ASH REIT
Investment Opportunity

Q1 2019

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Executive Summary

ASH REIT is the only investment vehicle focused exclusively on the Canadian Student Housing Market

- **ASH REIT is currently focused on the consolidation of the fragmented Canadian PBSA market**
- **Success to date of the REIT has exceeded expectations**
  - 3 Class A+ properties in Tier-1 markets worth over $200 million
  - Quality and quantity of available assets
  - Attractive acquisition prices given limited competition (private transactions)
  - Operational upside to properties day-1
- **Transformational acquisition to close in April 2019**
  - Portfolio consisting of 4 properties with 1,992 beds to be acquired for $170 million
  - Similar high-quality assets to current portfolio at an attractive all-in purchase price
  - Diversifies portfolio and positions ASH REIT as the largest owner/operator of PBSA in Canada
  - Unique opportunity to integrate new properties with current asset in Waterloo market
  - Scale will allow ASH REIT to commence movement of property management in-house
- **ASH REIT is seeking to raise up to $75 million of new equity in Q1/Q2 2019 to fund the Portfolio acquisition and position the REIT for additional high-quality acquisitions in the near-term**
  - Sale of units to fund purchase expected to yield annual distributions (mainly return of capital) in excess of 6% to unitholders and long-term returns in excess of 15%
  - Units prices attractive relative to alternative real estate investments

Student Housing Market Opportunity

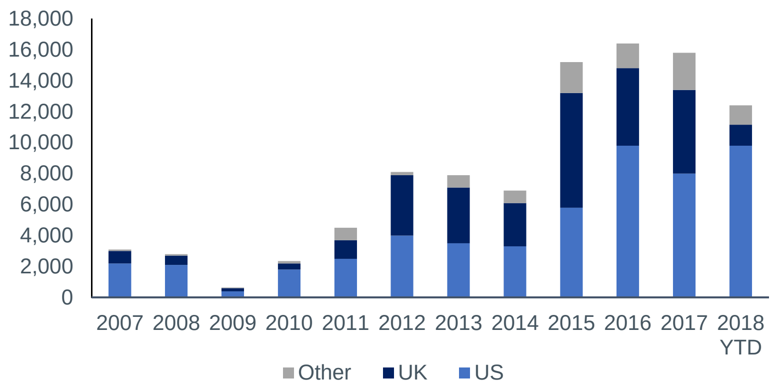
Global Asset Class – No Longer a Niche Market

- $200 billion global market driven by global student population growth combined with limited college/university capital to invest in new beds
- Global student population growth is 5x global population growth
- Sector matured and valuations in most “western markets” similar to multi-family sector given comfort with asset class operating performance

Global Investment

- Global pensions and sovereign wealth funds have dramatically increased exposure to the sector over the past three years alongside traditional PE/Real-Estate investment firms
- Large Canadian pensions are leaders in foreign markets such as the US, UK, Spain, Germany, etc.

Global PBSA Transaction Volume
($ millions)

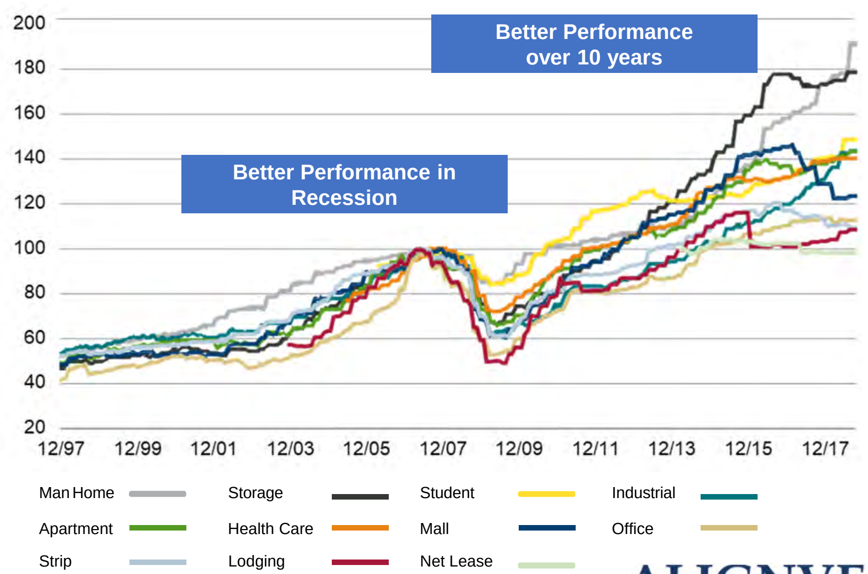


Sources: CBRE, JLL and Cushman Student Housing Reports and Green Street Advisors

Student Housing Risk / Rewards

- Student Housing has outperformed most real estate segments and provided better downside protection during recessionary periods
- Over the past 10-years, Student Housing was the third best performing real estate asset class

US Real-Estate Sector Performance:



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ASH REIT's Current Portfolio

Premier Assets in Two Major Markets

Waterloo, Ontario	Ottawa, Ontario

Market Overview
• 56,000 students
• Two Tier-1 universities (University of Waterloo & Wilfrid Laurier University)
  – Consistent above average growth
  – 25% growth in student population since 2010 (including a 161% increase in international students)
• The universities residence portfolio can only accommodate 16% of their full-time students
• Most developed student housing market in the country with approximately 15,000 off-campus beds
	Market Overview
	• 60,000 students
	• Two Tier-1 universities (University of Ottawa & Carleton University)
	  – Number of applicants to uOttawa grew by 15% year-over-year – the largest increase of all major Ontario-based universities by a factor of almost 2x
	• The university's residence portfolio consists of 8,500 beds, ~14% of total full-time enrollment
	• Most under-developed student housing market in the country with ~1,000 off-campus beds

Premier Asset • Located in-between the two university campuses • Scale/internal economies as top-5 building (based on number of beds) • High-end amenities	**Premier Assets** • Located 300 & 400m from uOttawa campus • Scale/internal economies • High-end amenities
Purchase • Private Sale (not an auction/listing) • ~200bps over local multi-fam	**Purchase** • Private Sales (not an auction/listing) • 175-200bps over local multi-fam

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181 Lester Street – Waterloo, Ontario

“Core” Property

Snapshot

Acquisition Date	August 2018
Year Built	2014
Occupancy	100%
Units	91
Beds	455

Investment Highlights

- Highest-end asset in the Waterloo market
- Premier location – in close proximity to the University of Waterloo and Laurier University
- Top and bottom line operational upside
- Proven track record of high occupancy levels
- Attractive student community environment
- Ample operating spaces, including leasing offices and maintenance / storage facilities; ability to leverage space as CSL’s local headquarter
- Extremely well maintained building
- Long-term commercial tenants
- Rent plus pre-set utility charge to minimize property-level expenses
- **Amenities:**
  - ✓ In-Suite Laundry
  - ✓ Fitness Studio
  - ✓ Study Lounges
  - ✓ Full-Furnished Units
  - ✓ Parking & Bike Storage
  - ✓ Unlimited Wi-Fi

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111 Cooper Street – Ottawa, Ontario

Core Asset with Value-Add Upside

Snapshot

Acquisition Date	November 2018
Year Rebuilt	2014/15
Occupancy	100%
Units	224
Beds	357

Investment Highlights

- Highest-end, privately operated, PBSA asset in the Ottawa market
- Premier location – in Downtown Ottawa and in close proximity to the University of Ottawa
- Acquisition at a significant discount to multi-family comparable properties
- Ability to invest in the property to capitalize on opportunities to realize top and bottom-line operational upside
  - Revenue upside vs. comps
  - Cleaning services
  - HVAC upgrade
- Attractive student community environment
- Proven demand from student population
- **Amenities:**
  - ✓ On-site Laundry Facilities
  - ✓ On-Site Parking
  - ✓ High-Speed Internet
  - ✓ Security and Controlled Access
  - ✓ Study Lounges
  - ✓ Gym & Yoga Studio
  - ✓ Games and Social Lounge

265 Laurier Ave – Ottawa, Ontario

Core Asset with Nomination Deal

Snapshot	
Acquisition Date	March 2019
Year Rebuilt	2018
Occupancy	100%
Units	159
Beds	503

Investment Highlights

- Best-in-class PBSA asset in the Canadian market
- Premier location – in Sandy Hill and located 300 meters from the University of Ottawa
- Long-term in-place management agreement with the University of Ottawa
- Stable cash flow with limited occupancy risk
- Attractive student community environment

Amenities:

- ✓ Lobby fireplace lounge
- ✓ Free membership to the on-site Anytime Fitness
- ✓ Commercial tenants targeted to student demographic
- ✓ Games room and quiet study spaces
- ✓ Communal terrace with picnic tables
- ✓ 24-hour on-site maintenance
- ✓ Interior bike parking and underground parking
- ✓ En-suite bathrooms and in-suite laundry

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Transformative Acquisition Overview

Four properties in three Southwestern Ontario markets (the "Portfolio")

Assets have been diligence thoroughly over the past 3+ years

Waterloo, Ont.	Hamilton, Ont.	Oshawa, Ont.
• 2 Buildings, 955 total Beds • Class A++ buildings • Highest-End Amenities in Waterloo • Targeting Wilfrid Laurier & University of Waterloo students (56,000 students) • 400m to Laurier campus	• 449 Beds • Class A building • Moderate-to-High-End Amenities • Targeting McMaster University (30,000 students) • Only purpose-built student accommodation in Hamilton market	• 588 Beds • Class A building • Moderate-to-High-end Amenities • Targeting UOIT and Durham College (16,000 students) • 600m to UOIT/Durham Campus • Largest PBSA in market
CORE Acquisition	**CORE & Minor Value-Add Acquisition**	**CORE & Value-Add Acquisition**
Well positioned asset in the market Slight adjustments to offering Integration with 181 Lester	Only PBSA in the market Improve offering with furnished suites Improve collegiate lifestyle	Needs a refresh / investment Price right & furnish suites Enhance student environment

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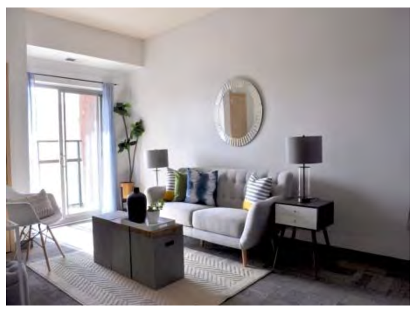
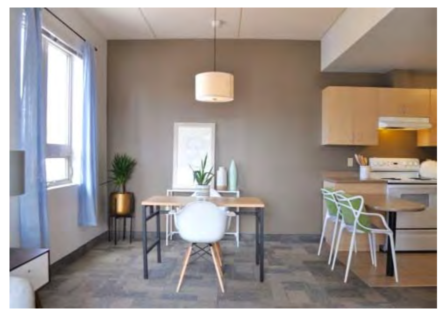
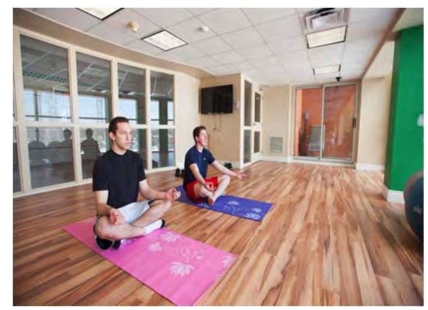
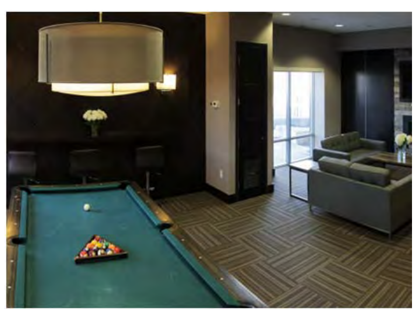
Photos of the Portfolio







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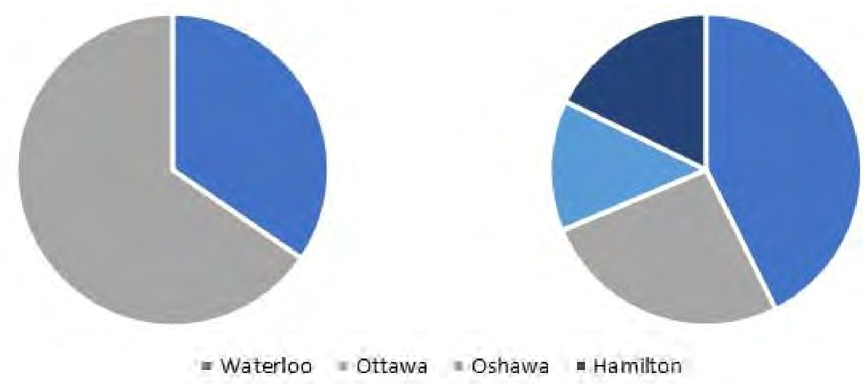
Acquisition Rationale

This transformative acquisition is an uniquely attractive deal for ASH

- High-Quality portfolio of assets consistent with ASH REIT's portfolio built-to-date
  - Tier-1 quality assets in Tier-1 university markets
- Diversifies aggregate REIT portfolio to reduce exposure to Ottawa; includes new markets - Hamilton & Oshawa
- Winning bid blocked out new competitor from entering market and positioned ASH REIT as the largest owner/operator in the country
- Attractive price relative to multi-fam, lower-quality alternatives in the market and 3rd-party appraisals conducted in 2016
- Scale achieved at ASH to realize valuation "economies of scale" (across total portfolio)
- Attractive price given unique insight held by ASH:
  - PBSA cap rates starting to decline given increased activity/interest
  - ASH's ability to execute on current owner's operating plan
  - ASH's ability to realize local economies of scale (substantial Waterloo advantage)
  - ASH's ability to push on revenues/plans and look to the long-term in valuation
- Immediate scale achieved by ASH REIT to roll property management in-house (across portfolio gain)
  - Scaled local market to facilitate roll-out – Waterloo

ASH's Current Portfolio* | **ASH's Portfolio Post-Acquisition***



Largest Canadian PBSA Owner/Operators:

December 2018 by Bed Count	
Woodbourne Private Equity	3,000
Centurion Apartment REIT	2,700
Private LP	1,992
ACCOMODU	1,537
KW4RENT	1,500
Alignvest Student Housing	**1,315**

Proforma Portfolio by Bed Count	
Alignvest Student Housing	**3,307**
Woodbourne Private Equity	3,000
Centurion Apartment REIT	2,700
ACCOMODU	1,537
KW4Rent	1,500

*Weighted by beds.

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Portfolio Transaction

$170 million implies a 5.7-6.0% forward cap rate for a high-quality & unique portfolio

Last 3 Years	• Substantial due diligence completed on the properties
January 2019	• **Executed LOI:** January 2019 (exclusivity on the properties)
February 2019	• **Sale Purchase Agreement:** Target in February 2019
April 2019	• **Close:** April 2019

Attractive $170 million Purchase Price:

- Implies 5.7% cap rate against management projections for 2019 (calendar year)
- Implies 5.6% - 6.0% cap rate against ASH REIT projections for 2019 (calendar year)
  - Upside of 0.1-0.2% on income yield with conservative tax ruling at Oshawa property
  - Upside of 0.3% on income yield with run-rate on new services offerings (only available for a portion of tenants for 4 to 6-months in 2019 calendar year)
  - Further upside potential for additional services & property tax abatement
- Asset value ($ per bed) attractive relative to recent comparable transactions

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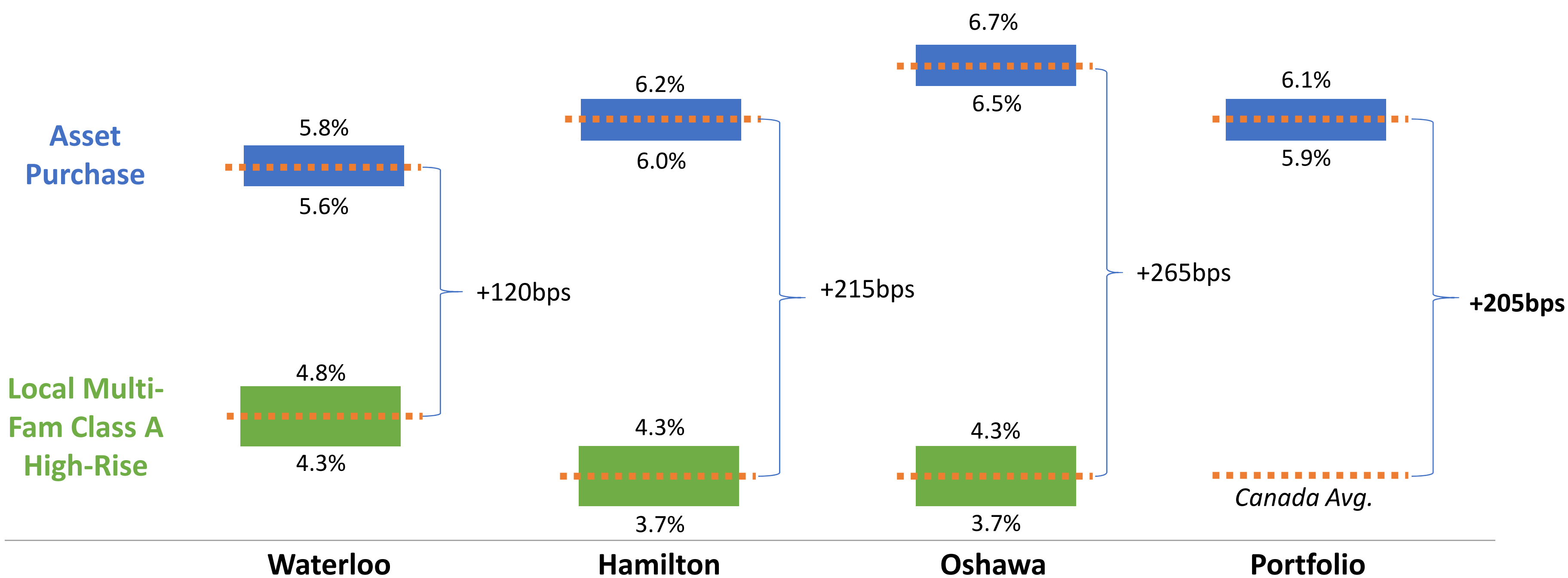
Relative Value of Portfolio

Pricing blended at 5.9 – 6.1% cap rate remains ~200bps higher than multi-family apartments in the region



Note –Multi-Family Cap Rates based on *CBRE Q3 2018 Cap Rates and Investment Insights Report*. Waterloo based on actual figures for the market. Hamilton and Oshawa based on blended 50/50 for GTA and Kitchener-Waterloo figures.

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Long-Term Equity Financing Strategy

ASH REIT was launched in June 2018 and expects to raise over $300mm of equity to consolidate/grow the Canadian PBSA sector over the next 5-years

SUMMARY TERMS:	
Structure:	Open-ended Investment Trust
Description of Units:	Single Class of REIT Units
Recent Price / Unit:	$100.61 (as of Dec 31, 2018)
Current Distribution:	$6.00 annualized
Distribution Strategy:	Targeting 90% of AFFO. Expected to grow at a rate greater than inflation
Distribution Mix:	Targeting almost 100% as return of capital in near-term
Pricing Frequency:	Quarterly
Pricing Mechanism:	FMV approved by Board of Trustees based on Independent Valuations
Redemption Rights:	Quarterly, subject to gate
DRIP:	Yes, at a 2% discount to FMV
Listing:	None – Private
Targeted Returns:	Over 15% to Unitholders
Liquidity Preference:	Return of Capital to Unitholders and a 7% Preferred Return
Alignvest Commitment:	$20 million invested to date in Units
Fees:	Incentive Based

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Return Analysis

Assuming $60 million of equity to fund the Portfolio and NO additional acquisitions

Aggregate Portfolio	2019	2020	2021	2022	2023
Buildings	7	7	7	7	7
Beds	3,307	3,307	3,307	3,307	3,307
Revenues (mm)	$26.12	$34.36	$35.40	$36.33	$37.25
% Change		31.5%	3.0%	2.6%	2.5%
NOI (mm)	$16.52	$22.54	$23.53	$24.23	$24.93
% Change		36.4%	4.4%	3.0%	2.9%
NOI Margin	64.6%	67.0%	67.7%	67.9%	68.1%
AFFO (mm)	$9.75	$13.51	$14.76	$15.37	$16.74
% Change		6.22%	6.49%	6.68%	6.88%
Gross Distribution % of AFFO	115%	90%	90%	90%	90%
Net Distribution / Unit	6.00	6.49	7.09	7.38	8.04

LP Investment Profile – March 1st Investors	2019	2020	2021	2022	2023
Investment	-$60,000,000				
Distribution	$3,494,135	$3,868,472	$4,225,674	$4,402,777	$4,793,449
Return of Capital					$39,215,493
Hurdle Make-whole					$20,358,516
Premium to Hurdle Return					$25,087,375
Cash Flow of Investment	**-$56,505,865**	**$3,868,472**	**$4,225,674**	**$4,402,777**	**$89,454,833**

IRR	**17.2%**
Multiple of Invested Capital	**1.8x**

IRR Sensitivity Table

Exit Cap Rate	IRR
5.8%	15%
5.5%	17%
5.3%	19%
5.0%	21%
4.8%	23%
4.5%	26%
4.3%	28%

Assumes no cap rate compression over the life of the REIT.

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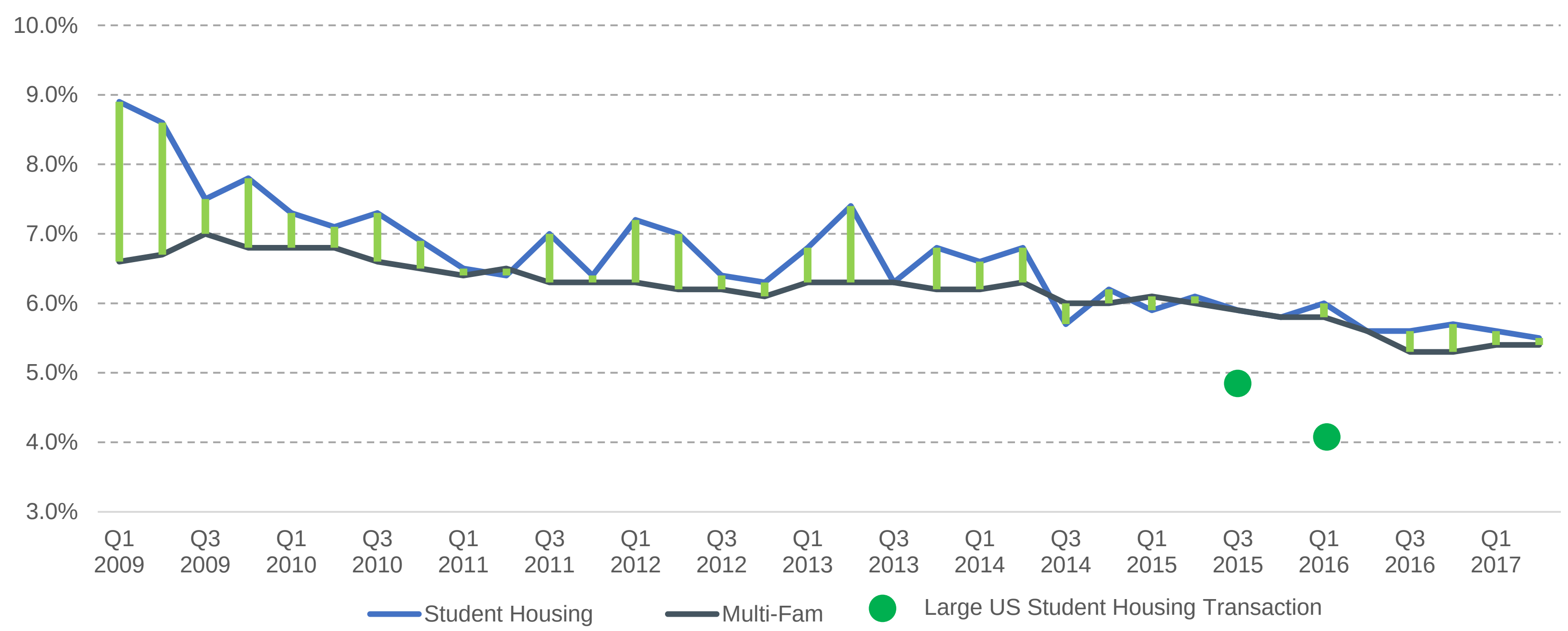
Long-Term Cap Rate Considerations

We expect that cap rates in Canada should triangulate towards multi-family rates as seen in the more developed US and UK markets

US Student Housing Cap Rates Compared to Multi-Family Residential Real-Estate



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Alignvest Student Housing REIT

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