CHC Student Housing Announces Results for the Quarter Ended June 30, 2019

Toronto, Ontario--(Newsfile Corp. - August 29, 2019) - CHC Student Housing Corp. (TSXV: CHC) ("CHC" or the "Company") announced today results for the quarter ended June 30, 2019. The Financial Statements and related Management's Discussion and Analysis ("MD&A") for the quarter ended June 30, 2019 are available under CHC's profile on SEDAR at www.sedar.com.

Highlights during the quarter ended June 30, 2019:

- Net Operating Income decreased by 5.4% to $678,006 due to the sale of the Kingston Property in July 2018.
- Net loss was $352,665, compared to a net income of $105,613 in Q2 2018. While revenues improved in the Company's London Property in Q2 2019, this was offset by the sale in July 2018 of the Company's Kingston Property as well as a fair value adjustment on a property held for sale of $481,697 also in Q2 2018.
- The Company negotiated an extension of loan agreements for $900,000 with certain directors of the Company and an independent investor. The loans matured on June 30, 2019 and were extended to December 31, 2019.
- The Company sold the vendor take back mortgage to a director of the Company for the book value of $350,000 on May 1, 2019.

The Company is very satisfied with the continued improved performance at its London Property and is focusing on improving occupancy and operational performance at its Trois-Rivières Property. The Company is focused on strategies to achieve long term financial stability including, but not limited to, further refinancing, recapitalization, privatization and the sale of assets or the Company.

Summary of Selected Financial and Operational Information

The selected financial information below is based on and derived from the financial statements for the quarter ended June 30, 2019.

Statement of comprehensive income (loss) data	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2019	**2018**	**2019**	**2018**
Property revenues	$1,100,217	$1,123,963	$2,218,586	$2,312,419
Property operating expenses	(422,211)	(407,186)	(853,689)	(892,995)
Net Operating Income (NOI)	$678,006	$716,777	$1,364,897	$1,419,424
Depreciation	(13,094)	(10,303)	(25,032)	(34,731)
General & administrative expense	(320,923)	(288,284)	(586,811)	(643,072)
Fair value adjustment of equity based compensation	7,000	6,000	(1,000)	31,000
Fair value adjustment on property held for sale	-	481,697	-	481,697
Fair value adjustment on mortgage payable	1,775	-	(205,282)	-
Interest	(705,429)	(800,274)	(1,407,813)	(1,499,198)
Net income (loss)	**($352,665)**	**$105,613**	**($861,041)**	**($244,880)**
Net income (loss) per share - basic and diluted	($0.13)	$0.04	($0.32)	($0.09)
Funds From Operations (FFO)[1]	($354,440)	($376,084)	($655,759)	($726,577)
FFO per share	($0.13)	($0.14)	($0.24)	($0.27)
Adjusted Funds From Operations (AFFO)[1]	($336,960)	($378,507)	($606,400)	($764,107)
AFFO per share	($0.12)	($0.14)	($0.22)	($0.28)
Weight average shares outstanding	**2,716,465**	**2,716,465**	**2,716,465**	**2,716,465**

[1] FFO and AFFO are non-IFRS performance measures. Please refer to definition in section *Non-IFRS Performance Measures* on page 5 of the MD&A as well as the reconciliation from net loss below.

Revenues decreased by 2.1% or $23,746 primarily because of the sale of the Kingston Property in July 2018. NOI decreased by 5.4% or $38,771 also due to the sale of the Kingston Property. General and administrative expenses increased by 11.3% or $32,639, mainly due to costs incurred on staff reductions along with a mark to market adjustment to the board of directors' fees. AFFO loss decreased by 11.0% or $41,547 primarily due to lower interest expense offset by higher general and administration costs and the sale of the Kingston Property as discussed above.

FFO & AFFO Reconciliation

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

Reconciliation from net income (loss) to FFO & AFFO	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2019	**2018**	**2019**	**2018**
Net income (loss)	($352,665)	$105,613	($861,041)	($244,880)
Add:				

Fair value adjustment on property held for sale	-	(481,697)	-	(481,697)
Fair value adjustment on mortgage payable	(1,775)	-	205,282	-
Funds From Operations (FFO)	(354,440)	(376,084)	($655,759)	($726,577)
Add (subtract):				
Fair value adjustment of equity based compensation[(1)]	(7,000)	(6,000)	1,000	(31,000)
Amortization of financing transaction costs	21,534	1,045	43,068	2,091
Straight line rent	2,946	2,532	5,291	(8,621)
Adjusted Funds From Operations	**($336,960)**	**($378,507)**	**($606,400)**	**($764,107)**

[(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 six months ended June 30, 2019 adjustment for stock-based compensation/(recovery) relates to the mark-to-market adjustment of options awarded in December 2014 and January 2015. The six months ended June 30, 2019 adjustment relates to the mark to market adjustment for stock-based compensation of the DSU only.

FFO for the three months ended June 30, 2019 and 2018 amounted to ($354,440) or ($0.13) per share and ($376,084) or ($0.14) per share respectively. AFFO for the three months ended June 30, 2019 and 2018 was ($336,960) or ($0.12) and ($378,507) or ($0.14) 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 June 30**		**Six Months Ended June 30**	
	2019	**2018**	**2019**	**2018**
Cash used in operating activities	($138,486)	($740,627)	($247,419)	($866,308)
Add (subtract):				
Net changes in working capital	(77,564)	380,075	(126,750)	145,569
Depreciation	(13,094)	(10,303)	(25,032)	(34,731)
Interest expense on mortgages payable	(683,895)	(799,229)	(1,364,745)	(1,497,107)
Cash interest paid	576,079	791,577	1,157,546	1,488,470
Adjusted Funds From Operations	**($336,960)**	**($378,507)**	**($606,400)**	**($764,107)**

Financial Position

The Company had cash on hand of $316,712 as at June 30, 2019 an increase of $34,833 from December 31, 2018. The increase was due to the sale of the vendor take back mortgage offset by operating losses and capital expenditures incurred during the period.

Total assets at June 30, 2019 were $ 57,694,536 compared $57,938,603 at December 31, 2018 a decrease of $244,067. This decrease is due to the sale of the vendor take back mortgage offset by additions to furniture and equipment and an increase in prepaid taxes.

Going Concern

The Company's ability to continue as a going concern is subject to a number of material 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.

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.

- During the period April 1, 2018, to June 4, 2018, the Company entered into senior loan agreements with certain related parties and an independent investor for $750,000, that matured on June 30, 2019, bearing interest at 8% per annum payable quarterly. The Company has negotiated an extension of these loan agreements to December 31, 2019. The extended loan agreements bear interest at 8% per annum payable quarterly.

- 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, the Company is currently negotiating an extension to this mortgage.

- 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.
- On May 1, 2019, a director of the Company purchased the above vendor take back mortgage on the same terms and conditions at full face value. This generated a cash inflow of $350,000 which was used as working capital in the Company.

The Company incurred a net loss of $861,041 for the six months ended June 30, 2019 (six months ended June 30, 2018 - net loss of $244,880) and as at June 30, 2019 current liabilities exceeded current assets by $4,255,284 (December 31, 2018 - $3,949,877) excluding mortgages payable. The Company's ability to continue operations in the normal course of business is dependent on its ability to focus on strategies to achieve long term financial stability. These strategies include, but are not limited to, further refinancing, recapitalization, privatization and the sale of assets or the Company.

About CHC Student Housing Corp.

CHC Student Housing (TSX-V: CHC) is Canada's only publicly traded company offering high-quality purpose-built multi-residential student housing properties strategically located on campus or in close proximity to universities and colleges providing students a safe and secure living environment, affordable prices and high-quality amenities. For more information, visit CHC at www.chcstudenthousing.com.

Non-IFRS Performance Measures

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The following measures: net operating income (or "NOI"), funds from operations (or "FFO"), FFO per share, adjusted funds from operations (or "AFFO") and AFFO per share, are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS, and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance determined in accordance with IFRS. However, these non-IFRS measures are recognized supplemental measures of performance for real estate issuers widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties, and the Company believes they provide useful supplemental information to both management and readers in measuring the financial performance of the Company. Further details on non-IFRS measures are set out in the Company's Management's Discussion and Analysis for the year ended December 31, 2018 and available on the Company's profile on SEDAR at www.sedar.com.

Forward Looking Information

This press release contains forward-looking information within the meaning of Canadian securities laws. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Such information includes, without limitation, information regarding the business strategies of CHC. Although CHC believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct. Forward looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. CHC cautions investors that any forward-looking information provided by CHC is not a guarantee of future results or performance, and that actual results may differ materially from those in forward looking information as a result of various factors, including, but not limited to: CHC's ability to complete proposed or contemplated transactions; the state of the real estate sector generally; recent market volatility; CHC's ability to secure the necessary financing or to be fully able to implement its business strategies; and other risks and factors that CHC is unaware of at this time. A variety of factors, many of which are beyond the CHC's control, affect the operations, performance and results of the Company and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, the risks discussed in CHC's materials filed with Canadian securities regulatory authorities from time to time, copies of which may be accessed through CHC's profile on SEDAR at www.sedar.com. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this press release relate only to events or information as of the date hereof. Except as specifically required by applicable Canadian law, CHC undertakes no obligation to update or revise publicly any forward-looking information, whether because of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities nor shall there by any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Neither the TSX Venture Exchange ("TSXV") nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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