MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018
and 2017

The following management's discussion and analysis ("**MD&A**") of the financial position and results of operations of CHC Student Housing Corp. ("**CHC**" or the "**Company**") constitutes management's review of the factors that affected the Company's operating performance for the three and twelve month periods ended December 31, 2018 and 2017 and its financial position as at December 31, 2018. This MD&A is dated and has been prepared with information available as of April 30, 2019.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2018 and accompanying notes (the "**Financial Statements**"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The MD&A was prepared in accordance with Form 51-102F1 and was approved by CHC's Board of Directors prior to its release.

Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. In particular, statements regarding the Company's future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Examples of such statements include the statements with respect to the Company's strategy, objectives and intentions disclosed in the section entitled "Outlook" and "Portfolio Overview", including: the Company's intention to complete future acquisitions and the expected benefits from any such acquisitions; and the Company's intention to implement its student-oriented operating strategy and the expected results this might provide for revenue and net operating income growth through improved occupancy, introduction of value-added leasing and operational revenue streams and increased management efficiencies.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what the Company currently expects. These factors include the ability of the Company to complete future acquisitions, obtain necessary equity and debt financing and grow its business; the future operations and performance of the Company's properties including the anticipated extent of the accretion of any acquisitions and generating improved occupancy levels and rental income: the ability of the Company to reinvest to make improvements and maintenance to its properties; overall indebtedness levels, which could be impacted by the level of acquisition activity CHC is able to achieve and future financing opportunities; general economic and market conditions and factors; local real estate conditions; competition; interest rates; changes in government regulation; and reliance on key personnel. For more information on these risks and uncertainties readers should refer to the risks disclosed in the section entitled "Risks", as well as the risks disclosed in CHC's materials filed with Canadian securities regulatory authorities from time to time, including the Filing Statement of the Company dated March 21, 2014, which are available under the Company's profile on SEDAR at www.sedar.com.

Forward-looking information contained in this MD&A is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the date hereof. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to update this information at any particular time except as may be required by applicable securities laws.

Company Overview

CHC is Canada's only publicly traded company offering high-quality multi-residential student housing properties strategically located or in close proximity to universities and colleges providing students a safe and secure living environment, affordable prices and high-quality amenities. CHC is focused owning, developing and managing student housing in primary and well understood secondary markets in Canada.

Significant Developments

On April 11, 2017, CHC announced its board of directors initiated a process to identify, examine and consider strategic and financial alternatives potentially available to the Company with a view to preserving enhancing shareholder value. Such alternatives included, but were not limited to, the sale of the Company, or all or a portion of its assets, a merger or other business combination, a recapitalization or any combination thereof. The board of directors established a special committee to oversee the process.

On May 15, 2017, the Company closed on a private placement of 381,284 common shares for aggregate proceeds of $667,247 at a price of $1.75 per share. The proceeds from the private placement were used to reduce some immediate debt to third parties while also providing the Company with additional operating funds as it works through its alternatives with its Board and special committee.

As a result of the strategic review process of the Company's Special Committee the Company entered into a firm agreement with a third party for the sale of the Windsor Property for $5,500,000. The sale of the property closed on August 21, 2017 which, after closing adjustments, netted the Company $1,745,412 in proceeds that the Company used to reduce liabilities and fund ongoing operations.

On September 5, 2017 the Company listed for sale its property located at 675 Richmond Street in London, Ontario (the "London Property"). At December 31, 2017, this property was accordingly designated as held for sale, in accordance with the governing IFRS guidelines. This property had a fair value of $53,300,000 at December 31, 2017. An executed purchase and sale agreement for this property and the Company's property located at 335 Barrie Street in Kingston, Ontario (the "Kingston Property") was received on January 22, 2018 and approved by the Company's board of directors on February 14, 2018 subject to shareholders approval. At the meeting of shareholders, which took place on March 5, 2018, the recommendation of the board to accept the offer was not approved. As a result, the property has been reclassified to investment properties

On June 30, 2018, the Company refinanced the Trois-Rivières Property with a new mortgage of $2,570,000 at an interest rate that is the greater of the Royal Bank of Canada prime lending rate plus 4.05% or 7.50%, interest is payable monthly. The mortgage matures on September 30, 2019.

On July 13, 2018, the Company refinanced the London Property located in London, Ontario. An arm's length third party lender assumed the existing $33,000,000 first mortgage on the property which was amended to bear interest at a rate of 90-day Bankers Acceptances plus 2.55% maturing on June 30, 2021. Also on July 13, 2018, the Company secured a new second mortgage for $14,000,000 on the same property with a related party lender at an interest rate of 7% maturing on June 30, 2021. Under the terms of the second mortgage agreement the Company has deferred interest payments on $6,000,000 of this mortgage until December 31, 2019. In addition, the second mortgage provides for the payment of additional consideration under certain circumstances, related to improvements in income or value of the London property.

The Company sold the Kingston Property for $2,450,000 on July 31, 2018. The sale provided the Company with $633,684 in net proceeds after a vendor take back mortgage of $350,000 secured on the property. The vendor take back mortgage has a 5% interest rate per annum payable monthly and matures on July 31, 2021.

The Company continues to explore all variable options to continue with the refinancing and recapitalization of its assets and operations

The Company's ability to continue as a going concern is subject to certain risks and uncertainties which could be material to on-going operations. See below *Liquidity and Financial Position – Going Concern* section.

Corporate History

The Company completed an initial public offering as a Capital Pool Company ("**CPC**") under the policies of the TSX Venture Exchange Inc. (the "**TSXV**"). The common shares of the Company were listed on the TSXV commencing on December 4, 2013. The shares of the Company trade under the symbol CHC. As a CPC, prior to the completion of its "Qualifying Transaction" (as defined under the policies of the TSXV), the business of the Company was restricted to the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction. CHC completed its Qualifying Transaction on April 3, 2014, through the acquisition of the Kingston Property from an arm's length vendor, for a purchase price of $2,500,000 subject to standard adjustments. In connection with the closing of the transaction, the Company received final acceptance of the acquisition as the Company's Qualifying Transaction from the TSXV, and commenced trading on the TSXV as a Tier 2 Real Estate Issuer.

On October 30, 2014, CHC filed an amendment to its articles of incorporation to add retraction rights to the share conditions attaching to the common shares of the Company so that it would be able to qualify as a "mutual fund corporation" as defined in the *Income Tax Act* (Canada) and the regulations thereunder, as approved at a meeting of its shareholders held on October 9, 2014. A copy of the articles of amendment has been filed under the Company's profile on SEDAR at www.sedar.com. For more information on the articles of amendment, please refer to the Company's management information circular dated September 10, 2014 prepared in connection with the above-noted shareholders meeting, which is also available under the Company's profile on SEDAR.

On February 19, 2015, CHC filed an amendment to its articles of incorporation to change its name from "CHC Realty Capital Corp." to "CHC Student Housing Corp." and to consolidate its issued and outstanding common shares on the basis of one post-consolidation share for every 85 pre-consolidation shares, both as approved at a meeting of its shareholders held on January 27, 2015. Immediately prior to the completion of the consolidation, CHC had 198,495,610 common shares issued and outstanding. After giving effect to the consolidation, CHC had 2,335,181 common shares issued and outstanding. A copy of the articles of amendment are filed under the Company's profile on SEDAR at www.sedar.com.

Outlook

The following section contains forward-looking information and readers are cautioned that actual results may vary.

Market Overview

Student housing is a specialized segment of the residential real estate sector and is broadly defined to include housing designed to accommodate students enrolled in either full-time or part-time post-secondary, public and private university and college programs, including those that offer advanced degrees. Management believes that the student housing sector in Canada is underdeveloped, with an estimate of only 3% of Canadian post-secondary students currently living in purpose-built student housing. This is substantially below more developed, mature markets such as the United States (12%) and the United Kingdom (23%).

Management also believes that the student housing real estate sector benefits from positive underlying fundamentals. A limited supply of high-quality, student oriented properties combined with strong estimated enrollment growth is expected to create a supply-demand imbalance, which will benefit owners of student housing real estate and sustain occupancy at levels comparable to or greater than multi-residential real estate. Furthermore, student housing real estate often exhibits higher revenue per unit relative to multi-residential real estate, as a result of "by the bed" lease terms and optimal unit configurations which increase the number of beds per unit as well as the ability to mark rents to current market rates on more frequent turnover of units. As the only publicly traded company focusing solely on student housing and subject to successful completion of the refinancing initiatives described under "Liquidity and Financial Position", CHC has the opportunity to position itself as a consolidator, in what is a highly fragmented sector in Canada, providing an opportunity for it to realize synergies relating to scale, brand and capital market recognition.

Outlook

The overall operating performance of the Company's primary asset, the London Property continues to improve and management is focused on capitalizing on this improvement to stabilize the Company, and to preserve and create value for its' shareholders.

Portfolio Overview

At December 31, 2018, CHC owned two properties, comprising 310 beds in the Trois-Rivières Property and a further 387 beds and 11,013 square feet of leasable commercial space in the London Property. The foregoing section contains forward-looking information and readers are cautioned that actual results may vary.

Trois-Rivières, Québec

On October 9, 2014, the Company completed the acquisition of a property located at 1620-1720 rue de Père- Marquette in Trois-Rivières, Québec (the "**Trois-Rivières Property**"), situated directly on the campus of the Université du Québec à Trois-Rivières under a long-term land lease with the university. The property consists of 11 buildings in total with ten buildings comprising seven 4-bedroom units and one building comprising seven 4-bedroom units plus one 2-bedroom unit for a total of 310 furnished beds. The Trois-Rivières Property has a third party management agreement with Societe De Gestion Cogir S.E.N.C. (the "Cogir Agreement"). The agreement is for a two year term with an automatic renewal for successive periods of 60 days. The COGIR Agreement may be cancelled on 60 days notice in advance from either party. Under the terms of the agreement Cogir is responsible for the day to day leasing and operation of the property.

The purchase price for the Trois-Rivières Property was $5,500,000 subject to standard adjustments and was satisfied through a vendor mortgage of $2,750,000 and remainder of purchase price in cash. The Company refinanced and extended vendor mortgage of $2,775,000 at a fixed interest rate of 10% per annum that matured on April 9, 2017, and was open to prepayment. The Company repaid $600,000 of the mortgage principal in September 2017 through proceeds received from the sale of the Windsor Property reducing the total mortgage amount to $2,177,500. On June 30, 2018 the Company refinanced the Trois-Rivières Property with a new mortgage of $2,570,000 at an interest rate that is the greater of the Royal Bank of Canada prime lending rate plus 4.05% or 7.50% per annum. The mortgage matures on September 30, 2019. This refinancing generated net proceeds of $330,651 after financing costs and discharge of the existing mortgage of $2,177,500. Approximately $179,000 from the net proceeds was used to renovate fourteen (14) units containing 56 beds. Upgrades to 18% of all units in this property have now been completed.

CHC views this property as a repositioning opportunity. Subject to its ongoing review and further financing, CHC believes that this property provides an opportunity for revenue and net operating income growth through improved occupancy, introduction of value-added leasing and operational revenue streams and increased management efficiencies. The Trois-Rivières Property is the only property in the Company's portfolio that in the normal course leases beds at terms that are less than one year. During the months of June through August, the property leases beds on short-term leases, provides conference housing to university and local businesses, as well as individuals traveling through the area. In addition there is a long-standing agreement with an international French language school to house its students during the summer months, and other ongoing contracts for community and sporting events.

London, Ontario

On November 19, 2014, the Company completed the acquisition of a property located at 675 Richmond Street in London, Ontario (the "**London Property**"), located at corner of Richmond Street and Mill Street, approximately 1.3 km from Western University ("**Western**") and in the heart of the student entertainment district. The property consists of one 17-storey building, which was renovated in 2015. The building currently contains 387 beds in 187 units and 11,013 square feet of leasable commercial space. This property is a traditional apartment building tenanted primarily by students at Western University. CHC has owned and operated the London Property since 2014 and took over the property management function at the building in April 2016. Prior to this time the property was managed by a third party management company. Since acquisition, the management team has been able to improve residential occupancy from approximately 85% to 99.6% as at December 31, 2018, and the commercial space is 100% leased.

The purchase price for the London Property was $55,000,000 subject to standard adjustments, and was satisfied through mortgage financing of $46,750,000, utilization of $1,500,000 of a $2,500,000 debt facility and the payment to the vendor of the balance of the purchase price in cash. The debt financing included an interest only first mortgage in the amount of $33,000,000 bearing interest at the three Month Banker's Acceptance Rate plus 2.75% and maturing on July 3, 2018 and a second mortgage of $13,750,000 also maturing on July 3, 2018 and bearing a fixed interest rate of 9.5% per annum. These mortgages were refinanced on July 13, 2018. An arm's length third party lender assumed the existing $33,000,000 first mortgage on the property which was amended to bear interest at a rate of 90-day Bankers Acceptances plus 2.55% maturing on June 30, 2021. Also on July 13, 2018, the Company secured a new second mortgage for $14,000,000 on the same property with a related party lender at an interest rate of 7% maturing on June 30, 2021. The refinancing of the second mortgage generated net proceeds of $141,211 after financing costs and discharge of the existing second mortgage of $13,750,000. As part of the second mortgage refinancing the Company issued 200,000 warrants. The warrants have an expiry date of June 30, 2021. Each warrant entitles the holder to purchase one share for each warrant held at an exercise price of $1.00 per share.

The London Property is situated in an ideal location in the heart of downtown London and in close proximity to Western and its affiliated colleges, as well as its short drive or bus ride to Fanshawe College.

The Company continues to market the units strictly as student accommodation and to implement its student focused community and operating strategy. CHC's strategy at this property includes both increasing revenues and adding a social and community aspect to the property to provide a collegiate atmosphere. The previous owner began renovating the London Property and completed all the common space and 85% of the units to provide a luxury student housing experience. Subject to financial resources, CHC management intends to complete these renovations on turnover as, at the present time' these units are fully leased. The property has a furnished lobby with a fireplace, as well as a gym with weights and treadmills. The specific unit amenities include high-end kitchen appliances (stainless steel) and stone countertops.

Fair Value of Properties

The fair value of the property portfolio of CHC as at December 31, 2018 and December 31, 2017.

	As at 31-Dec-18	**As at 31-Dec-17**
Balance at beginning of the period	$5,400,000	$64,895,000
Sale of investment properties	(2,381,697)	(5,295,000)
Reclassification from investment property held for sale	53,300,000	-
Reclassification of property held for sale (see "Company Overview")	-	(53,300,000)
Building improvements	240,711	-
Fair value adjustment on investment properties	240,986	(900,000)
Total	**$56,800,000**	**$5,400,000**

As at December 31, 2018, the estimated fair value of investment properties reflects a weighted average capitalization rate of 5.1% (December 31, 2017 – 5.1%) applied to a stabilized NOI. One of the Company's investment properties, the Trois-Rivières Property is situated on land that is subject to a long term lease. The annual lease payment is $1,000 and the term expires in 2047.

The fair value of investment properties at December 31, 2018 were determined using the income approach whereby stabilized net operating income was capitalized. Investment properties were fair valued at $56,800,000.

A 25 basis point change in the utilized capitalization rate would cause the estimated fair value of investment properties to change by approximately $2,810,000.

Results of Operations

The financial performance and results of operations contained in this MD&A cover the three and twelve months ended December 31, 2018 and December 31, 2017.

Non-IFRS Performance Measures

CHC uses non-IFRS key performance indicators including net operating income (“**NOI**”), funds from operations (“**FFO**”), and adjusted funds from operations (“**AFFO**”) and AFFO per share. CHC believes these non-IFRS measures provide useful supplemental information to both management and investors in measuring the financial performance of CHC.

Net Operating Income

CHC defines NOI as property revenues less property operating expense. Management believes that NOI is a useful key indicator of performance on an unlevered basis as it represents a measure over which management of property operations has control. NOI is also a key input in determining the value of the portfolio.

Funds from Operations

FFO is a non-IFRS financial measure of operating performance widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO should not be considered as an alternative to net income determined in accordance with IFRS. CHC calculates its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of CHC.

Management believes that FFO provides an operating performance measure that, when compared period-over-period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments, acquisition transaction costs and deferred income taxes, if any. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds from Operations

AFFO is a supplemental measure widely used in the real estate industry to assess an entity’s ability to pay distributions. Management believes that AFFO is an effective measure of the cash generated from operations. However, AFFO should not be considered as an alternative to cash flows provided by operating activities determined in accordance with IFRS.

CHC calculates AFFO by adjusting FFO for non-cash income and expenses such as straight-line rent and amortization of financing transaction costs and any debt premiums or discounts, as well as providing for operating capital requirements. There is currently no standard industry-defined measure of AFFO. As such, CHC’s method of calculating AFFO may differ from that of other real estate entities and, accordingly, may not be comparable to such amounts reported by other issuers.

NOI, FFO and AFFO are not measures defined by IFRS, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. NOI, FFO and AFFO, as computed by CHC, may differ from similar measures as reported by other companies in similar or different industries.

Summary of Selected Financial and Operational Information

The selected financial information set out below is based on and derived from the Financial Statements.

Statement of comprehensive loss	Three Months Ended December 31		Twelve Months Ended December 31	
	2018	2017	2018	2017
Property revenues	$1,178,240	$1,217,355	$4,617,516	$5,136,656
Property operating expenses	(432,874)	(428,556)	(1,731,301)	(2,164,345)
Net Operating Income (NOI)	$745,366	$788,799	$2,886,215	$2,972,311
Depreciation	(11,100)	(10,598)	(52,457)	(39,151)
General & administrative expense	(70,263)	(646,598)	(1,238,281)	(1,563,748)
Fair value adjustment of equity based compensation	(43,000)	26,000	(5,000)	236,000
Fair value adjustment on investment properties	(24,764)	-	240,986	(900,000)
Loss on settlement of mortgage payable	(1,119,605)	-	(1,119,605)	-
Interest	(722,326)	(808,711)	(3,141,458)	(2,960,711)
Gain on sale of Investment	-	-	-	223,506
Net Loss	**($1,245,692)**	**($651,108)**	**($2,429,600)**	**($2,031,793)**
Net loss per share – basic and diluted	($0.46)	($0.24)	($0.89)	($0.79)
Funds From Operations (FFO)[(1)]	($101,323)	($651,108)	($1,550,981)	($1,355,299)
FFO per share	($0.04)	($0.24)	($0.57)	($0.53)
Adjusted Funds From Operations (AFFO)[(1)]	($41,490)	($669,790)	($1,514,603)	($1,504,676)
AFFO per share	($0.02)	($0.25)	($0.56)	($0.58)
Weight average shares outstanding[(2)]	**2,716,465**	**2,716,465**	**2,716,465**	**2,576,487**

(1) FFO and AFFO are non-IFRS performance measures. Please refer to definition in section *Non-IFRS Performance Measures* on page 6 as well as the reconciliation from net loss below.
(2) After giving effect to a private placement on May 15, 2017.

FFO & AFFO Reconciliation

The following table reconciles FFO and AFFO to IFRS net income (loss) and comprehensive income (loss):

Reconciliation from Net Loss to FFO & AFFO	Three Months Ended December 31		Twelve Months Ended December 31	
	2018	2017	2018	2017
Net Loss	($1,245,692)	($651,108)	($2,429,600)	($2,031,793)
Add:				
Fair value adjustment on investment properties	24,764	-	(240,986)	900,000
Loss on settlement of mortgage payable	1,119,605		1,119,605	
Gain on sale of Investment	-	-	-	(223,506)
Funds From Operations (FFO)	($101,323)	($651,108)	($1,550,981)	($1,355,299)
Add (subtract):				
Fair value adjustment of equity based compensation[(1)]	43,000	(26,000)	5,000	(236,000)
Amortization of financing transaction costs	21,543	8,237	48,191	87,542
Straight line rent	(4,710)	(919)	(16,813)	(919)
Adjusted Funds From Operations (AFFO)	**($41,490)**	**($669,790)**	**($1,514,603)**	**($1,504,676)**

(1) Compensation expense for option grants is based on the fair value of the options at the grant date and is recognized over the period from the grant date to the date the award is vested. A liability is recognized for outstanding options based upon the fair value as the Company is a mutual fund corporation and there are retraction rights to the share conditions attached to the common shares. During the period in which options are outstanding, the liability is adjusted for changes in the fair value with such adjustments being recognized as expense/(recovery) in the period in which they occur. The twelve months ended December 31, 2018 adjustment for stock-based compensation/(recovery) relates to the mark-to-market adjustment of options awarded in December 2014 and January 2015. Also included is the mark to market adjustment of the deferred share unit plan (DSU) granted on September 13, 2016 and October 12, 2017.

FFO loss of $101,323 for the three months ended December 31, 2018 compared to the loss of $651,108 for the same period in 2017 was mainly due to higher legal fees incurred in 2017 and lower wages and benefits in 2018 as a result of an adjustment to the board of directors' compensation. This is in the general & administration expense category above.

AFFO loss for the three months ended December 31, 2018 and 2017 was $41,490 or $0.02 per share and $669,790 or $0.25 per share, respectively.

The following table reconciles IFRS cash used in operating activities to AFFO:

Reconciliation from cash used in operating activity to AFFO	**Three Months Ended December 31**		**Twelve Months Ended December 31**	
	2018	**2017**	**2018**	**2017**
Cash used in operating activities	($130,900)	$20,624	($1,720,613)	($1,801,593)
Add (subtract):				
Net changes in working capital	253,210	(665,955)	541,802	337,349
Depreciation	(11,100)	(10,598)	(52,457)	(39,151)
Interest expense on mortgages payable	(700,783)	(800,474)	(3,093,267)	(2,873,169)
Cash interest paid	548,083	786,613	2,809,932	2,871,888
Adjusted Funds From Operations	**($41,490)**	**($669,790)**	**($1,514,603)**	**($1,504,676)**

Overall Performance

The Company currently owns two operating properties as outlined above in the *Portfolio Overview* section. The Trois-Rivières Property was purchased on October 9, 2014 and the London Property on November 19, 2014.

Statement of comprehensive loss	**Three Months Ended 31-December**		**Twelve Months Ended 31-December**	
	2018	**2017**	**2018**	**2017**
Property revenues	$1,178,240	$1,217,355	$4,617,516	$5,136,656
Property operating expenses	(432,874)	(428,556)	(1,731,301)	(2,164,345)
NOI	**$745,366**	**$788,799**	**$2,886,215**	**$2,972,311**
Depreciation	(11,100)	(10,598)	(52,457)	(39,151)
General & administrative expense	(70,263)	(646,598)	(1,238,281)	(1,563,748)
Interest and other financing charges	(722,326)	(808,711)	(3,141,458)	(2,960,711)
Fair value adjustment of equity based compensation	(43,000)	26,000	(5,000)	236,000
Fair value adjustment on investment properties	(24,764)	-	240,986	(900,000)
Loss on settlement of mortgage payable	(1,119,605)	-	(1,119,605)	-
Gain on sale of Investment	-	-	-	223,506
Net loss and comprehensive loss	**($1,245,692)**	**($651,108)**	**($2,429,600)**	**($2,031,793)**

Property Revenues

Property revenues include all amounts earned from both residential tenants as well as commercial tenants. Residential tenant revenues include residential rents earned pursuant to lease agreements as well as ancillary revenues such as parking, laundry and other miscellaneous revenue. All of the Company's residential leases are for a term of one year or less. The commercial tenant revenues include rent earned pursuant to lease agreements and may include property taxes, operating costs and other recoveries.

Property revenues for the three months ended December 31, 2018, and 2017 were $1,178,240 and $1,217,355 respectively. Property revenues for the twelve months ended December 31, 2018, and 2017 were $4,617,516 and $5,136,656, respectively. Revenues were lower in 2018 compared to 2017 mainly due to the sale of the Windsor Property in August 2017 and the

Kingston Property in July 2018, offset somewhat by a 7.9% increase in revenues at the London Property. Annual residential leases account for approximately 90% of the Company's rental revenue. Approximately 88% of the Company's rental revenue was earned in the province of Ontario (includes Kingston Property) and 85% of total revenue was derived from the London Property.

Leasing Activity

The future operating performance of CHC will be significantly impacted by occupancy rates at each of its properties and trends in rental rates. The Company will also be impacted by university enrolment rates and participation rates by the university age population. The Company leases beds in most instances for twelve months starting in May or September. If the Company does not achieve budget occupancy rates on these dates revenues will be affected until the following leasing cycle. The Company continues to actively lease each property as a student specific building for the upcoming school year.

Property operating expenses consist of the following:

Property operating expenses	**Three Months Ended December 31**		**Twelve Months Ended December 31**	
	2018	**2017**	**2018**	**2017**
Realty taxes	$158,871	$164,178	$667,910	$780,351
Utilities	63,119	90,984	238,157	449,189
Wages and benefits	67,052	74,450	264,789	294,110
Repairs and maintenance	93,488	49,922	352,523	348,837
Management fees	8,075	19,412	46,073	66,919
General and marketing	13,847	26,044	55,600	79,702
Insurance	22,615	18,493	81,667	110,080
Bad debt expense (recovery)	5,596	(15,177)	23,260	32,844
Other	211	250	1,322	2,313
Property operating expenses	**$432,874**	**$428,556**	**$1,731,301**	**$2,164,345**

Property Operating Expenses

Property operating expenses comprise primarily of property taxes, utilities, wages of on-site property staff, internet & telecom, repairs & maintenance, marketing efforts and third party property management fees. Only costs relating to the commercial space are recoverable from the tenants unless sub metering is in place. CHC monitors and controls property level costs to optimize operating margins. For the three months ended December 31, 2018 and 2017 property operating expenses were $432,874 and $428,556 respectively. For the twelve months ended December 31, 2018 and 2017 property operating expenses were $1,731,301 and $2,164,345 respectively. The year over year decrease of approximately $433,000 was primarily due to the sale of the Windsor Property in August 2017 and the sale of the Kingston property in July 2018.
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Net Operating Income

NOI for the three months ended December 31, 2018 and 2017 was $745,366 and $788,799, respectively. NOI for the twelve months ended December 31, 2018 and 2017 was $2,886,215 and $2,972,311, respectively. The lower NOI for the year 2018 compared to 2017 was due mainly to the sale of the Windsor Property in August 2017 and the sale of Kingston in July 2018. Partially offsetting the reduction was an improvement in revenue as a result of increased occupancy at the London Property.

Summary of Quarterly Financial Results

	Quarterly Results			
	Q4 Dec 31, 2018	**Q3 Sep 30, 2018**	**Q2 Jun 30, 2018**	**Q1 Mar 31, 2018**
Property revenues	$1,178,240	$1,126,857	$1,123,963	$1,188,456
Net income (loss) and comprehensive income (loss)	(1,245,692)	(939,028)	105,613	(350,493)
Add/(deduct):				
Transaction costs	-	-	-	-
Fair value adjustment on investment properties	24,764	215,947	(481,697)	-
Loss on settlement of mortgage payable	1,119,605	-		-
Gain on sale of investment properties	-	-	-	-
FFO	**($101,323)**	**($723,081)**	**($376,084)**	**($350,493)**
Net income (loss) per share – basic and diluted	($0.46)	($0.35)	$0.04	($0.13)
FFO per share[(1)]	($0.04)	($0.27)	($0.14)	($0.13)
Weighted average shares outstanding	2,716,465	2,716,465	2,716,465	2,716,465

	Quarterly Results			
	Q4 Dec 31, 2017	**Q3 Sep 30, 2017**	**Q2 Jun 30, 2017**	**Q1 Mar 31, 2017**
Property revenues	$1,217,355	$1,221,476	$1,307,789	$1,390,036
Net income (loss) and comprehensive income (loss)	(651,108)	(1,034,447)	(280,152)	(66,086)
Add/(deduct):				
Transaction costs	-	-	-	-
Fair value adjustment on investment properties	-	900,000	-	-
Gain on sale of investment properties		(185,721)	-	(37,785)
FFO	**($651,108)**	**($320,168)**	**($280,152)**	**($103,871)**
Net income (loss) per share – basic and diluted	($0.24)	($0.38)	($0.12)	($0.03)
FFO per share	($0.24)	($0.12)	($0.12)	($0.04)
Weighted average shares outstanding[(1)]	2,716,465	2,716,465	2,434,188	2,335,181

(1) After giving effect to a private placement on May 15, 2017.

Property revenues were lower during the twelve months of 2018 and 3rd and 4th quarters of 2017 as a result of the sale of the Windsor Property on August 21, 2017, offset by higher revenues in the London Property due to an increase in occupancy to 99.6%. The Kingston Property was sold on July 31, 2018 with a further reduction in revenue of approximately $35,000 in 3rd quarter and $65,000 in 4th quarter of 2018.

General & Administrative Expenses

General & administrative expenses relate to head office costs and public company costs. Head office costs include rent, corporate marketing and compensation. Public company costs include audit, legal and filing costs related to the Company's listing on the TSXV exchange.

General and administrative expenses consist of the following:

	Three Months Ended 31-December		Twelve Months Ended 31-December	
	2018	**2017**	**2018**	**2017**
Legal and other professional	$22,693	$337,080	$165,328	$445,675
Other transaction costs	-	-	329,942	-
Audit and accounting	30,279	80,380	78,216	187,483
Wages and benefits	(68,099)	184,638	299,645	680,520
Rent	11,618	11,352	53,042	47,791
Marketing	3,422	2,806	21,315	22,090
Other	70,350	30,342	290,793	180,190
General and administrative expenses	$70,263	$646,598	$1,238,281	$1,563,748

General & administration expenses for the three months ended December 31, 2018 were lower than the same period in 2017 by $576,335 mainly due to higher legal fees incurred in 2017, lower wages and benefits in 2018 as a result of an adjustment to the board of directors' compensation and higher other expenses due to fees from of a new management contract negotiated in March 2018.

General & administration expenses for the twelve months ended December 31, 2018 were lower than 2017 by $325,467 mainly due higher legal fees incurred in 2017. Other transaction costs category in 2018 is made up of legacy legal fees and other costs. This is offset by lower wages and benefits as a result of an adjustment to the board of directors' compensation. Higher costs in the other category are fees from of a new management contract negotiated in March 2018.

Interest Expense and Other Financing Charges

The Company has one fixed rate mortgage for $14,000,000 and two floating rate mortgages in the aggregate amount of $35,570,000 as at December 31, 2018. The interest and other financing charges for the three months ended December 31, 2018 and 2017 was $722,326 and $808,711 respectively. The interest and other financing charges for the twelve months ended December 31, 2018 and 2017 was $3,141,458 and $2,960,711 respectively. The year over year change was due primarily to exit fees ($230,219) on mortgages.

Amortization of financing transaction costs relate to each of the mortgages. The Company amortizes deferred financing costs over the term of the mortgage.

	Three Months Ended 31-December		Twelve Months Ended 31-December	
	2018	**2017**	**2018**	**2017**
Interest on mortgages payable	$700,783	$800,474	$3,093,267	$2,873,169
Amortization of financing transaction costs	21,543	8,237	48,191	87,542
Total interest expense and other financing charges	$722,326	$808,711	$3,141,458	$2,960,711

Liquidity & Financial Position

The following section contains forward-looking information and readers are cautioned that actual results may vary.

Going Concern

The Company's ability to continue as a going concern is subject to a number of risks and uncertainties. The Company has incurred net losses and used significant cash resources in its operating activities since incorporation and it has relied upon financing to fund its operations and acquisitions, primarily through debt and private equity placements.

The Company incurred a net loss of $2,429,600 for the twelve months ended December 31, 2018 (twelve months ended December 31, 2017 - net loss of $2,031,793) and as at December 31, 2018 had a working capital deficit of $3,949,877 (December 31, 2017 - $2,706,197) excluding mortgages payable. The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding.

On April 17, 2017 the Company's Board formed a special committee of independent directors to identify, examine and consider strategic and financial alternatives potentially available to the Company. In working with the special committee, the Board has completed initiatives to further stabilize the Company.

- The Company sold the Windsor Property on August 21, 2017. The sale of the property allowed the Company to pay down a portion of the demand mortgage on the Trois-Rivières Property by $600,000 and to reduce the Company's other liabilities by approximately $900,000. The remainder of the funds were used to fund ongoing operations.

- On March 7, 2018, the Company entered into an interest free loan agreement with a shareholder for $150,000. The loan is repayable on March 1, 2019.

- On May 15, 2017 the Company closed on aggregate proceeds of $667,247 under a non-brokered private placement (the "Private Placement"). The Company used the proceeds of the Private Placement to address its working capital position including to satisfy certain trade payables and to fund the Company's operations while its special committee pursues the Company's strategic review process.

- During the period April 1, 2018 to June 4, 2018 the Company entered into senior loan agreements with certain officers and directors of the Company and an independent investor for $750,000 bearing interest at 8% per annum payable quarterly. All these senior loan agreements mature on June 30, 2019.

- On June 30, 2018 the Company refinanced the Trois-Rivières Property with a new mortgage of $2,570,000 at an interest rate that is the greater of the Royal Bank of Canada prime lending rate plus 4.05% or 7.50%, interest is payable monthly. The mortgage matures on September 30, 2019.

- On July 13, 2018, the Company refinanced the London Property located in London, Ontario. An arm's length third party lender assumed the existing $33,000,000 first mortgage on the property which was amended to bear interest at a rate of 90-day Bankers Acceptances plus 2.55% maturing on June 30, 2021. Also on July 13, 2018, the Company secured a new second mortgage for $14,000,000 on the same property with a related party lender at an interest rate of 7% maturing on June 30, 2021. Under the terms of the second mortgage agreement the Company has deferred interest payments on $6,000,000 of this mortgage until December 31, 2019.

- The Company sold the Kingston Property for $2,450,000 on July 31, 2018. The sale provided the Company with $633,684 in net proceeds after a vendor take back mortgage of $350,000 secured on the property. The vendor take back mortgage has a 5% interest rate per annum payable monthly and matures on July 31, 2021.

In addition, the Company continues to explore all available options to continue with the refinancing and recapitalization of its assets and operations.

In the event the Company is unable to arrange appropriate financing or strategic alternatives, the carrying value of the

Company's assets and liabilities could be subject to material adjustment.

Liquidity

As at December 31, 2018, the Company had cash on hand of $281,879. For additional risk disclosure, please reference the Going Concern section above.

Discussion of cash flows during the period

	Three Months Ended 31-December		Twelve Months Ended 31-December	
	2018	**2017**	**2018**	**2017**
Cash generated from/(used in) operating activities	($130,900)	20,624	($1,720,613)	($1,801,593)
Cash generated from/(used in) investing activities	(64,299)	(78,022)	321,831	1,826,593
Cash generated from/(used in) financing activities	-	(10,069)	1,347,535	(49,166)
Cash generated from/(used in) the period	**(195,199)**	**($67,467)**	**($51,247)**	**($24,166)**

Cash flows generated from/used in operating activities

For the twelve months ended December 31, 2018, cash flows used in operating activities related primarily to lower NOI along with a decrease in working capital.

Cash flows generated from/used in investing activities

During the twelve months ended December 31, 2018 cash flows used in investing was the result of capital upgrades of $62,001 at the London Property and $178,710 at the Trois-Rivières Property along with the net addition of furniture and equipment of $71,142. This was offset by the net proceeds of $633,684 from the sale of the Kingston Property.

Cash flows generated from/used in financing activities

During the twelve months ended December 31, 2018 cash flows generated in financing activities related to the net proceeds from a shareholder's loan of $150,000 and other senior loan agreements of $750,000. Refinancing of the Trois-Rivières Property generated net proceeds of $330,651 and refinancing of the London Property generated net proceeds of $141,211. This was offset by the repayment of mortgage principal of $24,327.

Debt

The Company's long-term debt principal repayments as at December 31, 2018 are as follows:

As at December 31, 2018	Mortgages classified as FVTPL Amount	Principal Amount	% of Total Principal
2019		$2,570,000	5.2%
2020		-	-
2021	14,000,000	33,000,000	94.8%
Total	**14,000,000**	**35,570,000**	**100%**
Unamortized deferred financing costs	(27,314)	(101,469)	
	13,972,686	$35,570,000	
Fair value adjustment	1,119,605		
Total	**15,092,291**	**$35,570,000**	
Less: non-current portion at fair value	(15,092,291)		
Less: non-current portion at amortized value	-	(32,935,627)	
Current portion at amortized value	**-**	**$2,532,904**	

As at December 31, 2018, mortgages payable bear interest at a weighted average interest rate of 5.57% (2017 – 5.46%). The Company has one fixed rate mortgages of $14,000,000 (classified and measured at FVTPL)and two floating rate mortgage in the aggregate amount of $35,570,000 (classified and measured at amortized cost) at December 31, 2018 (December 31, 2017 - $17,349,840 and $33,000,000). The fair value of one of the mortgages payable is higher than the contracted value by $1,119,605 (December 31, 2017 - $10,325). The mortgages payable are secured by the Company's investment properties

On June 30, 2018 the Company refinanced the Trois-Rivières Property with a new mortgage of $2,570,000 at an interest rate that is the greater of the Royal Bank of Canada prime lending rate plus 4.05% or 7.50% per annum. Payment terms of the mortgage include monthly interest payments and an effective interest rate of 10.05%. The principal payment of the mortgage is due at maturity on September 30, 2019. This refinancing generated net proceeds of $330,651 after financing costs and discharge of the existing mortgage of $2,177,500.

On July 13, 2018 the Company refinanced the London Property located in London, Ontario. An arm's length third party lender assumed the existing $33,000,000 first secured mortgage on the property which was amended to bear interest at a rate of 90-day Bankers Acceptances plus 2.55%. Payment terms of the mortgage include monthly interest payments and an effective interest rate of 4.78%. The principal payment of the mortgage is due at maturity on June 30, 2021.

Also on July 13, 2018, the Company secured a new second mortgage for $14,000,000 on the same property with a related party lender at an interest rate of 7% maturing on June 30, 2021. This agreement includes a deferred interest on $6,000,000 for 18 months. As part of the second secured mortgage agreement the Company has entered into a profit participation agreement with the lender which may require the Company to pay to the lender an amount ("additional consideration") equal to, the greater of i) 40% of a certain future performance of the property above an NOI threshold, and ii) 40% of the uplift of the selling price of the property, in the event of a sale, above the value of the property threshold, less deferred interest. This agreement expires on June 30, 2023. This mortgage was fair valued at $15,092,291 at December 31, 2018. In order to calculate the FV of the mortgage the Company utilized the following key inputs; timing of the additional consideration, discount rate and the value of the building. The refinancing of the second mortgage generated net proceeds of $141,211 after financing costs and discharge of the existing second mortgage of $13,750,000.

The Company does not have any unsecured debt and is not rated by any debt rating agencies.

The contractual maturities of the Company's financial liabilities are summarized by year below:

As at December 31, 2018	Total	2018	2019	Thereafter
Mortgages payable [1]	$56,109,450	$5,278,300	$2,554,100	$48,277,050
Accounts payable and accrued liabilities	3,429,064	3,429,064	-	-
Notes payable	934,000	934,000	-	-
Total	**$60,472,514**	**$9,641,364**	**$2,554,100**	**$48,277,050**

(1) Includes both principle and interest.

Equity

Disclosure of Outstanding Share Data

	As at December 31,	
	2018	2017
Total outstanding shares at the beginning of the period	2,716,465	2,335,181
Issued	-	381,284
Total outstanding shares at the end of the period	**2,716,465**	**2,716,465**

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. As of December 31, 2018, the Company had 2,716,465 common shares issued and outstanding. On May 15, 2017, the Company issued 381,284 common shares under a non-brokered private placement.

Other Issued Securities

The Company also had other securities issued that expired in December 31, 2018 as outlined in the table below

Options	**Total**
2013 issued – vested	48,529

The stock options were exercisable to acquire one common share of the Company at an exercise price of $8.50 per share and expired in December 2018.

Compensation expense for option grants is based on the fair value of the options at the grant date and is recognized over the period from the grant date to the date the award is vested. A liability is recognized for outstanding options based upon the fair value as the Company is a mutual fund corporation and there are retraction rights to the share conditions attached to the common shares. During the period in which options are outstanding, the liability is adjusted for changes in the fair value with such adjustments being recognized as stock based compensation expense in the period in which they occur. The liability balance is reduced as options are exercised and recorded in equity.

The fair value of the financial liability related to these options was NIL at December 31, 2018, and a recovery of $2,000 (December 31, 2017 – $56,000) was recognized in stock based compensation (recovery) for the period ended December 31, 2018, comprising the mark to market adjustment on the options.

None of the stock options issued to the directors and officers of the Company or the agent’s options or the warrants were included in the calculation of diluted loss per share as the effect would be anti-dilutive.

Deferred Share Unit Plan

On September 13, 2016, the Company’s board adopted a deferred share unit plan (the “DSU Plan”) and approved the grant of 63,070 deferred share units (the “DSUs”) to the directors in settlement of directors’ fees accrued and unpaid during 2015 and the first two quarters of 2016, for an aggregated fair value amount of $304,000. Included in the aggregate fair value at the time of the grant was $121,000 of board compensation expenses already accrued in 2015 and $183,000 of board compensation incurred in the first two quarters of 2016. On October 12, 2017, the Company’s Board approved the grant of 50,550 DSUs under the DSU Plan to the directors in settlement of directors’ fees accrued and unpaid during the last two quarters of 2016 and the first quarter of 2017, for an aggregated fair value amount of $181,500. The DSUs are currently to be settled in cash when a director ceases to be a director of the Company. The fair value of the financial liability related to DSUs as at December 31, 2018 was $99,000 (December 31, 2017 $92,000), included in accounts payables and accrued liabilities, and an expense of $7,000 (December 31, 2017 – recovery $176,000) was recognized in stock based compensation expense and change in fair value for the year ended December 31, 2018, comprising the mark to market adjustment on the units.

Accordingly, the stock based compensation expense recognized in the Consolidated Statements of Net Loss and Comprehensive Loss for the period ended December 31, 2018 was an expense of $5,000 (December 31, 2017 - recovery $236,000) from the recognition of the options and DSUs.

Warrants

As part of the refinancing of a second mortgage on the London Property completed on July 13, 2018, the Company issued 200,000 warrants. The warrants have an expiry date of June 30, 2021. Each warrant entitles the holder to purchase one share for each warrant held at an exercise price of $1.00 per share.

Related Party Transactions

The Company obtains certain corporate services from an entity controlled by a director of the Company. During the year ended December 31, 2018, these corporate services to the Company amounted to $75,615 (December 31, 2017 - $87,474). Management services were provided to the Company by a related party until March 2018. Subsequently a company controlled by an officer and director provided the management services to the Company. During the year ended December 31, 2018, these management services amounted to $183,131 (December 31, 2017 - 93,892).

Included in the Company's accounts payable and accrued liabilities at December 31, 2018 was an amount of $693,295 (December 31, 2017 - $582,862) payable to these related parties.

During the year the Company secured a second mortgage of $14,000,000 on one of its properties with a lender having an officer and director that is also a director of the Company.

The Company entered into an interest free loan agreement for $150,000 with a shareholder. The loan matures on March 1, 2019.

During the year the Company also entered into senior loan agreements totaling $750,000 with certain officers and directors of the Company and an independent investor. All these senior loans have the same terms and conditions and bear interest at 8% per annum, payable quarterly, and mature on June 30, 2019

Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates and assumptions that affect the reported amounts and disclosures made in the financial statements and accompanying notes. Estimates are based upon historical experience and on various other assumptions that are reasonable under the circumstances. The result of ongoing evaluation of these estimates forms the basis for applying judgment with regards to the carrying values of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from estimates. The Company's significant accounting policies are described in note 2 to the annual consolidated financial statements, the most significant of which is the fair value of investment properties.

Investment Properties

Judgments

The acquisition of a property can be, and frequently is, considered to be an acquisition of a business. This is particularly the case when the acquisition is accompanied by the assumption of in-place tenant leases, which, together with the land and building, form the primary inputs of a real estate business.

Judgment is required in determining whether the acquisition of properties represent an acquisition of discrete real estate assets or constitute a business combination in terms of IFRS 3, Business Combinations ("IFRS 3"). There are some key measurement differences (e.g., goodwill recognition for business combinations vs. no such recognition for asset acquisitions), as well as a difference in the treatment of acquisition related costs (expensed for a business combination vs. capitalized for asset acquisitions) that occur as a result of the determination. The Company accounts for acquisitions as a Business Combination in accordance with IFRS 3.

Estimates

Investment properties are measured at fair value in the consolidated balance sheet at each reporting date. Fair values are determined by independent external valuations or detailed internal valuations, generally using the overall capitalization rate ("OCR") method. Under this method, capitalization rates are applied to a stabilized NOI for each property, adjusted for market-based assumptions such as rent increases, long-term vacancy rates, repair and maintenance costs and other forecasted cash flows. Capitalization rates are based on recently closed transactions for similar properties, where available, or investment

survey data, taking into account the location, size and quality of the property. The most significant assumption is the capitalization rate as it magnifies the effect of a change in stabilized NOI. An increase in the capitalization rate will result in a decrease to the fair value of an investment property and vice versa. Management monitors and assesses changes in the student housing market, which may affect the valuation parameters applied to the property.

Disclosure and Internal Control Over Financial Reporting

The Company could be adversely impacted if there are deficiencies in disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the design and effectiveness of our disclosure controls and procedures and internal control over financial reporting, the Company cannot assure the reader that the disclosure controls and procedures or internal control over financial reporting will be effective in accomplishing all control objectives all of the time.

Deficiencies, particularly material weaknesses, in internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our share price, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.
Because the Company is a venture issuer, under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company's CEO and CFO are not required to provide certain representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109, and in particular any representations relating to the establishment and maintenance of: (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's IFRS. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Off Balance Sheet Arrangements

The Company had no off-balance sheet arrangements for the period ended December 31, 2018.

Subsequent events

Subsequent to year end a director of the Company has purchased the vendor take back mortgage on the same terms and conditions at full face value. This has generated a cash inflow of $350,000 which was used to address the Company's current working capital position.

On April 18, 2019, the interest free loan agreement with a shareholder for $150,000, which the Company entered into on March 7, 2017 repayable on March 1, 2019, has been extended to June 30, 2019 bearing interest at a rate of 8%.

Risks

There are certain risks inherent in an investment in the securities of CHC and in the activities of CHC, including those set out in CHC's materials filed with Canadian securities regulatory authorities from time to time, which are available under the Company's profile on SEDAR at www.sedar.com. Current and prospective holders of securities of CHC should carefully consider such risk factors.

If any of the following or other risks occurs, CHC's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of CHC could decline and investors could lose all or part of their investment in such securities, and the future ability of CHC to make distributions to shareholders could be adversely affected. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

If the Company is unable to satisfy its current liabilities through suitable agreements for debt refinancing, equity financing or other measures, planned operations could be scaled back and a portion of the company's asset could be sold. Additionally, the going concern assumption may no longer be appropriate for the consolidated financial statements and adjustments would be necessary to the carrying values of the assets and liabilities, the reported net loss and the classifications used in the statements of financial position.

Access to Capital and Financial Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

The real estate industry is highly capital intensive. The Company requires access to capital to maintain the Properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that the Company will otherwise have access to sufficient capital or access to capital on terms favorable to the Company for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes.

Global financial markets have experienced a sharp increase in volatility during recent years. The underlying market conditions may continue or become worse, and unexpected volatility and illiquidity in financial markets may inhibit the Company's access to long-term financing in the Canadian capital markets. As a result, it is possible that financing which the Company may require, in order to grow and expand its operations or upon the expiry of the term of financing, may not be available on favorable terms to the Company.

As at December 31, 2018, the Company had outstanding mortgage indebtedness of $49,570,000 (after adjusting for unamortized financing costs of approximately $128,783 and fair value adjustment). A portion of the cash flow generated by the Properties is devoted to servicing the Company's debt, and there can be no assurance that the Company will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the Company is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. There is a risk that the Company may be unable to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding. On June 30, 2018 the Company refinanced the Trois-Rivières Property with a new mortgage of $2,570,000 at an interest rate that is the greater of the Royal Bank of Canada prime lending rate plus 4.05% or 7.50% per annum. The mortgage matures on September 30, 2019. This refinancing generated net proceeds of $330,651 after financing costs and discharge of the existing mortgage of $2,177,500. On July 13, 2018 the Company refinanced the London Property located in London, Ontario. An arm's length third party lender assumed the existing $33,000,000 first mortgage on the property which was amended to bear interest at a rate of 90-day Bankers Acceptances plus 2.55% maturing on June 30, 2021.Also on July 13, 2018, the Company secured a new second mortgage for $14,000,000 on the same property with a related party lender at an interest rate of 7% maturing on June 30, 2021. The refinancing of the second mortgage generated net proceeds of $141,211 after financing costs and discharge of the existing second mortgage of $13,750,000.

The Company is subject to the risks associated with debt financing, including the risk that the mortgages secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness due to, for instance, higher interest rates. To the extent that the Company utilizes variable rate debt, such debt will result in fluctuations in the Company's cost of borrowing as interest rates change.

Unable to Implement Objectives from Strategic Plan

The Company may be unable to successfully implement its objectives from its strategic plan, or may fail to realize benefits, which are currently targeted to result from the implementation of that plan.
The objectives from the strategic plan are subject to known and unknown risks, uncertainties and other unpredictable factors which, in addition to those discussed in this MD&A, include: the ability of the Company to complete future acquisitions, obtain necessary equity and debt financing and grow its business; the future operations and performance of the Company's properties including the anticipated extent of the accretion of any acquisitions and generating improved occupancy levels and rental income: the ability of the Company to reinvest to make improvements and maintenance to its properties; overall indebtedness levels, which could be impacted by the level of acquisition activity CHC is able to achieve and future financing opportunities; general economic and market conditions and factors; local real estate conditions; competition; interest rates; changes in government regulation; reliance on key personnel; and other risks that may adversely affect the Company's ability to optimize its strategic plan.

Real Property Ownership and Tenant Risk

All real property investments are subject to elements of risk. The value of real property and any improvements depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The Company's investment properties (hereinafter the "Properties") generate revenue through rental payments made by tenants. The ability to rent vacant suites in the Properties will be affected by many factors, including changes in general economic conditions, local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the Properties becomes vacant and cannot be re-leased on economically favourable terms, the Properties may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures.

Residential tenant leases are relatively short, exposing the Company to market rental rate volatility. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant will be replaced. The terms of any subsequent lease may be less favourable to the Company than those of an existing lease.

Geographic Concentration

While the Company strives to achieve geographic diversification of its Properties, changes in general economic conditions will also affect the performance of the Company's portfolio. The portfolio is currently weighted with 55.5% of its overall portfolio (by number of beds) in Ontario, making the Company's operations sensitive to its performance in, and any changes affecting, Ontario. On an asset concentration basis, the London Property comprises 93.8% of the Company's investment properties. Consequently, the market value of the London Property and the income generated from it could be negatively affected by any adverse changes in the post-secondary institutions in London, Ontario and other local and regional economic conditions. These factors may differ from those affecting post-secondary institutions or the real estate markets in other regions.

Student Housing

CHC generally attempts to lease its beds or units under twelve month leases, but in certain cases leases may be for nine month or shorter-term leases. As a result, CHC could experience reduced cash flows during the summer months at properties with lease terms shorter than 12 months. Furthermore, all of CHC's properties must be entirely re-leased each year, exposing it to increased leasing risk. In addition, CHC is subject to increased leasing risk on future acquired properties based on its lack of experience leasing those properties and unfamiliarity with their leasing cycles. Student housing properties are also typically leased during a limited leasing season that usually begins in January and ends in August of each year. CHC is therefore highly dependent on the effectiveness of its marketing and leasing efforts and personnel during this season.

Changes in university admission policies could adversely affect CHC. For example, if a post-secondary institution proximate to CHC's properties reduces its number of student admissions, the demand for beds at CHC's properties may be reduced and its occupancy rates may decline. While CHC may engage in marketing efforts to compensate for such a change in admission policy, it may not be able to affect such marketing efforts prior to the commencement of the annual lease-up period or its additional marketing efforts may not be successful.
In addition, in the event that CHC or any post-secondary institution proximate to CHC's properties experiences an unforeseen event which may result in negative publicity and media coverage and a loss of reputation, such as crimes occurring on or in the vicinity of the institution or other negative publicity regarding the safety or treatment of students, the institution may suffer reputational damage and adverse effects on enrolment, which may in turn have an adverse effect on CHC's properties.

Market Growth Risk

No new universities are being built or are expected to be built, thereby capping the target market in Canada. Some universities may not have sufficient scale or may be in geographically remote or economically depressed locations rendering them unattractive. Some colleges are seeking accreditation as universities, which can provide potential growth opportunity.

There is also a risk that certain markets may become over developed and saturated with cheaper units offered by competitors.

Competition

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the Company in seeking tenants. The existence of competing developers, managers and owners and competition for the Company's tenants could have an impact on the Company's ability to lease beds in the Properties and on the rents charged.

In addition, the Company is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking, or which may seek in the future, real property investments similar to those targeted by the Company. A number of these investors may have greater financial resources than those of the Company, or operate without the investment or operating discipline of the Company. An increase in the activity of investment funds, and an increase in interest in real property investments, may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Liquidity of Real Estate Investments

Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. Such illiquidity may limit the Company's ability to promptly adjust its portfolio in response to changing economic or other conditions. If the Company were to be required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of the Properties or less than what could be expected to be realized under normal circumstances.

Government Regulation

Certain provinces of Canada have enacted residential tenancy legislation, which imposes, among other things, rent control guidelines that limit the Company's ability to raise rental rates at the Properties. Limits on the Company's ability to raise rental rates at the Properties may adversely affect the Company's ability to increase income from the Properties.

In addition, residential tenancy legislation in certain provinces provides rights to tenants, while imposing obligations upon landlords. Residential tenancy legislation in the Provinces of Ontario and Québec in particular prescribe certain procedures, which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation in certain provinces provides tenants with the right to bring certain claims to the respective administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result the Company may, in the future, incur capital expenditures which may not be fully recoverable from tenants.
Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner, which will materially adversely affect the ability of the Company to maintain the historical level of earnings of its Properties.

Significant Capital Expenditures and Expense Risk

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Company is unable to meet mortgage payments on any Property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale

The Company is also subject to utility and property tax risk relating to increased costs that the Company may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of municipal properties and their adherent tax rates. In some instances, enhancements to properties may result in a significant increase in property assessments following a revaluation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Residential leases are generally "gross" leases and the landlord is not able to pass on costs to its tenants.

In order to retain desirable rentable space and to generate adequate revenue over the long term, the Company must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards over its useful life can entail costs. Such costs may include a new roof, paved areas or structural repairs. Numerous factors, including the age of the building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. If the actual costs of maintaining or upgrading a property exceed the Company's estimates, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if the Company is not permitted to raise the rents due to legal constraints, the Company will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of the Company's properties is located, or similar properties located in the vicinity of one of the Company's properties are substantially refurbished, the net operating income derived from, and the value of, such property could be reduced.

Any failure by the Company to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income the Company earns from such properties.

Lease Rollover Risks

Lease rollover risk arises from the possibility that the Company may experience difficulty-renewing leases as they expire or in re-leasing space vacated by tenants upon their lease expiry.

Acquisition Risk and Unexpected Costs or Liabilities related to Acquisitions

The Company's strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. There can be no assurance as to the pace of growth through property acquisitions or that the Company will be able to acquire assets on an accretive basis.

Acquisitions of properties by the Company are subject to the normal commercial risks and satisfaction of closing conditions that may include, among other things, lender approval, receipt of estoppel certificates for commercial leases and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are exactly the same as initially negotiated. Acquisitions of properties involve risks, including the failure of the acquisition to yield the results the Company expects.

From time to time the Company may agree to acquire properties and not assume any mortgages secured thereby, rather intending, on or following closing of the acquisition, to obtain new mortgages secured by such properties. Failure to obtain such new mortgages prior to completion of any such acquisition would require the Company to obtain other sources of acquisition financing and could result in an acquisition not being completed or being completed only in part. If, upon completion of such an acquisition, the terms of the new mortgages are not finalized or the lenders thereunder have not committed to provide any financing pursuant to such mortgages, there can be no assurance that such mortgages will be obtained or, if obtained, will be on expected terms.

Risks associated with acquisitions include that there may be an undisclosed or unknown liability relating to the acquired property, and the Company may not be indemnified for some or all of these liabilities. Following an acquisition, the Company

may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by management are designed to address this risk. The Company performs what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

General Insured and Uninsured Risks

The Company carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with customary policy specifications, limits and deductibles. The Company has insurance, subject to certain policy limits, deductibles, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. Should an uninsured or underinsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, one or more of the Properties, but would continue to be obligated to repay any recourse mortgage indebtedness on such Properties. Claims against the Company, regardless of their merit or eventual outcome, also may have a material adverse effect on the Company's ability to attract tenants or expand the Company's business, and will require management to devote time to matters unrelated to the operation of the business.

Litigation Risks

In the normal course of the Company's operations, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management from the Company's business operations.

Reputation Risk

Reputation risk could occur at the property level due to negligence or an Act of God leading to disastrous property damage or death.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments or on the fair value of other financial instruments. The Company has both fixed and floating rate mortgages. The fixed rate mortgage has a remaining term of 30 months and the floating rate mortgages have remaining terms that range from 9 to 30 months. The impact of a 50 basis point change on fixed rate debt would be an increase or decrease in interest expense of $70,000 on an annual basis. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest expense of $177,850 on an annual basis. The impact of 50 basis point change in the floating rate debt that is maturing in 9 months would be an increase or decrease in interest expense of $12,850 on an annual basis. The Company does not use interest rate hedges to manage its exposure to interest rate fluctuations.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. As of the date of these financial statements the Company's debtors are the Government of Canada for Harmonized Sales Tax receivable and the Company's residents who may experience financial difficulty and be unable to meet their rental obligations.

Dilution of Shares

The number of common shares the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional common shares or convertible securities exchangeable into common shares from time to time subject to the rules of any applicable stock exchange on which the common shares are then listed. The issuance of any additional common shares may have a dilutive effect on the interests of existing shareholders.

Volatility of the Market Price for the Company's Shares

The market price for the Company's securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's financial performance and future prospects; (ii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iii) addition or departure of the Company's executive officers; (iv) release or expiration of lock-up or other transfer restrictions on outstanding common shares; (v) sales or perceived sales of additional securities; (vi) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (vii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; (viii) liquidity of the Company's securities; (ix) prevailing interest rates; (x) the market price of other real estate company securities; and (xi) general economic conditions.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the Company's securities may decline even if the Company's financial performance, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company's securities by those institutions. There can be no assurance that continuing fluctuations in price and volume will not occur.

Additional Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. To contact CHC regarding investor relations matters directly, please contact Simon Nyilassy, President and CEO at (416) 504-9380.