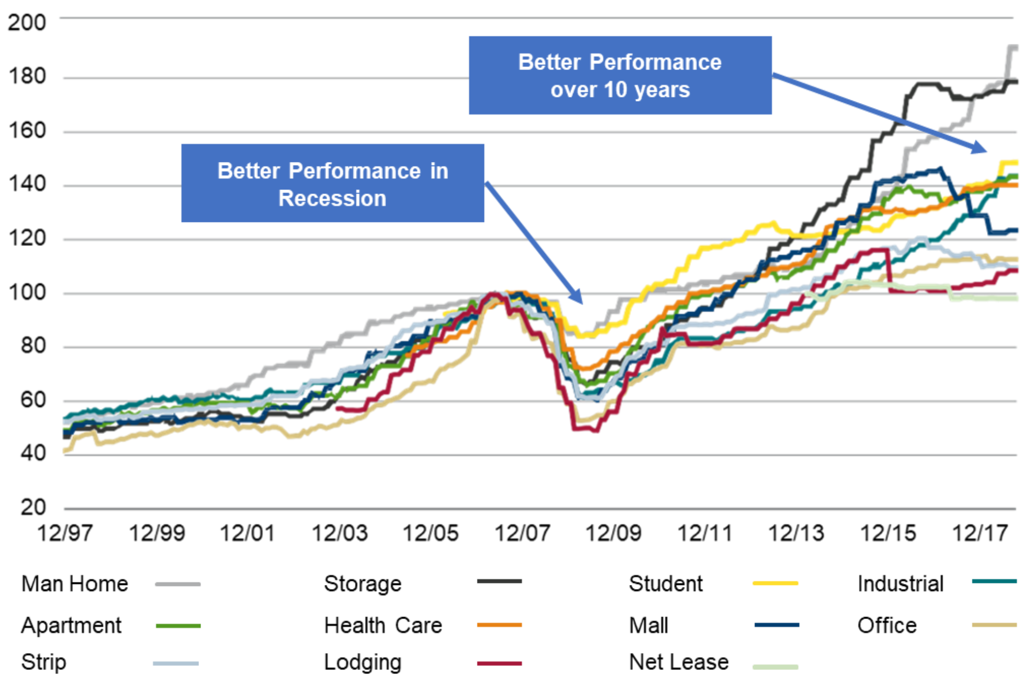


Source: CBRE, company filings, press releases and news reports.

Student housing has provided better downside protection during recessionary periods than other real estate asset classes and outperformed most real estate segments over the past 10 years.

- During recessions, people are more likely to go back to school (or stay in school) to give themselves a competitive edge in finding a job
- The US, UK and Canadian markets all witnessed substantial increases in post-secondary student enrollment during the 2008 recession
- The US PBSA sector witnessed "same-store" revenue growth during the last recession; however, the multi-family sector experienced a 4 to 5% decline in rent per unit over the same period

Green Street Property Sector Indexes (2007 Index at 100)



Source: Green Street Advisors.

Canadian PBSA Market Opportunity

Management believes that the PBSA market in Canada is 10- to 15-years behind its global peers and is perhaps the most attractive PBSA market in the world given the underlying supply/demand dynamics in the market, combined with the lack of competition for acquiring high-quality beds. The highly fragmented market is an attractive market to consolidate and grow over the next 10- to 20-years.

- Management estimates that there are currently ~30,000 PBSA beds across the country
    - Approximately 3% of Canadian university students live in PBSA off-campus beds compared to 10% and 12% in the US and UK, respectively
- Student population growth is higher in Canada than “Western” global peers
    - Canada’s domestic university enrollment rate is growing, and its share of international students is also increasing
- Supply of new beds are not growing at the same pace as student growth
    - Canadian university funding for new residence beds is very limited
    - Annual Canadian PBSA new builds equals ~30% of annual student enrollment growth
- Attractive operating PBSA assets are available to acquire/consolidate
    - Fragmented ownership with substantial positions held by local developers seeking to sell and deploy their capital into new opportunities
- Valuations attractive relative to multi-family residential sector
    - The PBSA valuation “discount” still exists in Canada (~100-200bps higher cap rates than local multi-family residential market pricing)
- Long-term opportunity to work with developers to build new PBSA assets to service pent-up and growing demand across the country

REIT Strategy

1. **Acquire new, high-quality, Canadian purpose-built student accommodations near tier-1 universities to build a diversified portfolio of assets**
2. **Improve the quality of its product offering to its tenants**
3. **Build a strong and reputable brand in each market**
4. **Realize local and national economies of scale to maximize cash flow from operations and minimize operating risks/volatility**
5. **Maximize long-term value to Unitholders by growing NOI and de-risking the underlying business**

LONG-TERM OPERATING STRATEGY

Student housing is different from many other real estate asset classes because of the operational elements to the business. Unlike the multi-family sector, which may experience annual turnover of 10-20% at any given time in the year, the student housing sector may see as much as 50-60% annual turnover on one day of the year (September 1st). Additionally, students expect high-end amenities and student-oriented day-to-day events to foster a strong collegiate and living environment. These elements require management to be more operationally focused and budget for higher operating expenses, including headcount, marketing, maintenance, etc. The increased operational elements create (1) unique economies of scale opportunities with sector consolidation and (2) a barrier to entry for the sector, which has to date lowered new entrant activity in the Canadian PBSA market. Management believes that the increased operating elements of the business will allow the REIT to create a unique business as it grows its portfolio. In the long-run, global investors have become knowledgeable and excited with the operating elements to the business and have paid for differentiated businesses/portfolios.

Management is focused on two important operating strategies for the REIT's portfolio of premier PBSA assets – (1) maximize long-term net operating income ("NOI") growth and (2) de-risk the portfolio and the REIT's capital structure. The two strategies are intertwined, and the REIT has already made progress in a short period of time with both strategies.

Maximize Long-Term NOI:

There are many operational variables for Management to push or pull to get an individual property or a group of properties to grow its cash flows from operations. The most important 'driver' to the business model's growth is demand – it helps drive top and bottom line growth and lowers the long-term risk profile of the business. Therefore, Management is focused on delivering a high-quality and high-value product to the REIT's student tenants (and their parents).

In the near-term, as Management is rolling-up the fragmented market, it has observed unique opportunities to leverage best practices at various buildings across the newly acquired portfolio to benefit the REIT. The newly acquired properties do not operate at their peak potential. Many local builders/owners do not have Management's experience in the market and are likely missing out on opportunities to enhance their product offering or cut costs. As such, the REIT's best near-term opportunity to maximize NOI (and de-risk operations) is to focus on rolling out best practices across the newly acquired portfolio and seek to maximize local economies of scale on in-market purchases.

In the long-term, Management is focused on maximizing NOI growth via (1) revenue growth, (2) expense management, and (3) integration/platform opportunities. Revenue growth will come from ensuring the property manager creates an atmosphere that tenants want to live in, thereby allowing the REIT to grow rent per bed at a premium rate relative to the market. In addition, Management is focused on additional revenue generating strategies such as (a) offering the best/tiered internet service in every market, (b) paid-for cleaning services, and (c) other ancillary revenues such as parking and storage.

Expense management starts with introducing a level of professionalism that may not exist in a local developer-owned property and leverages experience gained in other markets to identify areas of possible improvement without impacting quality of service. Investing in high-quality people, technology and product offerings will allow the REIT to properly manage expenses. For example, the REIT is actively investing in and rolling out utility management strategies such as retrofitting the properties with LED lighting, installing low-flow toilets, low-flow shower heads and smart thermostats, etc.

The unique opportunity to integrate operations at a real estate property can help enhance the REIT's long-term growth and is one of Management's key focuses as it looks to consolidate the sector and realize outsized growth in the REIT's cash flows from operations. Management is focused on the following for every in-market acquisition it considers: (a) shared headcount across the local platform; (b) shared buying power across the larger platform; (c) shared marketing / branding; and (d) an integrated sales-pitch to prospective tenants.

Lower Risk Profile of Properties:

Unlike certain real estate sectors, Management believes that it can drive long-term growth and de-risk operations in the Canadian student housing market. The fragmented and early stage nature of the business presents a unique opportunity for the REIT to deliver a robust growth profile to investors, while simultaneously decreasing the risk profile.

As mentioned earlier, the best way to de-risk the portfolio is to make the REIT's buildings the ones that students demand - decreasing our turnover risk profile will de-risk the portfolio. Management is keenly focused on buying attractively located assets in markets where current and future competition is likely to have limited impact on the REIT's properties.

Apart from the location of a building, Management will assess other ways to de-risk a property, including:

- Invest in services and student activities to help create and foster an environment that students desire (it is not just about location and price per bed)
- Invest in the maintenance of buildings
- Invest in quality products (i.e., higher quality in-suite furniture) to lower the long-term risks/costs
- Invest in security and safety of tenants
- Seek to manage utility expenses by developing a long-term strategy to lower costs and move the portfolio towards some form of risk sharing with the tenants
    - Strategy will depend on the local market precedent
    - Examples include updating HVAC systems to maximize operating efficiencies
- Diversify portfolio across various universities/cities
- Diversify in-market across various price points
- Create a nationwide brand
- Secure long-term fixed rate debt at appropriate leverage

PROPERTY HIGHLIGHTS

The REIT acquired two properties in 2018. Since then, the REIT acquired a third property in March 2019 and recently announced the acquisition of four additional properties, which are expected to close in Q2 2019.

Property	Market	Targeted University	Units	Beds	Occupancy	Close
181 Lester St.	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	91	455	100%	Aug 2018
111 Cooper St.	Ottawa, ON	University of Ottawa	224	357	100%	Nov 2018
265 Laurier Ave.	Ottawa, ON	University of Ottawa	159	503	100%	Mar 2019
333 King St.	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	126	536	100%	Apr 2019
339 King St.	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	80	419	100%	Apr 2019
1686 Main St.	Hamilton, ON	McMaster University	107	449	100%	Apr 2019
1700 Simcoe St.	Oshawa, ON	University of Ontario Institute of Technology & Durham College	133	588	95%	Apr 2019
Total			**920**	**3,307**	**99%**	

181 Lester Street ("Lester")

Property Name:	MyRez
Year Built:	2014
Property Manager:	Canadian Campus Communities
Proximity to Campus:	0.4km
Investment Date:	August 2018
Cost of Investment:	$45,500,000
Ownership:	100.0%
Property Website:	www.offcampusrez.com

Management believes the REIT acquired one of the premier PBSA properties in Waterloo – Lester is one of the largest buildings in the market and is located directly in-between the two universities. The property consists of 455 beds and is 100% occupied for the 2018/19 school year, realizing an average monthly rent (inclusive of utility surcharges) of over $740 per bed. As of March 31, 2019, Lester is over 80% pre-leased for the 2019/20 school year. The four-year-old building offers high-end amenities to its tenants such as in-suite laundry, a fitness studio, study lounges, games and social lounges, fully-furnished units, on-site parking and bike storage, controlled and secured access and on-site maintenance and management teams.

The REIT acquired the property for $45.5 million in August 2018 and has recently started to introduce a dramatically improved internet service that will offer multiple higher-speed options at premium rates and a bi-weekly/monthly in-suite cleaning service for its tenants. In the fall term, parking occupancy was slightly hampered due to the timing of some capital improvements on the above-ground parking facility; however, it is almost fully-occupied for the winter term, which will have a strong positive impact on NOI in 2019. The operations at Lester are on-track relative to the REIT's expectations and turnover at the end of the 2018/19 school year is going to be less than the prior year. Lester recently announced new 2019/20 pricing, which includes an attractive 5% average increase in rent per bed for new tenants and a 1.8% increase on renewing tenants (prior to ancillary revenue increases from new services such as enhanced internet and cleaning).

111 Cooper Street ("Cooper")

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

Cooper is a 16-storey building that opened its doors to students on September 1, 2015 as the premier, off-campus, PBSA property in the Ottawa market. The property accommodates 357 students in 224 fully-furnished studios, doubles and 2-bedroom units and is 100% occupied for the 2018/19 school year, realizing over $1,000 per bed per month. Cooper is located approximately 400 meters from the center of the University of Ottawa campus and is approximately a 10-minute commute to Carleton University. The property offers an attractive set of high-end amenities to its tenants, including a unique modern lobby, study lounges, a high-end gym, a yoga studio, games and social lounges, on-site laundry facilities, on-site parking, secure bike storage, high-speed internet, security and controlled access, and on-site maintenance and management teams.

The REIT acquired Cooper for $55 million in November 2018 and has started to implement certain revenue enhancing and operational improvement strategies into the day-to-day management of the property. The REIT has reduced the headcount at the building, is in the process of shifting certain operating expenses from being outsourced to being executed internally to improve control and service while lowering operating costs and implementing a monthly in-suite cleaning service to enhance the student experience. The REIT has also begun to reduce its exposure to utility expenses by upgrading the thermostats, installing energy efficient shower heads and toilets and has engaged consultants to replace the older HVAC systems with new energy efficient systems that are expected to have an attractive return on investment. The building recently announced its new pricing for 2019/20, which includes rate increases of 3-7% for the various configurations.

265 Laurier Avenue ("Laurier")

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

Laurier is a nine-storey PBSA asset that opened in September 2018 as the newest addition to the University of Ottawa's residence portfolio. The property is located ~300 meters from uOttawa and is arguably the premier PBSA property in the country. Laurier is designed by one of Ottawa's leading architects, is highly-amenitized with a lobby fireplace lounge, a free membership to the on-site Anytime Fitness facility, a games room, study spaces, high-speed Wi-Fi, a communal terrace with picnic tables, 24-hour on-site maintenance, controlled and secured access, interior bike parking and underground parking and ~16,000 square feet of commercial space with tenants that specifically target the student demographic. The building has 503 beds in 159 fully-furnished studios, 2-bedroom, 3-bedroom, 4-bedroom and 5-bedroom units, all of which have full kitchens with stainless steel appliances, individual locking private bedrooms with en-suite bathrooms and in-suite laundry and is 100% occupied for the 2018/19 school year. Recently, uOttawa released new 2019/20 rental rates, increasing the monthly student rental income by 4% across 100% of the beds.

The affiliation/partnership with uOttawa significantly de-risks the REIT's operations from a top-line, occupancy and expense management perspective. As a result of the underlying agreement, uOttawa leases the beds to its students, guaranteeing a high-level of occupancy at Laurier year-over-year. Furthermore, Laurier is not subject to the same regulations under Ontario's Landlord and Tenant Act relative to a private owner with respect to rental rate increases and does not provide tenants the ability to extend their leases on a month-to-month basis. Additionally, uOttawa receives attractively priced service contracts as a result of its economies of scale, which significantly enhances the properties NOI margin.

Case Study: The Annex

The Laurier transaction has been interesting for Alignvest and a selling joint venture owner; it provided several benefits for both parties that we hope to replicate as we build our world-class portfolio

- Laurier is a tier-1 PBSA asset that is recognized on a global scale
- The Property was developed by an Ottawa based real estate investment family and a Toronto based real estate family with a strong track record for developing marque assets in Canada and abroad
- The purchase of the property from the JV partnership was complicated because of the different tax basis for the two partners (the Ottawa family owned the land for 60 years and therefore had a very low tax cost basis)
- The Ottawa family worked closely with Alignvest to develop a long-term solution and elected to receive underlying REIT partnership units rather than cash for a portion of their ownership
    - The Vendor was able to invest in an industry that they independently viewed as attractive via a large and diversified PBSA vehicle
    - The Vendor was able to achieve substantial tax deferrals from the recognition of capital gains
- This mutually beneficial solution will illustrate to other potential vendors the benefits of transacting with Alignvest and becoming investors in the REIT - an opportunity to diversify from a single project to a national PBSA platform investment opportunity on a tax efficient basis

333 King Street North ("King I")

Property Name:	King Street Tower I
Year Built:	2011
Property Manager:	Campus Living Centers
Proximity to Campus:	0.4km
Investment Date:	April 2019
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 Centers
Proximity to Campus:	0.4km
Investment Date:	April 2019
Ownership:	100.0%
Property Website:	www.kingstreettowers.ca

King I is a purpose-built student housing property located approximately 400 meters from Wilfrid Laurier University and 800 meters from the University of Waterloo. The 17-storey modern building was built in 2011 with 536 beds in 126 fully-furnished units, is 100% occupied as of March 2019 and 100% pre-leased for the 2019/20 school year.

King II is a purpose-built student housing property adjacent to King I. The 21-storey modern building was built in 2013 with 419 beds in 80 fully-furnished units, is 100% occupied as of March 2019 and 100% pre-leased for the 2019/20 school year.

The two properties offer the highest-quality amenities in the Waterloo market, including exercise facilities, games rooms, study rooms, conference/boardrooms, a computer center, a theatre room, a rooftop patio with a fire pit, tanning beds, saunas and several other attractive offerings. The two buildings currently operate as a single entity and consist of an optimal mix of suite configurations ranging from 3 to 5-bedroom units.

1686 Main Street West ("Main")

Property Name:	West Village Suites
Year Built:	2008
Property Manager:	Campus Living Centers
Proximity to Campus:	0.9km
Investment Date:	April 2019
Ownership:	100.0%
Property Website:	www.westvillagesuites.ca

Main is a LEED Platinum certified property and is the only PBSA in Hamilton servicing McMaster University's ~31,000 students. The property was built in 2008 and has established itself as the "go-to" off-campus housing in the market. Main is located close to campus and is adjacent to many shops and restaurants that are targeted to McMaster students. The 9-storey building has high-end amenities for its tenants, including a fitness studio, various study rooms, student lounges, games rooms, a yoga studio and ~12,000 sq. ft. of ancillary ground floor commercial space. The building offers a mix of 2 to 5-bedroom units with a total of 449 beds in 107 units, is 100% occupied as of March 2019 and 100% pre-leased for the 2019/20 school year.

1700 Simcoe Street North ("Simcoe")

Property Name:	Village Suites Oshawa
Year Built:	2010
Property Manager:	Campus Living Centers
Proximity to Campus:	0.6km
Investment Date:	April 2019
Ownership:	100.0%
Property Website:	www.villagesuitesoshawa.ca

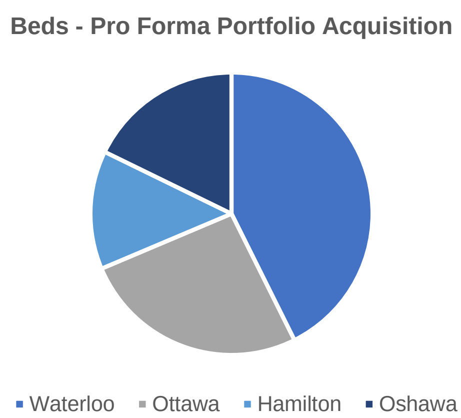
Simcoe is a LEED Gold certified purpose-built student accommodation located approximately 600 meters from the main campus of the University of Ontario Institute of Technology ("UOIT"). UOIT has ~10,000 students and has grown from ~5,000 students only 10 years ago. UOIT shares its campus with approximately 8,000 students enrolled at Durham College creating a total targeted tenant base of close to 17,000 full time students. The property consists of one modern 6-storey building and an attached modern 4-storey building, which were both built in 2010. There is a total of 588 beds in 133 units with a mix of 3 to 5-bedroom configurations and over 4,000 sq. ft. of ancillary ground floor commercial space. The building offers its tenants high-end amenities, including a fitness studio, various study spaces, student lounges, games rooms, a yoga studio and is 95% occupied as of March 2019 and is well ahead of last year's September occupancy targets.

DIVERSIFIED PORTFOLIO

The REIT started to acquire PBSA in June 2018 and, as expected, has taken a controlled approach to diversifying its bed count across multiple markets. The long-term objective of management is for the REIT to own a portfolio of PBSA assets across Canada with exposure to multiple tier-1 university markets.

The recently announced transformational acquisition of four additional properties will have a substantial positive impact on the REIT's geographic diversification – introducing exposure to new markets such as Oshawa and Hamilton.

Management is not surprised by the concentrated "Ontario exposure" to date, as over 40% of all Canadian university students are based in Ontario and most of the developed/operating student housing are in the province. Management is in discussions with various developers and owners of assets outside of Ontario and anticipates moving forward with some opportunities outside of Ontario in the next year.



ONGOING ACQUISITION DISCUSSIONS

Management remains committed to acquiring additional high-quality PBSA properties at attractive prices over the next few years. The REIT's market leadership position and strength of relationships in the market has positioned it well relative to its peers and potential new market entrants. Management believes that valuations in the sector will increase over time, as the sector matures, and investors become more comfortable with the operational dynamics of the business. As such, Management is moving relatively quickly in its efforts to consolidate the sector over the next few years.

Management is targeting properties that share similar characteristics to our current (and pending) portfolio. The properties are all sizeable institutional-grade PBSA assets targeting students at high-quality/tier-1 universities in markets across the country that Management believes are attractive for student housing.

Management has recently begun to classify possible PBSA acquisitions into various investment categories which warrant different return-thresholds given their different risk profiles. The lion's share of these properties are in the "core" category – low-risk, high-quality, stabilized, near-100% occupancy assets in high-quality/tier-1 markets. Management is also focusing a small portion of its efforts on "core-plus" or "value-add" properties given the attractive relative-value opportunities we are coming across in certain high-quality markets.

Management is in various stages of discussion with owners/developers on several properties across Canada. The value of these properties exceeds $500 million and they are expected to fuel the REIT's pipeline of continued acquisition/consolidation of the sector. Management is focused on acquiring over $1 billion of high-quality PBSA assets over the next few years to maximize long-term returns to investors.

CAPITAL STRUCTURE AND MORTGAGE DEBT STRATEGY

Management is focused on securing attractively priced fixed-rate first mortgage debt at each of the REIT's properties and maintaining long-term leverage for the REIT at 65% loan-to-value. Management believes that the debt secured to date on the two closed properties as well as the recently acquired/announced acquisitions offers attractive debt financing terms to the REIT and reflects the market's growing interest in the sector and the relative position of the REIT as a leader in the Canadian market. The current debt portfolio offers an attractive level of diversification (term and lenders) to the REIT.

ASH REIT Portfolio	Purchase Price	Outstanding Debt Balance (as of December 31, 2018)	LTPP	Appraised Value	LTV	Interest Rate
181 Lester Street	$45,500,000	$27,142,440	59.7%	$48,000,000	56.5%	3.95%
111 Cooper Street	55,000,000	35,700,000	64.9%	58,800,000	60.7%	4.18%
Total	**$100,500,000**	**$62,842,440**	**62.5%**	**$106,800,000**	**58.8%**	**4.08%**

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