

September 30, 2022 – 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, student accommodation real estate sector across Canada.

OBJECTIVES

- ✓ To build a diversified investment portfolio of high quality, income-producing, student housing assets in Canada;
- ✓ To improve operating results and reduce risk with focus on operating and integrating acquired assets into local and national platforms to build efficiencies; and
- ✓ To deliver attractive and tax-efficient monthly distributions and long-term capital appreciation to investors.

Q3 2022 HIGHLIGHTS

- ✓ Announced a Fair Market Value of \$122.50 per Class F Unit and \$120.32 per Class A Unit and declared a monthly distribution of \$0.50 per REIT Unit (\$6.00 annualized distribution) as at September 30, 2022.
- ✓ Delivered a total return of 54.7% since inception to initial Class F unitholders, assuming DRIP participation.
- ✓ Delivered annualized returns of 10.8% to initial Class F unitholders, assuming DRIP participation.
- ✓ Portfolio appraised at \$712.5 million as at September 30, 2022.
- ✓ Achieved overall occupancy of 99.9% at ASH REIT’s properties as at September 30, 2022.
- ✓ Achieved net rental revenue increase of 13.2% for the 2022/23 school year compared to 2021/22.
- ✓ Completed and managed turnover of 55% of beds across the portfolio.
- ✓ Collected ~98% of ASH REIT’s expected residential rental revenue from its privately managed portfolio and 100% from its university managed property.
- ✓ Entered into contract to acquire a trophy asset serving a tier-one university in a strategic market for ASH REIT
- ✓ Completed engagement with ESG Global advisors including materiality assessments, gap analysis and implementation plans.

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 2 Years: 3%

ASH REIT HIGHLIGHTS – September 30, 2022

Property Appraised Value	\$712.5 million
Bed Count	4,717
Loan to Value	~54.7%
Fair Market Value per Unit	Class F Unit – \$122.50 Class A Unit – \$120.32
Annual Distribution per Unit	\$6.00
Distribution Yield to Unitholders of Class F Unit (RoC)	~4.9%

MANAGEMENT OVERVIEW

With our September 2022 leasing season now complete, we are proud to have achieved record high occupancy of 99.9% across our portfolio. As of the date of this report, only four beds remain unleased throughout our entire privately-managed portfolio. We are also very pleased to have actively managed our rental rates through the lease-up period, achieving an average net effective rent increase of 13.2% compared to September 2021. Congratulations to our property management team – they have done a phenomenal job in actively managing the leasing cycle this year!

With high inflation persisting for several months now, student housing continues to provide effective protection due to the natural, high turnover of student tenants. In 2022, we turned 55% of our beds, resulting in the opportunity to close the market rental gap on those leases. This offers a significant advantage compared to the multi-family and other real estate sectors, which traditionally experience much lower turnover, especially in inflationary periods.

In Q3 2022, we completed or initiated several projects that are expected to positively impact the portfolio, including, but not limited to: (a) LED retrofits at two sites in Waterloo, which are expected to yield 20% savings; (b) mechanical upgrades at 1Eleven, which are expected to decrease operating expenses; and (c) progressed on common area upgrades in Waterloo, Hamilton and Oshawa to remain competitive in the leasing market.

Even in the midst of an inflationary and volatile financing environment, there continues to be strong interest in the student housing sector both nationally and globally. We continue to explore strategic, high-quality acquisitions and we are well positioned to capitalize on such opportunities. In Q3 2022, we entered into a contract to acquire a trophy asset serving a tier-one university in a strategic market for us. We are on track to close this acquisition towards the end of 2022.



Sanjil Shah
Managing Partner

Q3 2022 REIT PERFORMANCE

As at September 30, 2022, ASH REIT announced a FMV of \$122.50 per Class F Unit and \$120.32 per Class A Unit. On October 15, 2022, ASH REIT distributed \$0.50 per REIT Unit (\$6.00 annualized distribution) payable to Unitholders of record on September 30, 2022. Since inception, Class F Unitholders have realized a 54.7% total return (for the period from June 30, 2018 to September 30, 2022), assuming DRIP participation.

	September 30, 2022
Investments in Real Properties	\$712,500,000
Cash & Cash Equivalents	65,055,695
Other Assets	1,699,479
Debt Obligations	(393,128,379)
Other Liabilities and Performance	(36,849,031)
Fair Market Value (Pre-Distribution)	\$349,277,764
Less - Distribution to Unitholders	(1,417,988)
Less - Distribution to General Partner	(472,663)
Fair Market Value (Post-Distribution)	\$347,387,113
Number of Class F Units outstanding	2,826,475
Number of Class A Units outstanding	9,461

	31-May-22	30-Jun-22	31-Jul-22	31-Aug-22	30-Sep-22
Fair Market Value per Class F Unit	\$121.00	\$122.50	\$122.50	\$122.50	\$122.50
Fair Market Value per Class A Unit	\$119.26	\$120.65	\$120.65	\$120.43	\$120.32

Note: 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.

Calendar Returns – Class F Units (DRIP)

2018⁽¹⁾	2019	2020	2021	YTD
3.7%	15.3%	8.0%	12.1%	6.9%

Annualized Returns

1-Year	2-Year	3-Year	Since Inception⁽²⁾
12.6%	10.9%	10.3%	10.8%

⁽¹⁾ For partial year from June 2018 to December 2018.

⁽²⁾ For the period from June 2018 to September 30, 2022.

PORTFOLIO SUMMARY

Address	Name	Market	Targeted University	Units	Beds	Acquired
181 Lester St.	myREZ	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	91	455	Aug 2018
111 Cooper St.	1Eleven	Ottawa, ON	University of Ottawa & Carleton University	224	357	Nov 2018
265 Laurier Ave.	Annex	Ottawa, ON	University of Ottawa	159	518	Mar 2019
333 King St.	KST I	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	126	536	Apr 2019
339 King St.	KST II	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	80	419	Apr 2019
1686 Main St.	West Village Suites	Hamilton, ON	McMaster University	107	449	Apr 2019
1700 Simcoe St.	17Hundred	Oshawa, ON	University of Ontario Institute of Technology & Durham College	133	588	Apr 2019
11024 82 Ave.	1Ten on Whyte	Edmonton, AB	University of Alberta	37	72	Aug 2020
315 King St.	Preston House	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	62	310	Mar 2021
324 Regina St.	Bridgeport House	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	97	485	Mar 2021
305 Rideau St.	THEO	Ottawa, ON	University of Ottawa & Carleton University	193	528	July 2021
Total				1,309	4,717	

OCCUPANCY

ASH REIT experienced extremely strong leasing velocity for the 2022/23 academic year and achieved portfolio wide occupancy of over 99% as at September 30, 2022.

Property	Total Beds	Occupancy (as at September 30, 2022)
MyRez	455	100.0%
1Eleven	357	100.0%
The Annex	518	98.5%
King Street Tower I	536	100.0%
King Street Tower II	419	100.0%
West Village Suites	449	100.0%
17Hundred	588	100.0%
1Ten on Whyte	72	95.8%
Preston House	310	100.0%
Bridgeport House	485	100.0%
THEO	528	99.6%
Total	4,717	99.9%

PORTFOLIO TURNOVER AND NET RENT INCREASES

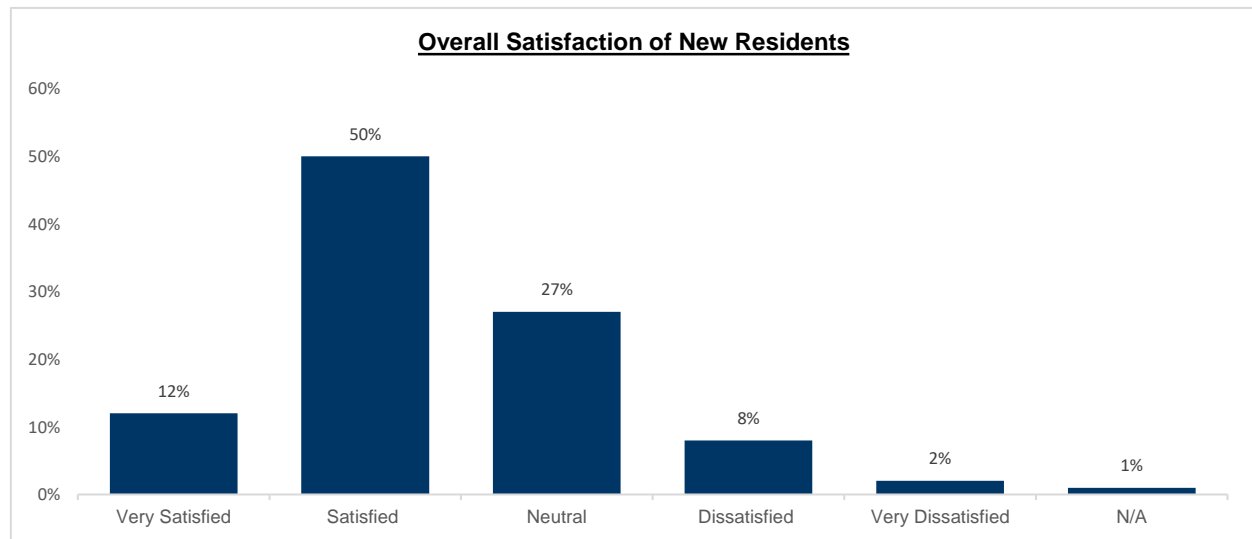
With the portfolio turnover of 55% in 2022, Management was able to capture net revenue gains of 13.2% across the portfolio compared to September 2021, which shows the resiliency and strength of the student housing sector in a high inflationary environment.

Property	Total Beds	Turnover (2022)	Total Net Rent (Sept YoY % Change)
MyRez	455	62.0%	19.5%
1Eleven	357	39.8%	21.0%
Annex	518	73.5%	10.9%
King Street Towers I & II	955	61.3%	10.5%
West Village Suites	449	34.8%	7.5%
17Hundred	588	47.1%	21.4%
1Ten on Whyte	72	94.2%	7.6%
Preston House	310	60.5%	12.2%
Bridgeport House	485	60.3%	13.2%
THEO	528	34.4%	10.2%
Total	4,717	55.0%	13.2%

RESIDENT MOVE-IN SURVEY RESULTS

Move-in surveys of residents are conducted annually to better understand the demographics and needs of residents. From the September 2022 survey of new residents, 42% of respondents identified as second year University students and 67% of respondents identified as Canadian citizens. The majority of new residents connected with properties directly through the website (37.9%) or through referrals (31.1%).

The majority of residents had a positive move-in experience (79% responded neutral, satisfied, or very satisfied) and ranked their feelings of personal safety and security in their building as high (92% responded neutral, satisfied, or very satisfied). Overall, new residents reported high satisfaction with their building experience (89% responded neutral, satisfied, or very satisfied).



RENT COLLECTIONS

ASH REIT's rent collection has remained strong over the past 12 months, as the REIT collected ~98% of rent throughout the portfolio. As the physical occupancy has stabilized across the portfolio, ASH REIT expects to maintain strong collections throughout 2022 and 2023.

LONG-TERM DEBT CAPITALIZATION

Management has been able to secure long-term, attractively priced first mortgages, with interest-only periods, from Schedule 1 Banks for these financings. Currently, the REIT has a weighted average interest rate of 3.2% and a weighted average maturity date of January 2026. The REIT repaid the second mortgage on The Annex in Q3 2022, which reduced the portfolio's weighted average interest rate.

(C\$ millions)

Property Name	Address	Provider	Type	Debt	Appraised Value	LTV	Amort. (Years)	Interest Rate	Maturity
myREZ	181 Lester Street	Schedule 1 Bank	First-Mortgage	\$39.6	\$66.4	59.6%	I.O	3.22%	Feb-26
1ELEVEN	111 Cooper Street	Schedule 1 Bank	First-Mortgage	\$40.3	\$68.4	58.9%	I.O	3.22%	Feb-26
King Street Towers I & II	333 & 339 King Street	Trust Company	First-Mortgage	\$59.7	\$121.3	49.2%	25	3.63%	May-24
West Village Suites	1686 Main Street	Private Lender	First-Mortgage	\$44.7	\$112.7	39.7%	30	3.79%	May-24
Village Suites Oshawa	1700 Simcoe Street								
Annex	265 Laurier Avenue	CMHC	First-Mortgage	\$49.9	\$105.0	47.5%	25	2.62%	Sep-29
1Ten on Whyte	11024 82 Avenue	Schedule 1 Bank	First-Mortgage	\$5.1	\$7.4	68.9%	I.O	3.48%	Feb-24
Preston House	315 King Street	Trust Company	First-Mortgage	\$26.7	\$42.0	63.5%	I.O	3.02%	May-28
Bridgeport House	328 Regina Street	Schedule 1 Bank	First-Mortgage	\$43.2	\$66.1	65.3%	I.O	3.15%	May-26
THEO	305 Rideau Street	Schedule 1 Bank	First-Mortgage	\$81.5	\$123.2	69.0%	I.O	2.94%	Jul-25
		Schedule 1 Bank	Second-Lien	\$3.5					
Total / Weighted Average				\$394.2	\$712.5	55.3%		3.20%	Jan-26

While the current financing and macro-economic environments continue to pose challenges, Management has substantial cash reserves of over \$65M to act on strategic acquisition opportunities. Additionally, the REIT is exploring the idea of allocating capital to student housing development opportunities in the form of equity, preferred equity and/or mezzanine debt where the opportunity exists to secure a right to purchase the property.

WEBINAR DETAILS

Management will host a webinar to discuss ASH REIT's Q3 2022 operating performance on Wednesday, November 9, 2022 at 3 PM EST. Please register for the webinar using the following hyperlink:

[Q3 2022 Webinar](#)

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