

CHC Student Housing Announces Second Quarter 2016 Financial Results

Toronto, Ontario – (Marketwired – August 29, 2016) – CHC Student Housing Corp. (“CHC” or the “Company”) (TSX-V: CHC), Canada’s only publicly traded company providing high-quality purpose-built multi-residential student housing properties, today reported financial results for the three and six months ended June 30, 2016. The financial statements and related Management’s Discussion and Analysis (“MD&A”) are available under CHC’s profile on SEDAR at www.sedar.com.

“As previously announced on August 25, 2016, we are excited to enter into an arrangement agreement with Dundee Acquisition Ltd. (TSX: DAQ.A, DAQ.WT) to effect a business combination and that DAQ has concurrently entered into a series of student housing property acquisitions which would see us become one of the largest pure-play student housing providers in Canada,” said Mark Hansen, President and CEO, CHC. The pro forma company would be renamed Canadian Student Living Group Inc. and own varying interests in up to 20 properties comprising 4,700 student housing beds after up to approximately \$420 million of total transactions. “We are extremely excited about this transaction and believe it creates a strong platform going forward for the benefit of all current CHC stakeholders.”

“We continue to see the positive impact of internalizing property management at the beginning of 2016 at our London and Windsor properties. “We were 97% leased for the May leasing cycle up 14.5% year over year, and are 99% leased for the September leasing cycle up 13% when compared to the same period in 2015 while our costs have improved.”

The Company’s consolidated financial statements are prepared on a going concern basis. The proposed business combination mentioned above is subject to certain risks and uncertainties due to the complexity of the transaction, it will be subject to certain conditions such as corporate and regulatory approvals, and there can be no assurance that it will be completed. The Company has taken certain measures to seek to ensure there is adequate capital in place to continue operations to the close of the transaction with DAQ.

Highlights during the three and six months ending June 30, 2016:

- Property revenues of \$1,261,010 and \$2,550,721 respectively.
- Net Operating Income (NOI) of \$546,445 and \$1,170,851 respectively.
- Net income (loss) of (\$381,481) and \$58,885 respectively.

Summary of Selected Financial and Operational Information

The selected financial information below is based on and derived from the financial statements for the second quarter 2016.

Statement of financial position data	As at 30-Jun-16	As at 31-Dec-15
Cash	205,069	842,808
Investment properties	64,994,578	64,895,000
Total assets	\$66,056,606	\$66,353,022
Total current financial liabilities	\$20,387,888	\$20,641,033
Total non-current financial liabilities	\$38,113,145	\$38,155,301
Total liabilities	\$58,501,033	\$58,796,334

Statement of comprehensive income (loss) data	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2016	2015	2016	2015
Property revenues	\$1,261,010	\$1,239,622	\$2,550,721	\$2,603,341
Property operating expenses	<u>714,565</u>	<u>748,743</u>	<u>1,379,870</u>	<u>1,458,475</u>
Net Operating Income (NOI)	\$546,445	\$490,879	\$1,170,851	\$1,144,866
General & administrative expense	252,881	227,919	544,704	508,137
Transaction costs	11,390	2,579,460	(753,654)	2,721,240
Interest income	10	39	40	466
Stock-based compensation	(16,000)	-	(34,000)	432,726
Forfeiture of deposit	-	750,000	-	750,000
Interest	679,665	742,225	1,354,956	1,512,171
Net income (loss)	<u>(\$381,481)</u>	<u>(\$3,808,686)</u>	<u>58,885</u>	<u>(\$4,778,942)</u>
Net income (loss) per share – basic and diluted	(\$0.16)	(\$1.63)	\$0.03	(\$2.05)
Funds From Operations (FFO)(1)	(\$370,091)	(\$1,229,226)	(\$694,769)	(\$2,057,702)
FFO per share	(\$0.16)	(\$0.53)	(\$0.30)	(\$0.88)
Adjusted Funds From Operations (AFFO)(1)	(\$389,956)	(\$1,246,208)	(\$770,745)	(\$1,685,139)
AFFO per share	(\$0.17)	(\$0.53)	(\$0.33)	(\$0.72)
Distributions of cash dividends	Nil	Nil	Nil	Nil
Weight average shares outstanding(2)	2,335,181	2,335,181	2,335,181	2,335,181

(1) FFO & AFFO are non-IFRS performance measures. Please refer to definition on pages 7 & 8 as well as the reconciliation from net loss on page below.
(2) After giving retroactive effect to the 85 to 1 common share consolidation that occurred on February 19, 2015.

FFO & AFFO Reconciliation

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

Reconciliation from net income (loss) to FFO & AFFO	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2016	2015	2016	2015
Net income (loss)	(\$381,481)	(\$3,808,686)	58,885	(\$4,778,942)
Add:				
Transaction costs	11,390	2,579,460	(753,654)	2,721,240
Funds From Operations (FFO)	(\$370,091)	(\$1,229,226)	(\$694,769)	(\$2,057,702)
Add (subtract):				
Stock-based compensation ⁽¹⁾	(16,000)	-	(34,000)	432,726
Amortization of financing transaction costs	29,227	92,363	58,453	186,866
Straight line rent	(2,178)	(2,300)	(851)	(3,845)
Capital expenditures	<u>(30,914)</u>	<u>(107,045)</u>	<u>(99,578)</u>	<u>(243,184)</u>
Adjusted Funds From Operations	<u>(\$389,956)</u>	<u>(\$1,246,208)</u>	<u>(\$770,745)</u>	<u>(\$1,685,139)</u>

(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 in the period in which they occur.

The three and six months ended June 30, 2016 adjustment for stock-based compensation relates to the accelerated amortization of cancelled options awarded in December 2014 and January 2015. Industry practice normally would not adjust for stock-based compensation in the calculation of AFFO. However, as the options were cancelled and the balance expensed in the fiscal first quarter in its entirety, the Company has determined that under the circumstances adjusting AFFO is reasonable. The Company will follow industry practices under normal course for stock-based compensation that is not cancelled.

FFO for the three months ended June 30, 2016 and 2015 amounted to (\$370,091) or (\$0.16) per share and (\$1,229,226) or (\$0.53) per share respectively. FFO for the six months ended June 30, 2016 and 2015 amounted to (\$694,769) or (\$0.30) per share and (\$2,057,702) or (\$0.88) per share respectively. AFFO for the three months ended June 30, 2016 and 2015 was (\$389,956) or (\$0.17) per share and (\$1,246,208) or (\$0.53) per share respectively. AFFO for the six months ended June 30, 2016 and 2015 was (\$770,745) or (\$0.33) per share and (\$1,685,139) or (\$0.72) per share respectively. The AFFO improvement is primarily driven by a reduction in capital spending due to the Company closely monitoring cash flow and improved

cash flows from operations before financing and a forfeiture of the \$750,000 deposit which negatively affected results in the comparable period.

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

Reconciliation from cash used in operating activity to AFFO	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2016	2015	2016	2015
Cash used in operating activities	(\$520,524)	(628,377)	(461,214)	(652,882)
Add (subtract):				
Net changes in working capital	162,618	296,600	(122,396)	325,401
Depreciation	(2,753)	(2,137)	(6,288)	(3,036)
Interest expense on mortgages payable	(650,438)	(649,862)	(1,296,503)	(1,325,305)
Cash interest paid	652,055	594,612	1,215,234	963,867
Write off of deposit on property	-	(750,000)	-	(750,000)
Capital expenditures	(30,914)	(107,045)	(99,578)	(243,184)
Adjusted Funds From Operations	(\$389,956)	(\$1,246,208)	(770,745)	(\$1,685,139)

Going Concern

The Company's ability to continue as a going concern is subject to 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. The uncertainties above cast a significant doubt about the Company's ability to continue as a going concern.

As announced on August 25, 2016, the Company has entered into an arrangement agreement with Dundee Acquisition Ltd. ("DAQ"), to effect a business combination under which the Company and DAQ will merge and concurrently acquire a number of additional student housing properties from various third party vendors. It is currently contemplated that the transaction will close around the end of November 2016. The transaction is subject to certain conditions such as corporate or regulatory approvals, and there can be no assurance that it will be completed.

The Company has taken certain measures to seek to ensure there is adequate capital in place to continue operations to the close of the transaction with DAQ.

If the transaction with DAQ is not completed and the Company is otherwise 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 assets could be sold. Additionally, the going concern assumption may no longer be appropriate and adjustments would be necessary to the carrying values of the assets and liabilities, the reported net income (loss) and the classifications used in the statements of financial position.

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 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, 2015 and available on the Company's profile on SEDAR at www.sedar.com.

Cautions Regarding Future Plans and 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 as a result 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 be 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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