CHC Student Housing Announces Results for the Quarter and Six Months Ended June 30, 2018

Toronto, Ontario--(Newsfile Corp. - August 30, 2018) - CHC Student Housing Corp. (TSX:CHC) ("CHC" or the "Company") announced today, results for the quarter and six months ended June 30, 2018. The Financial Statements and the Management's Discussion and Analysis ("MD&A") for the quarter and six months ended June 30, 2018 are available under CHC's profile on SEDAR at www.sedar.com.

Highlights during the quarter and six months ended June 30, 2018:

- Net Operating Income decreased by 2.7% or $19,969 and by 4.9% or $71,654, versus the comparable quarter and comparable six months in 2017, respectively.
- Q2 2018 had a net income of $105,618 compared to a net loss in Q2 2107 of $280,152.
- CHC completed a refinancing of $2,570,000 on the Trois Rivière Property that provided funds for renovations.
- The Company entered into senior loan agreements with certain related parties and an independent investor for $750,000.

The Company's remaining portfolio performed well in the second quarter with the London property enjoying high occupancy and a 100% pre-lease level for the September leasing cycle," said Simon Nyilassy, President and CEO. "Progress was also made in refinancing our assets," he added. "Management's focus will continue to be improving the company's capital structure and positioning CHC for growth in the future."

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 six months ended June 30, 2018.

AFFO, FFO and Net income/(loss)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Property revenues	$1,123,963	$1,307,789	$2,312,419	$2,697,825
Property operating expenses	(416,948)	(580,805)	(911,460)	(1,225,212)
Net Operating Income (NOI)	$707,015	$726,984	$1,400,959	$1,472,613
General & administrative expense	(288,825)	(354,398)	(659,338)	(636,833)
Fair value adjustment of equity-based compensation	6,000	72,000	31,000	212,000
Fair value adjustment on property held for sale	481,697	-	481,697	-
Interest	(800,274)	(724,738)	(1,499,198)	(1,431,803)
Gain on sale of Investment	-	-	-	37,785
Net income (loss)	**$105,613**	**($280,152)**	**($244,880)**	**($346,238)**
Net income (loss) per share — basic and diluted	$0.04	($0.12)	($0.09)	($0.14)
Funds From Operations (FFO)(1)	($376,084)	($280,152)	($726,577)	($384,023)
FFO per share	($0.14)	($0.12)	($0.27)	($0.16)
Adjusted Funds From Operations (AFFO)(1)	($378,507)	($321,370)	($764,107)	($549,451)
AFFO per share	($0.14)	($0.13)	($0.28)	($0.23)
Weight average shares outstanding(2)	**2,716,465**	**2,434,188**	**2,716,465**	**2,434,188**

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

Revenues decreased by 14.1% or $183,826 from the previous comparable quarter in 2017, primarily because of the sale of the Windsor Property in August 2017, which was partially offset by an increase of 3.1% in revenue at the remaining properties. NOI decreased by 2.7% or $19,969, compared to the comparable quarter in 2017, due to the sale of the Windsor Property but was substantially offset by improved performance at the remaining properties of 12.2%. General and administrative expenses were lower in Q2 2018 compared to Q2 2017 by $65,573 primarily due to lower accounting and audit fees.

AFFO loss was $378,084 during the quarter compared to a loss of $321,370 in Q2 2017, primarily due to lower revenues and higher expenses as discussed above and lower fair value adjustment on equity-based compensation. FFO loss for the three months ended June 30, 2018 and 2017 were $376,084 or $0.14 per share and $280,152 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 income (loss) to FFO & AFFO	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Net income (loss)	$105,613	($280,152)	($244,880)	($346,238)
Add:				
Fair value adjustment on property held for sale	(481,697)	-	(481,697)	-
Gain on sale of Investment	-	-	-	(37,785)
Funds From Operations (FFO)	(376,084)	(280,152)	($726,577)	($384,023)
Add (subtract):				

Fair value adjustment of equity based compensation[1]	(6,000)	(72,000)	(31,000)	(212,000)
Amortization of financing transaction costs	1,045	30,782	2,091	46,572
Straight line rent	2,532	-	(8,621)	-
Adjusted Funds From Operations	**($378,507)**	**($321,370)**	**($764,107)**	**($549,451)**

(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, 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 June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Cash used in operating activities	($740,627)	($859,853)	($866,308)	($879,164)
Add (subtract):				
Net changes in working capital	380,075	547,021	145,569	348,940
Depreciation	(10,303)	(8,893)	(34,731)	(17,747)
Interest expense on mortgages payable	(799,229)	(693,956)	(1,497,107)	(1,385,231)
Cash interest paid	791,577	694,311	1,488,470	1,383,751
Adjusted Funds From Operations	**($378,507)**	**($321,370)**	**($764,107)**	**($549,451)**

Financial Position

The Company had cash on hand of $614,398 as at June 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 and notes payable to Directors.

Total assets at June 30, 2018 were $60,434,552 compared $59,468,771 at December 31, 2017 an increase of $965,781. This increase is due to improved cash positions and an increase in fair value adjustment on investment property held for sale.

Going Concern

The Company incurred a net loss of $244,880 for the six months ended June 30, 2018 (six months ended June 30, 2017 - net loss of $346,238) and as at June 30, 2018 had a working capital deficit of $3,692,364 (December 31, 2017 - $2,706,197) excluding mortgages payable. The Company has relied upon financing to fund its operations and acquisitions, primarily through debt and private equity placements. The ability of the Company to continue as a going concern is dependent on several factors, including its ability to secure additional funding.

- The Company listed the Kingston Property for sale on March 29, 2018. Net proceeds from the sale which closed on July 31, 2018 will be used to fund ongoing operations and to repay the property mortgage. This asset is presented on the condensed consolidated interim statement of financial position as "Investment property held for sale" at June 30, 2018.
- During the quarter the Company entered into senior loan agreements with certain related parties and an independent investor for $750,000 repayable on June 30, 2019, bearing interest at 8% per annum.
- 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 obtained extensions on the $33,000,000 first and $13,750,000 second mortgages on its' London Property on substantially the same terms. Subsequent to June 30, 2018, these mortgages were refinanced.

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 (TSXV: 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.

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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