

# CHC Student Housing Announces Results for the Quarter Ended March 31, 2018

Toronto, Ontario--(Newsfile Corp. - May 30, 2018) - CHC Student Housing Corp. (TSXV: CHC) ("CHC" or the "Company") announced today results for the quarter ended March 31, 2018. The Financial Statements and related Management's Discussion and Analysis ("MD&A") for the quarter ended March 31, 2018 are available under CHC's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Highlights during the quarter ended March 31, 2018:

- Net Operating Income decreased by 6.9% to \$693,944 due to the sale of the Windsor property in August 2017.
- Net loss was \$350,493, compared to a net loss of \$66,086 in Q1 2017. While revenues and NOI improved in the Company's London Property, this was offset by the sale in August 2017 of the Company's Windsor Property as well as higher G&A costs that included approximately \$130,000 of failed deal costs.
- In September 2017, the Company listed a property for sale. In January an offer was received and a shareholders' vote was held on March 5, 2018, the offer was rejected by the shareholders.
- A management reorganization was completed in March 2018 resulting in the establishment a new senior management team.

## 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 March 31, 2018.

Statement of net loss and comprehensive loss	Three Months Ended	
	2018	2017
Property revenues	\$1,188,456	\$1,390,036
Property operating expenses	(494,512)	(644,407)
<b>Net Operating Income (NOI)</b>	<b>\$693,944</b>	<b>\$745,629</b>
General & administrative expense	(370,513)	(282,435)
Stock-based compensation – change in FMV	25,000	140,000
Interest expense	(698,924)	(707,065)
Gain on sale of investment properties	-	37,785
<b>Net loss and comprehensive loss</b>	<b>(\$350,493)</b>	<b>(\$66,086)</b>
Net loss per share – basic and diluted	(\$0.13)	(\$0.03)
<b>Funds From Operations (FFO)<sup>(1)</sup></b>	<b>(\$350,493)</b>	<b>(\$103,871)</b>
FFO per share	(\$0.13)	(\$0.04)
<b>Adjusted Funds From Operations (AFFO)<sup>(1)</sup></b>	<b>(\$385,600)</b>	<b>(\$228,081)</b>
AFFO per share	(\$0.14)	(\$0.10)
Distributions of cash dividends	Nil	Nil
<b>Weight average shares outstanding<sup>(2)</sup></b>	<b>2,716,465</b>	<b>2,335,181</b>

(1) FFO and AFFO are non-IFRS performance measures. Please refer to definition of *Non-IFRS Performance Measures* below as well as the reconciliation from net loss on page 2 below.

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

Revenues decreased by 14.5% or \$201,580 primarily because of the sale of the Windsor Property in August 2017. NOI decreased by 6.9% or \$51,685 also due to the sale of the Windsor Property. General and administrative expenses increased by 31.2% or \$88,078, primarily due to transaction costs related to the failure to obtain shareholders approval for the sale of the London Property on March 5, 2018 offset by lower payroll costs.

AFFO loss increased by 69.1% or \$157,519 primarily due to lower revenues and higher expenses 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 loss to FFO & AFFO	Three Months Ended	
	2018	2017
Net loss and comprehensive loss	(\$350,493)	(\$66,086)
Add:		
Gain on sale of investment properties	-	(37,785)
<b>Funds From Operations (FFO)</b>	<b>(\$350,493)</b>	<b>(\$103,871)</b>
Add/(subtract):		
Stock-based compensation – change in FMV <sup>(1)</sup>	(25,000)	(140,000)
Amortization of financing transaction costs	1,046	15,790
Straight line rent	(11,153)	-
<b>Adjusted Funds From Operations (AFFO)</b>	<b>(\$385,600)</b>	<b>(\$228,081)</b>

(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 three months ended March 31, 2018 adjustment for stock-based compensation/(recovery) relates to the mark-to-market adjustment of options awarded in December 2014 and January 2015.

FFO for the three months ended March 31, 2018 and 2017 amounted to (\$350,493) or (\$0.13) per share and (\$103,871) or (\$0.04) per share respectively. AFFO for the three months ended March 31, 2018 and 2017 was (\$385,600) or (\$0.14) and (\$228,081) or (\$0.10) 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 March 31	
	2018	2017
Cash used in operating activities	(\$125,681)	(\$19,311)
<u>Add/(subtract):</u>		
Net changes in non-cash working capital	(234,506)	(198,081)
Depreciation	(24,428)	(8,854)
Interest expense on mortgages payable	(697,878)	(691,275)
Cash interest paid	696,893	689,440
<b>Adjusted Funds From Operations (AFFO)</b>	<b>(\$385,600)</b>	<b>(\$228,081)</b>

## Financial Position

The Company had cash on hand of \$346,534 as at March 31, 2018 an increase of \$13,408. The increase was the result of better cash management and the proceeds of a shareholder's loan.

Total assets at March 31, 2018 were \$ 59,590,889 compared \$59,468,771 at December 31, 2017 an increase of \$122,118. This increase is due to higher prepaid expenses along with higher accounts receivable.

## Going Concern

The Company incurred a net loss of \$350,493 for the three months ended March 31, 2018 (three months ended March 31, 2017 - net loss of \$66,086) and as at March 31, 2018 had a working capital deficit of \$3,561,565 (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. At present, the Company has obtained extensions on the two mortgages of \$33,000,000 and \$13,750,000 due on the London Property to July 3, 2018. CHC is seeking a longer-term financing solution to be available at termination of these extensions.

In addition, the Company is exploring all available options to secure additional funding, examining and considering all strategic and financial alternatives potentially available with a view to enhancing shareholder value. Such alternatives may include, but are 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.

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. Furthermore, these conditions indicate the existence of a material uncertainty that raises significant doubt on the Company's ability to continue as a going concern.

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 current working capital position including to satisfy certain trade payables and to fund the Company's operations while it pursues alternative financial.

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

The Company listed the Kingston Property for sale on March 29, 2018. Net proceeds from the sale will be used to fund ongoing operations and to repay the property mortgage. There can be no assurance that the Company will be able to sell the property on terms that will enable it to repay any material amount of its debt, improve its financial position and fund its ongoing operations. This asset is presented on the consolidated interim statements of financial position as "Investment property held for sale" at March 31, 2018.

## 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](http://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, 2015 and available on the Company's profile on SEDAR at [www.sedar.com](http://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](http://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 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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