CHC Student Housing Announces Results for the Quarter and Nine Months Ended September 30, 2018

TORONTO, Nov. 23, 2018 -- CHC Student Housing Corp. (“CHC” or the “Company”) (TSX:CHC) announced today results for the quarter and nine months ended September 30, 2018. The Financial Statements and the Management’s Discussion and Analysis (“MD&A”) for the quarter and nine months ended September 30, 2018 are available under CHC’s profile on SEDAR at www.sedar.com.

Highlights during the quarter and nine months ended September 30, 2018:

- Net Operating Income increased by 4.1% or $28,273 for the quarter versus the comparable quarter in 2017 and a decrease of 2.0% or $42,663 for the nine months compared to the same period in 2017.
- Q3 2018 had a net loss of $939,028 compared to a net loss in Q3 2107 of $1,034,447.
- CHC completed a refinancing of $2,570,000 on the Trois Rivière Property that provided funds for renovations.
- CHC completed the refinancing of the London Property with a first mortgage of $33,000,000 and a second mortgage of $14,000,000.
- CHC sold the Kingston Property for $2,450,000 on July 31, 2018. The sale generated net proceeds of $633,684 after a vendor take back mortgage of $350,000.

“The overall operating performance of the Company’s two remaining assets continues to improve,” said Simon Nyilassy, President and CEO. “Management continues to explore longer term strategies to realize value for the Company’s shareholders,” he added.

Summary of Selected Financial and Operational Information

The selected financial information below is based on and derived from the financial statements for the quarter and nine months ended September 30, 2018.

Net Loss, FFO and AFFO	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2018	**2017**	**2018**	**2017**
Property revenues	$ 1,126,857	$ 1,221,476	$ 3,439,276	$ 3,919,301
Property operating expenses	(405,432)	(528,324)	(1,298,427)	(1,735,789)
Net Operating Income (NOI)	$ 721,425	$ 693,152	$ 2,140,849	$ 2,183,512
Depreciation	(6,626)	(10,806)	(41,357)	(28,553)
General & administrative expense	(524,946)	(280,317)	(1,168,018)	(917,150)
Interest income	3,125	-	3,125	-
Fair value adjustment of equity based compensation	7,000	(2,000)	38,000	210,000
Fair value adjustment on investment properties	(215,947)	(900,000)	265,750	(900,000)
Interest	(923,059)	(720,197)	(2,422,257)	(2,152,000)
Gain on sale of Investment	-	185,721	-	223,506
Net Loss	**$ (939,028)**	**$ (1,034,447)**	**$ (1,183,908)**	**$ (1,380,685)**
Net loss per share – basic and diluted	$ (0.35)	$ (0.38)	$ (0.44)	$ (0.55)
Funds From Operations (FFO)[1]	$ (723,081)	$ (320,168)	$ (1,449,658)	$ (704,191)
FFO per share	$ (0.27)	$ (0.12)	$ (0.53)	$ (0.28)
Adjusted Funds From Operations (AFFO)[1]	$ (709,005)	$ (285,435)	$ (1,473,112)	$ (834,886)
AFFO per share	$ (0.26)	$ (0.11)	$ (0.54)	$ (0.33)
Weight average shares outstanding[2]	**2,716,465**	**2,716,465**	**2,716,465**	**2,529,315**

(1) FFO and AFFO are non-IFRS performance measures. Please refer to definition of *Non-IFRS Performance Measures.*

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

Revenues decreased by 7.8% or $94,619 from the previous comparable quarter in 2017, primarily due to the sale of the Windsor Property in August 2017 and the sale of the Kingston Property in July 2018, which was partially offset by an increase of 10.9% in revenue at the London Property. NOI increased by 4.1% or $28,273, compared to the same quarter in 2017, due to an improvement in revenue and lower operating cost at the London Property somewhat offset by the sale of the Windsor and Kingston properties. General and administrative expenses were higher in Q3 2018 compared to Q3 2017 by $244,629 primarily due to legal cost and an accrual for 2018 audit fees. Interest expense is higher in Q3 2018 compared to Q3 2017 by $202,862 mainly due to exit fees on mortgage.

AFFO loss was $709,005 during the quarter compared to a loss of $285,435 in Q3 2017, primarily due to lower revenues and higher expenses as discussed above. FFO loss for the three months ended September 30, 2018 and 2017 were $723,081 or $0.27 per share and $320,168 or $0.12 per share, respectively.

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 September 30		Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Net Loss	$ (939,028)	$ (1,034,447)	$ (1,183,908)	$ (1,380,685)
Add:				
Fair value adjustment on investment properties	215,947	900,000	(265,750)	900,000
Gain on sale of Investment	-	(185,721)	-	(223,506)
Funds From Operations (FFO)	(723,081)	(320,168)	$ (1,449,658)	$ (704,191)
Add (subtract):				
Fair value adjustment of equity based compensation[1]	(7,000)	2,000	(38,000)	(210,000)
Amortization of financing transaction costs	24,557	32,733	26,648	79,305
Straight line rent	(3,481)	-	(12,102)	-
Adjusted Funds From Operations	**$ (709,005)**	**$ (285,435)**	**$ (1,473,112)**	**$ (834,886)**

(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 nine months ended September 30, 2018 adjustment for stock-based compensation/(recovery) relates to the mark-to-market adjustment of options awarded in December 2014 and January 2015.

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

Reconciliation from cash used in operating activity to AFFO	Three Months Ended September 30		Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Cash used in operating activities	$ (723,405)	$ (943,053)	$ (1,589,713)	$ (1,822,217)
Add (subtract):				
Net changes in working capital	143,024	654,364	288,593	1,003,304
Depreciation	(6,626)	(10,806)	(41,357)	(28,553)
Interest expense on mortgages payable	(898,502)	(687,464)	(2,395,609)	(2,072,695)
Cash interest paid	776,504	701,524	2,264,974	2,085,275
Adjusted Funds From Operations	**$ (709,005)**	**$ (285,435)**	**$ (1,473,112)**	**$ (834,886)**

Financial Position

The Company had cash on hand of $477,079 as at September 30, 2018 compared to $333,126 as at December 31, 2018. The increase was the result of proceeds from the refinancing of Trois Rivière debt, sale of the Kingston Property and notes payable to Directors.

Total assets at September 30, 2018 were $58,169,474 compared $59,468,771 at December 31, 2017, a decrease of $1,299,297. This decrease is mainly due to the sale of the Kingston Property offset by a vendor take back on the property sale and an improved cash positions mainly as a result of refinancing.

Going Concern

The Company incurred a net loss of $1,183,908 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 - net loss of $1,380,685) and as at September 30, 2018 had a working capital deficit of $3,816,897 (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.

- 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 the same 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 on July 31, 2018. The sale provided the Company with $633,684 in net proceeds after a vendor take back mortgage of $350,000. 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.

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. CHC is focused on acquiring, developing and managing student housing in primary and well understood secondary markets in Canada. 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 period ended December 31, 2017 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.

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