Alignvest Student Housing Real Estate Investment Trust

Interim Condensed Consolidated Financial Statements [Unaudited]
June 30, 2023

Interim Condensed Consolidated Statements of Financial Position

In Canadian dollars
[Unaudited]

As at	Notes	June 30, 2023	December 31, 2022
		$	$
ASSETS			
Non-current assets			
Investment properties	3	**945,300,000**	738,900,000
Derivative assets	6	**4,815,603**	5,011,360
		950,115,603	743,911,360
Current assets			
Cash and cash equivalents		**44,907,254**	25,700,743
Short-term investments	4	**-**	46,205,578
Derivative assets	6	**5,039,474**	4,511,978
Prepaid expenses and other assets		**2,045,066**	3,130,989
Rent and other receivables		**1,180,620**	809,276
		53,172,414	80,358,564
Total assets		**1,003,288,017**	824,269,924
LIABILITIES			
Non-current liabilities			
Mortgages payable	5(a)	**427,353,949**	378,981,735
Accrued liabilities	12	**66,581,202**	36,720,582
		493,935,151	415,702,317
Current liabilities			
Mortgages payable	5(a)	**12,153,597**	11,944,571
Distributions payable	7,12	**2,334,975**	1,950,258
Residential tenant deposits		**7,257,561**	6,294,333
Accounts payable and accrued liabilities		**5,185,154**	5,215,609
Derivative liabilities	6	**23,403**	-
		26,954,690	25,404,771
Total liabilities		**520,889,841**	441,107,088
Net assets attributable to other limited partners in CSL		**35,808,402**	29,520,503
Net assets attributable to Trust Unitholders	7	**446,589,774**	353,642,333
Total liabilities including net assets attributable to Trust Unitholders		**1,003,288,017**	824,269,924

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Income and Comprehensive Income
In Canadian dollars
[Unaudited]

	Notes	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
		$	**$**	**$**	**$**
Revenue from investment properties		**15,293,712**	12,746,799	**30,150,356**	25,467,339
Property operating costs		**(5,469,058)**	(4,716,546)	**(10,565,123)**	(8,996,739)
Net operating income	8	**9,824,654**	8,030,253	**19,585,233**	16,470,600
Fair value adjustment on investment properties	3	**109,850,036**	11,170,633	**111,746,472**	9,767,599
Interest income	4	**439,891**	152,573	**940,492**	175,318
Other income		**91,801**	43,534	**144,868**	44,148
Financing costs	10	**(3,989,915)**	(3,410,184)	**(7,790,416)**	(6,810,785)
General and administrative expenses	9, 12	**(29,151,242)**	(3,086,083)	**(30,728,893)**	(6,249,027)
Distributions expense	7, 12	**(6,336,268)**	(5,503,403)	**(12,369,740)**	(10,519,058)
Increase in net assets attributable to Trust Unitholders		**80,728,957**	7,397,323	**81,528,016**	2,878,795
Other comprehensive income:					
Net unrealized gain on derivatives	6	**1,765,309**	2,416,245	**308,336**	6,700,120
Comprehensive income		**82,494,266**	9,813,568	**81,836,352**	9,578,915
Increase in net assets attributable to:					
Trust Unitholders		**74,757,009**	6,823,236	**75,539,510**	2,766,837
Other limited partners in CSL		**5,971,948**	574,087	**5,988,506**	111,958
		80,728,957	7,397,323	**81,528,016**	2,878,795
Comprehensive income attributable to:					
Trust Unitholders		**76,389,704**	9,068,863	**75,824,910**	8,927,985
Other limited partners in CSL		**6,104,562**	744,705	**6,011,442**	650,930
		82,494,266	9,813,568	**81,836,352**	9,578,915

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Net Assets Attributable to Unitholders
In Canadian dollars
[Unaudited]

	Net assets attributable to Trust Unitholders	Net assets attributable to other limited partners in CSL	Total
	$	$	$
Unitholders' net assets, January 1, 2023	**353,642,333**	**29,520,503**	**383,162,836**
Proceeds from units issued	**17,238,420**	**-**	**17,238,420**
Reinvestments of distributions by Unitholders	**4,840,185**	**276,457**	**5,116,642**
Redemption of Units	**(4,956,074)**	**-**	**(4,956,074)**
Increase in net assets attributable to Unitholders	**75,539,510**	**5,988,506**	**81,528,016**
Other comprehensive income	**285,400**	**22,936**	**308,336**
Unitholders' net assets, June 30, 2023	**446,589,774**	**35,808,402**	**482,398,176**

	Net assets attributable to Trust Unitholders	Net assets attributable to other limited partners in CSL	Total
	$	$	$
Unitholders' net assets, January 1, 2022	273,620,828	27,503,803	301,124,631
Proceeds from units issued	54,840,348	-	54,840,348
Reinvestments of distributions by Unitholders	9,292,218	532,619	9,824,837
Redemption of Units	(3,648,818)	-	(3,648,818)
Increase in net assets attributable to Unitholders	12,349,133	884,006	13,233,139
Other comprehensive income	7,188,624	600,075	7,788,699
Unitholders' net assets, December 31, 2022	353,642,333	29,520,503	383,162,836

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

In Canadian dollars
[Unaudited]

	Note	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
		$	$	$	$
OPERATING ACTIVITIES					
Increase in net assets attributable to Trust Unitholders		**80,728,957**	7,397,323	**81,528,016**	2,878,795
Add (deduct) items not affecting cash:					
Fair value adjustment on investment properties		**(109,850,036)**	(11,170,633)	**(111,746,472)**	(9,767,599)
Interest income		**(439,891)**	(152,573)	**(940,492)**	(175,318)
Distributions expense		**6,336,268**	5,503,403	**12,369,740**	10,519,058
Financing costs		**3,989,915**	3,410,184	**7,790,416**	6,810,785
Interest received		**439,891**	73,379	**684,717**	93,513
Net change in non-cash operating assets and liabilities	11	**27,494,181**	2,554,337	**31,281,754**	4,929,159
Cash provided by operating activities		**8,699,285**	7,615,420	**20,967,679**	15,288,393
INVESTING ACTIVITIES					
Purchase of investment properties		**-**	-	**(91,563,597)**	-
Capital expenditures on investment properties		**(2,549,964)**	(1,329,367)	**(3,089,931)**	(2,732,401)
Purchase of short-term investments		**-**	-	**-**	(25,000,000)
Proceeds on sale of short-term investments		**-**	-	**46,000,000**	-
Interest received on short-term investments		**-**	-	**461,353**	-
Cash used in investing activities		**(2,549,964)**	(1,329,367)	**(48,192,175)**	(27,732,401)
FINANCING ACTIVITIES					
Net change in subscriptions received in advance		**-**	-	**-**	(40,000)
Proceeds from issuance of Units		**6,410,303**	20,993,247	**17,238,420**	38,488,791
Redemption of Units, net of fees		**(2,459,701)**	(261,107)	**(4,956,074)**	(820,127)
Distributions paid		**(3,453,395)**	(2,928,905)	**(6,868,381)**	(5,353,657)
Proceeds from mortgages		**-**	-	**55,500,000**	-
Financing fees paid on mortgages		**-**	-	**(285,000)**	-
Interest paid on mortgages		**(3,867,957)**	(3,277,239)	**(7,280,133)**	(6,561,750)
Principal repaid on mortgages		**(5,425,508)**	(1,268,700)	**(6,917,825)**	(2,527,106)
Cash provided by (used in) financing activities		**(8,796,258)**	13,257,296	**46,431,007**	23,186,151
Net increase (decrease) in cash and cash equivalents during the period		**(2,646,937)**	19,543,349	**19,206,511**	10,742,143
Cash and cash equivalents, beginning of period		**47,554,191**	24,032,269	**25,700,743**	32,833,475
Cash and cash equivalents, end of period		**44,907,254**	43,575,618	**44,907,254**	43,575,618

See accompanying notes to the interim condensed consolidated financial statements.

1. Trust Information

Alignvest Student Housing Real Estate Investment Trust (the "Trust") is an unincorporated open-ended investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of May 4, 2018 and amended and restated as of June 15, 2018, and which may be further amended, restated or supplemented from time to time ("Declaration of Trust").

The registered office of the Trust is located at 1027 Yonge Street, Suite 200, Toronto, Ontario, M4W 2K9.

The Trust invests in high-quality purpose-built student accommodation located in Canada. The Trust holds its investments in its income-producing properties through its ownership in its subsidiary, Canadian Student Living Group Limited Partnership ("CSL"). Alignvest Student Housing Inc. ("ASH Inc." or the "General Partner") acts as the general partner of CSL and manages the operations of CSL.

2. Basis of preparation

These interim condensed consolidated financial statements for the three months and six months ended June 30, 2023 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been omitted or condensed.

The interim condensed consolidated financial statements should be read in conjunction with the Trust’s consolidated financial statements for the year ended December 31, 2022, which include information necessary or useful to understanding the Trust's business and financial statement presentation. In particular, the Trust’s significant accounting policies are presented in the consolidated financial statements for the year ended December 31, 2022 and have been consistently applied in the preparation of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements are prepared on a going concern basis using the historical cost method, except for investment properties and certain financial instruments, which have been measured at fair value, as set out in the relevant accounting policies. Management has used the best information available as at June 30, 2023 in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities and earnings for the period, including estimates of capitalization rates and stabilized net operating income ("SNOI"), which ultimately impact the underlying valuation of the Trust's investment properties.

The Trust's functional and presentation currency is the Canadian dollar.

The interim condensed consolidated financial statements of the Trust for the three months and six months ended June 30, 2023 were authorized for issue by management of the Trust on August 2, 2023.

a) Basis of consolidation

The interim condensed consolidated financial statements reflect the operations of the Trust as well as any entity controlled by the Trust ("subsidiary"). The Trust controls an entity when the Trust is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assets, liabilities, revenue and expenses of a subsidiary are included in the interim condensed consolidated financial statements from the date of acquisition or the date on which the Trust obtains control until the date that control ceases. Intercompany transactions, balances, unrealized gains and losses on transactions between the Trust and its subsidiary have been eliminated upon consolidation.

b) Comparative information

The interim condensed consolidated financial statements provide comparative information in respect of the previous period. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period.

c) Investment properties

Investment properties comprise properties held to earn rental income or for capital appreciation or both. The Trust accounts for its investment properties using the fair value model. Investment properties consist of income-producing properties and are initially measured at cost, including transaction costs if the transaction is deemed to be an asset acquisition. Transaction costs include commissions, land transfer taxes, and professional fees for legal and other services.

Subsequent to initial recognition, investment properties are remeasured at fair value, which reflects market conditions at the reporting date. The carrying value of investment properties includes all capital expenditures associated with upgrading and extending the economic life of the existing properties and is incorporated in the determination of fair value of the investment properties. Gains or losses arising from changes in the fair values of investment properties are included in net income in the period in which they arise. Fair value is supported by detailed internal valuations using market-based assumptions and independent external valuations, each in accordance with recognized valuation techniques. Fair value is based on valuations using the income approach, based on the direct capitalization or discounted cash flow method. Recent real estate transactions with characteristics and locations similar to the Trust's assets are also considered. The direct capitalization method applies a capitalization rate to the property's SNOI, which incorporates allowances for vacancy, collection loss and structural reserves for capital expenditures for the investment property. The discounted cash flow method assesses the periodic cash flows, consisting of NOI, less capital costs, and a reversionary value, discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Transfers are made to or from an investment property only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of an investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

An investment property is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in net income in the period of retirement or disposal.

d) Hedging relationships

The Trust may use derivate financial instruments, such as interest rate swaps and forward commodity contracts, to hedge its risks associated with interest rates and commodity prices, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract was entered into and are subsequently remeasured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Trust formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Trust will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that the hedging relationship continues to be highly effective throughout the financial reporting periods for which they were designated. For the Trust's purposes of hedge accounting, interest rate swaps and forward commodity contracts are classified as cash flow hedges. The Trust's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income and accumulated in the cash flow hedge reserve within equity. The ineffective portion is recognized immediately in net income or loss. Hedge accounting is discontinued prospectively when the hedge relationship is terminated or no longer qualifies as a hedge, or when the hedging item is sold or terminated.

In Canadian dollars, except units, per unit amounts and where otherwise noted

For continuing cash flow hedge arrangements, amounts accumulated in the cash flow hedge reserve are reclassified from the cash flow hedge reserve as a reclassification adjustment in the same periods during which the hedged future cash flow affects the net income or loss.

Hedge accounting ceases when the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or when it no longer qualifies for hedge accounting. Amounts accumulated in the cash flow hedge reserve at that time remain in equity if the forecasted transaction is still expected to occur and are reclassified from other comprehensive income into net income or loss in the period the forecasted transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is immediately reclassified from other comprehensive income to net income or loss.

e) Future changes in accounting policies

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, which aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply that concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and did not have a material impact on the Trust's interim condensed consolidated financial statements.

Amendments to IAS 8, Definition of Accounting Estimates
In February 2021, the IASB issued amendments to IAS 8, which introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It also included clarification for how entities apply measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted. The amendments did not have a material impact on the Trust's interim condensed consolidated financial statements.

3. Investment properties

As at	June 30, 2023	December 31, 2022
	$	$
Balance, beginning of period	**738,900,000**	700,000,000
Acquisitions, including transaction costs	**91,563,597**	-
Capital expenditures on investment properties	**3,089,931**	6,855,459
Fair value adjustment on investment properties	**111,746,472**	32,044,541
Balance, end of period	**945,300,000**	738,900,000

Acquisitions

For the six months ended June 30, 2023, the Trust completed the following acquisition:

Acquisition date	Property	Location	Units	Beds	Purchase price ($)
January 27, 2023	See-More	Halifax, Nova Scotia	141	491	90,000,000

In Canadian dollars, except units, per unit amounts and where otherwise noted

As at December 31, 2022, CSL had acquisition deposits of $2,000,000, which was included in prepaid expenses and other assets in the interim condensed consolidated statements of financial position.

There were no acquisitions completed by the Trust for the year ended December 31, 2022.

Valuation methodology and process

Investment properties are measured at fair value at each reporting date and changes in the fair value are included in net income. Fair value is supported by independent external valuations and detailed internal valuations using market-based assumptions. The following valuation techniques were considered in determining the fair value:

- Direct comparison approach, which is based on consideration of recent prices of similar properties within similar market areas;
- The income approach using the direct capitalization method, which is based on the conversion of current and future normalized earnings potential directly into an expression of market value. The SNOI for the period is divided by an overall capitalization rate (inverse of an earnings multiplier) to arrive at the estimated fair value; and
- The income approach using the discounted cash flow ("DCF") method. The discounted cash flow method assesses the periodic cash flows, consisting of SNOI, less capital costs, and a reversionary value, discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

As the fair value of investment properties is determined with significant unobservable inputs, all investment properties are classified as Level 3 assets.

At each reporting date, the Trust assembles the property-specific data used in the valuation model based on the process set forth in the valuation framework, reviews the valuation framework to determine whether any changes or updates are required, inputs the capitalization rates, set-offs, normalization assumptions and discount rates provided by the valuators, and delivers the completed valuation framework to the external appraisers for review. The external appraisers determine the capitalization rates and discount rates that should be used in valuing the properties, provide charts of comparable sales and supporting relevant market information, determine the appropriate industry standard set-off amounts and normalization assumptions used in the calculation of SNOI, and supply a fair value report for the Trust to reflect in the interim condensed consolidated financial statements.

The external appraisers engaged are accredited independent real estate valuation experts with a recognized and relevant professional qualification and with recent experience in the locations and types of investment property being valued. The fair value of investment properties is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13, *Fair Value Measurement*.

The Trust utilized the direct capitalization method for the valuation of its investment properties for the year ended December 31, 2022, as most of the properties were operating at stabilized levels. With the increased demand for student accommodation and the ability for higher turnover to capture increases in rental rates, the DCF method is a more suitable valuation methodology for properties with significant income growth. For the six months ended June 30, 2023, the Trust utilized the DCF method for the valuation of its investment properties.

Sensitivity analysis

As at	**June 30, 2023**	**December 31, 2022**
Weighted average rates:		
Capitalization rate	**4.48%**	4.92%
Terminal capitalization rate	**5.41%**	N/A
Discount rate	**6.47%**	N/A

In Canadian dollars, except units, per unit amounts and where otherwise noted

The table below shows the sensitivity of the fair value of investment properties to changes in capitalization rates:

Capitalization rates	Increase (decrease) in capitalization rates	Change ($)
3.98%	**(0.50%)**	**118,824,210**
4.23%	**(0.25%)**	**55,898,862**
4.48%		**-**
4.73%	**0.25%**	**(49,987,047)**
4.98%	**0.50%**	**(94,953,021)**

Additionally, a 1% increase or decrease in SNOI would result in an increase or decrease in the fair value of investment properties of $9.5 million, respectively. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in an increase to the fair value of investment properties by $65.9 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a decrease to the fair value of investment properties of $58.9 million.

4. Short-term investments

As at	June 30, 2023	December 31, 2022
	$	$
Cost	-	46,000,000
Accrued interest	-	205,578
	-	46,205,578

Short-term investments consist of guaranteed investment certificates issued by Canadian financial institutions with an original maturity of one year or less and redeemable on demand. As at June 30, 2023, the Trust fully redeemed its short-term investments. As at December 31, 2022, the Trust held short-term investments that were fully redeemable and earned interest at a weighted average rate of 4.41% annually.

For the three months and six months ended June 30, 2023, the Trust earned interest income of $Nil and $255,775 from its short-term investments, and $439,891 and $684,717 from its cash balances, respectively.

For the three months and six months ended June 30, 2022, the Trust earned interest income of $79,194 and $81,805 from its short-term investments, and $73,379 and $93,513 from its cash balances, respectively.

5. Mortgages payable

a) Mortgages payable

As at	June 30, 2023	December 31, 2022
	$	$
Mortgages payable before deferred financing costs	**441,547,379**	392,970,325
Deferred financing costs	**(2,039,833)**	(2,044,019)
Mortgages payable	**439,507,546**	390,926,306
Current	**12,153,597**	11,944,571
Non-current	**427,353,949**	378,981,735
Mortgages payable	**439,507,546**	390,926,306

In Canadian dollars, except units, per unit amounts and where otherwise noted

As at	June 30, 2023	December 31, 2022
Range of interest rates	**2.62% to 5.38%**	2.62% to 4.03%
Weighted average interest rate	**3.47%**	3.20%
Weighted average term to maturity (years)	**3.14**	3.40
Mortgages mature between	**2024 to 2029**	2023 to 2029

The aggregate principal repayments and balances maturing on the mortgages payable as at June 30, 2023 and for the future years indicated are as follows:

Year of maturity/repayment	Principal Repayments	Balances Maturing	Total
	$	$	$
2023	**5,015,774**	**-**	**5,015,774**
2024	**10,308,711**	**48,063,350**	**58,372,061**
2025	**9,853,782**	**77,145,619**	**86,999,401**
2026	**4,866,123**	**166,662,805**	**171,528,928**
2027	**3,630,470**	**-**	**3,630,470**
Thereafter	**3,982,150**	**112,018,595**	**116,000,745**
	37,657,010	**403,890,369**	**441,547,379**

During the six months ended June 30, 2023, the Trust completed new term mortgage borrowings of $55,500,000 with an interest rate of 5.38%, maturing in 2028.

During the six months ended June 30, 2023, the Trust repaid an existing loan upon maturity of $3,500,000 and realized gain of $24,636 related to the settlement of the interest rate swap.

During the year ended December 31, 2022, the Trust repaid an existing loan upon maturity for $7,668,755.

b) Credit facility

On January 13, 2021, the Trust obtained a secured credit facility with a private lending institution for $15,000,000 with an interest rate of 8% and a maturity date of April 1, 2023. During the six months ended June 30, 2023, the credit facility remains undrawn and was not renewed upon expiry.

6. Derivative assets and liabilities

As at	June 30, 2023	December 31, 2022
	$	$
Derivative assets		
Interest rate swap agreements		
Non-current	**4,815,603**	5,011,360
Current	**5,039,474**	4,511,978
	9,855,077	9,523,338

In Canadian dollars, except units, per unit amounts and where otherwise noted

As at	June 30, 2023	December 31, 2022
	$	$
Derivative liabilities		
Forward commodity contracts		
Current	**23,403**	-
	23,403	-

In January 2023, the Trust entered into forward commodity contracts to manage its exposure to volatility in commodity prices related to natural gas. The terms are summarized as follows:

Area	Term	Usage coverage	Quantity	Cost
Ontario	February 1, 2023 to March 31, 2023	75%	174 GJ/day	$4.58/GJ
Ontario	April 1, 2023 to December 31, 2023	50%	116 GJ/day	$4.41/GJ

The net unrealized gain (loss) related to cash flow hedges as reflected in other comprehensive income is as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net unrealized gain (loss) from:	$	$	$	$
Interest rate swap agreements	**1,788,712**	2,416,245	331,739	6,700,120
Forward commodity contracts	**(23,403)**	-	(23,403)	-
	1,765,309	2,416,245	308,336	6,700,120

7. Trust units

The Trust is authorized to issue an unlimited number of class A units ("Class A Units") and class F units ("Class F Units", collectively with the Class A Units, the "Units"). Each Unit entitles the holder to one vote at all meetings of Unitholders and pro rata participation in the distributions by the Trust, and in the event of a liquidation, dissolution or wind-up of the Trust, in the net assets of the Trust.

The Units of the Trust are issued at the fair market value ("Fair Market Value") as determined by the Trustees. The Fair Market Value of the Class A Units and the Fair Market Value of the Class F Units is determined separately for each class of Units. The Fair Market Value of the Units may or may not be equal to the net asset value of the Units.

The Class A Units have the same rights as the Class F Units with the exception that the Class A Units will be indirectly subject to a management fee equal to 1.00% per annum of the net asset value of the Class A LP units of CSL, plus applicable taxes, payable to the General Partner. The General Partner may pay a trailing commission out of its own funds of up to 1.00% per annum to certain registered dealers in connection with their clients' holdings of Class A Units. Trailing commissions may be modified or discontinued by the General Partner at any time. No sales commission or trailing commissions will be payable by the General Partner in respect of Class F Units of the Trust.

Each unitholder has the right to require the Trust to redeem their Units on the Redemption Date on demand subject to certain conditions. Unitholders who surrender Units for redemption shall be entitled to receive the redemption price ("Redemption Price") per Unit, as determined by the Trustees pursuant to the Declaration of Trust. The Trust will satisfy redemption requests in cash, subject to the limitation that the total amount payable by the Trust in respect of redemptions shall not exceed $250,000 for each month, unless a higher amount is approved by the Trustees, but in no case may the total amount payable in cash in respect of Units tendered for redemption in a month exceed

In Canadian dollars, except units, per unit amounts and where otherwise noted

50% of Unencumbered Cash (as defined in the Amended and Restated Declaration of Trust) and subject to certain redemption rights, as defined in the Offering Memorandum of the Trust. To the extent the total redemption proceeds payable exceed $250,000, the balance of redemption proceeds payable can be satisfied by way of a distribution in the form of debt securities of the Trust.

The redemption of Units may be temporarily suspended by the Trust at the discretion of the Trustees for a period of no longer than 12 months if the number of Units tendered for redemption in a month would exceed 20% of the Fair Market Value of all of the issued and outstanding Units at such time, or the redemption of the Units would result in the Trust no longer qualifying as a “mutual fund trust” for the purposes of the *Income Tax Act (Canada).*

The Trust intends to make regular distributions of its available cash to Unitholders, payable monthly, at the discretion of the Trustees. In accordance with the Limited Partnership Agreement (“LPA”) of CSL, the distributions are determined based on the distributable income available at CSL, of which 75% is allocated to the limited partners of CSL and 25% is allocated to ASH Inc. as general partner of CSL (collectively, “Periodic Distributions”).

For the three months and six months ended June 30, 2023, the Trust declared Periodic Distributions to Unitholders of the Trust of $4,250,829 and $8,379,515, respectively (three months and six months ended June 30, 2022 – $3,782,016 and $7,198,889). As at June 30, 2023, Periodic Distributions of $1,419,755 were payable (December 31, 2022 – $1,350,000) and were subsequently paid on July 14, 2023.

On May 25, 2023, the Trust announced a temporary and immediate suspension of acceptance of subscriptions. Redemptions of Units will continue to be permitted and processed in accordance with the terms disclosed in the Trust’s Offering Memorandum.

Distribution reinvestment and unit purchase plan

Under Article 14 of the Declaration of Trust, the Trustees may at their sole discretion establish a distribution reinvestment plan (the “DRIP”) at any time providing for the voluntary reinvestment of distributions by some or all of the Unitholders as the Trustees determine. The Trust permits Unitholders to receive distributions in the form of additional Units or cash. Unitholders may enroll in the DRIP, which will allow them to elect to receive all or a portion of their cash distributions in the form of additional Units at a 2.0% discount to the Fair Market Value of the Units. No commissions, service charges or brokerage fees are payable by participants in connection with the DRIP.

The Unitholders’ net assets and Units issued and outstanding as at June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023		**December 31, 2022**	
Class F Units	**$**	**#**	**$**	**#**
Unitholders' net assets, beginning of period	**352,372,820**	**2,690,220**	273,098,209	2,193,424
Units issued	**17,039,420**	**137,902**	54,227,107	448,886
Units issued under the DRIP	**4,812,695**	**39,581**	9,249,893	77,857
Units redeemed	**(4,931,776)**	**(39,647)**	(3,648,818)	(29,947)
Increase in net assets attributable to Unitholders	**75,247,214**	**-**	12,283,842	-
Other comprehensive income	**284,267**	**-**	7,162,587	-
Unitholders' net assets, end of period	**444,824,640**	**2,828,056**	352,372,820	2,690,220

In Canadian dollars, except units, per unit amounts and where otherwise noted

	June 30, 2023		December 31, 2022	
Class A Units	**$**	**#**	**$**	**#**
Unitholders' net assets, beginning of period	**1,269,513**	**9,780**	522,619	4,239
Units issued	**199,000**	**1,639**	613,241	5,180
Units issued under the DRIP	**27,490**	**231**	42,325	361
Units redeemed	**(24,298)**	**(197)**	-	-
Increase in net assets attributable to Unitholders	**292,296**	**-**	65,291	-
Other comprehensive income	**1,133**	**-**	26,037	-
Unitholders' net assets, end of period	**1,765,134**	**11,453**	1,269,513	9,780

8. Revenue and property operating costs

The components of revenue and property operating costs from investment properties for the three months and six months ended June 30, 2023 and 2022 are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$	**$**	**$**	**$**
Revenue from investment properties				
Rental income	**10,282,688**	8,475,902	**20,484,512**	17,114,787
Commercial income	**407,639**	409,531	**813,657**	785,357
Common area maintenance	**3,194,034**	2,864,674	**6,209,991**	5,632,487
Utility income	**705,465**	542,971	**1,383,023**	1,071,891
Parking income	**228,567**	188,618	**418,598**	344,047
Miscellaneous income	**475,319**	265,103	**840,575**	518,770
	15,293,712	12,746,799	**30,150,356**	25,467,339
Property operating costs				
Management and general operating expenses	**(1,516,020)**	(1,418,379)	**(3,050,664)**	(2,823,267)
Maintenance and utilities expenses	**(2,231,381)**	(1,852,853)	**(4,246,635)**	(3,612,897)
Property taxes	**(1,721,657)**	(1,445,314)	**(3,267,824)**	(2,560,575)
	(5,469,058)	(4,716,546)	**(10,565,123)**	(8,996,739)
Net operating income	**9,824,654**	8,030,253	**19,585,233**	16,470,600

In Canadian dollars, except units, per unit amounts and where otherwise noted

9. General and administrative expenses

The components of general and administrative expenses are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$	$	$	$
Professional fees (Note 12)	**249,284**	183,506	**476,787**	284,859
Change in General Partner's Liquidity Distribution (Note 12)	**28,710,134**	2,755,182	**29,860,619**	5,715,199
Salaries and benefits	**99,233**	74,575	**219,062**	139,058
Office expenses	**30,236**	16,770	**56,471**	21,828
Fund administration fees	**51,276**	56,050	**91,751**	88,083
Other	**11,079**	-	**24,203**	-
	29,151,242	3,086,083	**30,728,893**	6,249,027

10. Financing costs

The components of financing costs are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$	$	$	$
Interest on mortgages payable	**5,096,622**	3,308,242	**9,876,264**	6,269,815
Net realized (gain) loss on interest rate swaps	**(1,253,675)**	(40,882)	**(2,375,035)**	251,154
Amortization of deferred financing costs	**146,968**	142,824	**289,187**	289,816
	3,989,915	3,410,184	**7,790,416**	6,810,785

11. Supplemental cash flow information

The net change in non-cash operating assets and liabilities is as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$	$	$	$
Prepaid expenses and other assets	**(523,390)**	(796,861)	**1,085,923**	(1,549,886)
Rent and other receivables	**(476,519)**	(744,346)	**(371,344)**	(688,856)
Accounts payable and accrued liabilities	**28,399,630**	3,311,839	**29,603,947**	5,757,704
Residential tenant deposits	**94,460**	783,705	**963,228**	1,410,197
	27,494,181	2,554,337	**31,281,754**	4,929,159

In Canadian dollars, except units, per unit amounts and where otherwise noted

12. Related party disclosures

The interim condensed consolidated financial statements of the Trust include the financial statements of the parent and the subsidiary. The Trust's investment is listed in the following table as at June 30, 2023 and December 31, 2022:

Subsidiary	Country of incorporation	% interest June 30, 2023	% interest December 31, 2022
Canadian Student Living Group Limited Partnership	Canada	**92.58%**	92.30%

As at June 30, 2023, investment funds managed and/or advised by Alignvest Management Corporation ("AMC"), a related party of the Trust, held 300,975 Class F Units (December 31, 2022 – 304,471) of the Trust. AMC is the majority shareholder of ASH Inc. As at June 30, 2023, ASH Inc. held 223 Class A Units (December 31, 2022 – 223) of the Trust.

In accordance with the LPA of CSL, upon each redemption of LP units of CSL, the Trust will make a distribution to the General Partner, an amount equal to 25% of the amount obtained by taking: (i) the fair market value used to calculate the redemption price payable by CSL to the Limited Partner plus the Redemption Distribution minus (ii) the Net Capital of the Redeemed LP units, defined as the capital invested for the LP units subject to redemption minus the amount of Periodic Distributions previously paid in respect of such redeemed LP units (a "Special GP Distribution"), such that the value above the Net Capital of the Redeemed LP units held by the Trust is effectively split 25%/75% between ASH Inc. and the Trust, respectively. For the three months and six months ended June 30, 2023, ASH Inc. was entitled to receive $213,927 and $290,194, respectively (three months and six months ended June 30, 2022 – $15,184 and $31,711) in Special GP Distributions, which is included in distributions expense in the interim condensed consolidated statements of income and comprehensive income.

Upon the occurrence of a liquidity event, ASH Inc. is entitled to receive a share of the increase in net asset value of CSL subject to its limited partners having earned a 7% annualized preferred return on their investment in CSL ("General Partner's Liquidity Distribution"). The General Partner's Liquidity Distribution is equal to the General Partner's hypothetical share of the profits, distributed based on the order of priority described in the LPA. As at June 30, 2023, the General Partner's Liquidity Distribution of $66,581,202 (December 31, 2022 – $36,720,582) has been accrued and recorded as accrued liabilities (non-current). The change in General Partner's Liquidity Distribution for the three months and six months ended June 30 2023 of $28,710,134 and $29,860,619 respectively (three months and six months ended June 30, 2022 – $2,755,182 and $5,715,199) is included in general and administrative expenses in the interim condensed consolidated statements of income (loss) and comprehensive income. The General Partner's Liquidity Distribution is measured at amortized cost.

For the three months and six months ended June 30, 2023, the Trust declared Periodic Distributions to ASH Inc. of $1,530,590 and $3,019,893, respectively (three months and six months ended June 30, 2022 – $1,372,056 and $2,621,839). As at June 30, 2023, Periodic Distributions of $511,197 were payable (December 31, 2022 – $487,565) and were subsequently paid on July 14, 2023.

For the three months and six months ended June 30, 2023, the General Partner earned $4,067 and $7,465, respectively (three months and six months ended June 30, 2022 – $2,975 and $4,894) in management fees related to Class A Units of the Trust, which is included in professional fees as part of general and administrative expenses in the interim condensed consolidated statements of income and comprehensive income. The General Partner may pay a trailing commission out of its own funds of up to 1.00% per annum to certain registered dealers in connection with their clients' holdings of Class A Units.

In Canadian dollars, except units, per unit amounts and where otherwise noted

13. Management of capital

The Trust defines capital that it manages as the aggregate of its net assets attributable to Unitholders and mortgages payable. The Trust's primary objective when managing capital is to ensure that the Trust has adequate operating funds to support the business operations, fund acquisitions of new investment properties and capital expenditure and maximize unitholder value.

The total capital managed by the Trust is as follows:

As at	June 30, 2023	December 31, 2022
	$	**$**
Mortgages payable	**439,507,546**	390,926,306
Net assets attributable to Unitholders	**446,589,774**	353,642,333
	886,097,320	744,568,639

The Trust will target to have total indebtedness of no more than 65% as a percentage of gross book value, with the ability to increase to 70% for short periods of time. As at June 30, 2023, the Trust had total indebtedness to gross book value of 47% (December 31, 2022 – 53%). The Trust is required to maintain certain financial covenants related to its mortgages payable liability in accordance with its loan agreements, which include debt service coverage ratios. For the six months ended June 30, 2023 and the year ended December 31, 2022, the Trust was in compliance with all of its loan covenants and obligations under its loan agreements.

14. Financial instruments and risk management

Fair values of financial instruments

The fair values of the Trust's financial instruments were determined as follows:

- The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, distributions payable and residential tenant deposits approximate their fair values based on the short-term maturity of these financial instruments. Accrued liabilities (non-current) are measured at fair value through profit or loss based on value of net assets of CSL as described in Note 12.
- Investment properties are measured at fair value based on the valuation methodology described in Note 3.
- The fair value of mortgages payable has been determined by discounting the cash flows of these financial obligations using discount rates reflective of current market conditions for instruments with similar terms and risks (Level 2). Based on these assumptions, the fair value as at June 30, 2023 of the mortgages payable has been estimated at $419,569,810 (December 31, 2022 – $375,274,386) compared with the carrying value before deferred financing costs of $441,547,379 (December 31, 2022 – $392,970,325). The fair value of mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.
- The fair values of the derivative financial instruments, such as interest rate swaps and forward commodity contracts, are valued using valuation techniques with the use of market observable inputs. Interest rate swaps are valued using financial models, based on interest rates that reflect current market conditions, the credit quality of the counterparties and interest rate curves.

The fair value hierarchy of financial instruments measured or disclosed at fair value in the interim condensed consolidated statements of financial position is as follows:

In Canadian dollars, except units, per unit amounts and where otherwise noted

June 30, 2023	Level 1	Level 2	Level 3
	$	$	$
Financial assets			
Investment properties	-	-	**945,300,000**
Derivative assets	-	**9,855,077**	-
Financial liabilities			
Mortgages payable	-	**(419,569,810)**	-
Derivate liabilities	-	**(23,403)**	-
Net assets (liabilities) measured or disclosed at fair value	-	**(409,738,136)**	**945,300,000**

December 31, 2022	Level 1	Level 2	Level 3
	$	$	$
Financial assets			
Investment properties	-	-	738,900,000
Derivative assets	-	9,523,338	-
Financial liabilities			
Mortgages payable	-	(375,274,386)	-
Net assets (liabilities) measured or disclosed at fair value	-	(365,751,048)	738,900,000

For the six months ended June 30, 2023 and year ended December 31, 2022, there were no transfers of assets or liabilities between levels.

Risk management

The Trust is exposed to financial risks arising from its financial assets and liabilities, such as market risk which includes interest rate risk, credit risk and liquidity risk. These risks and the actions taken to manage them, are as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in the market prices and comprises the following risk factors:

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Trust is exposed to interest rate risk as a result of its mortgages payable not being refinanced on terms as favourable as those of the existing indebtedness. The Trust manages and mitigates its interest rate risk through management's strategy to structure the majority of its mortgages at fixed rates with maturities staggered over a number of years.

From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust's fixed mortgage debt, which matures in the next 12 months, amounts to $48,063,350. Assuming these mortgages are refinanced at similar terms, except at a 100 bps increase in interest rates, financing costs would increase by $480,634 per year.

In Canadian dollars, except units, per unit amounts and where otherwise noted

The Trust is also exposed to interest rate risk from its short-term investments, which are fixed for the duration of the term, which is less than one year. The Trust aims to hold these investments for a short duration for cash management purposes.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust is exposed to credit risk on all financial assets and its exposure is generally limited to the carrying value of the financial asset. The Trust is exposed to credit risk from the possibility that tenants may experience financial difficulty and be unable to fulfil their lease term commitments. The Trust mitigates the risk of credit loss with respect to residential tenants by obtaining a lease guarantor and security deposits from each residential tenant and diversification of its existing portfolio of investment properties. The Trust monitors its collection process on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. When a receivable balance is considered uncollectible, it is written off and recognized in net income. Subsequent recoveries of amounts previously written off are credited against property operating costs in the interim condensed consolidated statements of income and comprehensive income. Despite the COVID-19 pandemic, the Trust has not experienced a significant increase in bad debts expense and collections have remained strong across the investment properties.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulties in meeting its financial liability obligations. The Trust's principal liquidity needs arise from working capital, debt servicing and repayment obligations, and distributions to Unitholders, and possible property acquisition funding requirements. Management prepares cash flow forecasts on an ongoing basis to manage new capital issuances, cash flows from operations with the liquidity needs arising from operations, mortgage commitments, distributions to Unitholders and its acquisition pipeline.

The Trust is exposed to liquidity risk related to its debt financing, including the risk that mortgages will not be able to be refinanced on terms and conditions favourable to the Trust. The features and quality of the underlying assets being financed and the debt market parameters existing at the time will affect the success of debt refinancing. Management manages the Trust's cash resources based on financial forecasts and anticipated cash flows and minimizes its exposure to liquidity risk by maintaining appropriate levels of leverage on its investment properties, by efficient use of resources, by monitoring the ongoing timing of liquidity events and by aiming to stagger the maturities of its debt.

The table below summarizes the maturity profile of the Trust's financial liabilities based on contractual undiscounted receipts and payments:

As at June 30, 2023	**Within 1 year**	**1 to 5 years**	**After 5 years**	**No fixed maturity**	**Total**
	$	**$**	**$**	**$**	**$**
Mortgages payable	**12,153,597**	**317,939,083**	**111,454,699**	**-**	**441,547,379**
Accounts payable and accrued liabilities	**5,185,154**	**-**	**-**	**66,581,202**	**71,766,356**
Distributions payable	**2,334,975**	**-**	**-**	**-**	**2,334,975**
Residential tenant deposits	**7,257,561**	**-**	**-**	**-**	**7,257,561**
	26,931,287	**317,939,083**	**111,454,699**	**66,581,202**	**522,906,271**

In Canadian dollars, except units, per unit amounts and where otherwise noted

As at December 31, 2022	Within 1 year	1 to 5 years	After 5 years	No fixed maturity	Total
	$	$	$	$	$
Mortgages payable	11,944,571	318,148,109	62,877,645	-	392,970,325
Accounts payable and accrued liabilities	5,215,609	-	-	36,720,582	41,936,191
Distributions payable	1,950,258	-	-	-	1,950,258
Residential tenant deposits	6,294,333	-	-	-	6,294,333
	25,404,771	318,148,109	62,877,645	36,720,582	443,151,107