CHC Student Housing Corp.
Condensed Consolidated Interim Financial Statements
September 30, 2017
(Unaudited)

MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of CHC Student Housing Corp. (the "Company"), have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

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CHC Student Housing Corp.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

As at	September 30, 2017	December 31, 2016
Assets		
Non-Current		
Investment properties (Note 4)	**$6,600,000**	**$64,895,000**
Furniture and equipment (Note 5)	**290,706**	**354,957**
	6,890,706	**65,249,957**
Current		
Cash	**400,593**	**357,292**
Deposits and prepaid expenses (Note 6)	**174,682**	**148,325**
Accounts receivable (Note 7)	**26,146**	**45,405**
Investment property held for sale (Note 17)	**52,100,000**	**-**
	52,701,421	**551,022**
Total Assets	**$59,592,127**	**$65,800,979**
Liabilities		
Non-Current		
Mortgages payable (Note 8)	**$1,416,004**	**$5,064,000**
	1,416,004	**5,064,000**
Current		
Accounts payable and accrued liabilities (Note 9)	**3,117,367**	**4,286,153**
Mortgages payable (Note 8)	**2,186,523**	**49,605,028**
Mortgages payable on investment property held for sale (Note 17)	**46,742,808**	**-**
	52,046,698	**53,891,181**
Total Liabilities	**53,462,702**	**58,955,181**
Shareholders' Equity		
Share Capital (Note 10)	**20,191,771**	**19,527,459**
Contributed Surplus	**909,597**	**909,597**
Deficit	**(14,971,943)**	**(13,591,258)**
Total Shareholders' Equity	**6,424,425**	**6,845,798**
Total Liabilities and Shareholders' Equity	**$59,592,127**	**$65,800,979**

Approved on behalf of the Board

(signed) "Philip Gillin"

Philip Gillin

Director

(signed) "Ronald Schwarz"

Ronald Schwarz

Director

The accompanying notes are an integral part of these financial statements

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Revenue				
Property revenues (Note 11)	**$1,221,476**	**$1,255,977**	**$3,919,301**	**$3,806,698**
Interest income	**-**	**-**	**-**	**40**
	1,221,476	**1,255,977**	**3,919,301**	**3,806,738**
Expenses				
Property operating expenses (Note 12)	**537,508**	**587,388**	**1,762,720**	**1,967,258**
General and administrative expenses (Note 13)	**281,939**	**281,035**	**918,772**	**825,739**
Interest and other financing charges (Note 14)	**720,197**	**668,716**	**2,152,000**	**2,023,672**
Transaction costs (concessions) (Note 15)	**-**	**20,566**	**-**	**(733,088)**
Fair value adjustment on property held for sale (Note 17)	**900,000**	**-**	**900,000**	**-**
Gain on sale of investment properties	**(185,721)**	**-**	**(223,506)**	**-**
Stock based compensation (recovery) (Note 10)	**2,000**	**1,000**	**(210,000)**	**(33,000)**
	2,255,923	**1,558,705**	**5,299,986**	**4,050,581**
Net (Loss) and Comprehensive (Loss)	**($1,034,447)**	**($302,728)**	**($1,380,685)**	**($243,843)**
Income (Loss) per share				
Basic and diluted	**($0.38)**	**($0.13)**	**($0.55)**	**($0.10)**
Weighted average number of outstanding common shares				
Basic and diluted (Note 10)	**2,716,465**	**2,335,181**	**2,529,315**	**2,335,181**

The accompanying notes are an integral part of these financial statements

CHC Student Housing Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited)

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	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2015	**$19,527,459**	**$969,597**	**($12,940,368)**	**$7,556,688**
Issuance of shares, net	**-**	**-**	**-**	**-**
Stock options	**-**	**(60,000)**	**-**	**(60,000)**
Net income and comprehensive income for the period	**-**	**-**	**(243,843)**	**(243,843)**
Balance, September 30, 2016	**$19,527,459**	**$909,597**	**($13,184,211)**	**$7,252,845**
Balance, December 31, 2016	**$19,527,459**	**$909,597**	**($13,591,258)**	**$6,845,798**
Issuance of shares, net	**664,312**	**-**	**-**	**664,312**
Net (loss) and comprehensive (loss) for the period	**-**	**-**	**(1,380,685)**	**(1,380,685)**
Balance, September 30, 2017	**$20,191,771**	**$909,597**	**($14,971,943)**	**$6,129,425**

Cash provided by the following activities

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Operating activities				
Net income (loss)	**($1,034,447)**	**($302,728)**	**($1,380,685)**	**($243,843)**
Transaction costs (concessions)	**-**	**20,566**	**-**	**(733,088)**
Stock-based compensation (Note 10)	**2,000**	**1,000**	**(210,000)**	**(33,000)**
Amortization of financing transaction costs (Note 14)	**32,733**	**19,615**	**79,305**	**78,068**
Depreciation (Note 5)	**10,806**	**4,772**	**28,553**	**11,060**
Straight line rent	**-**	**3,054**	**-**	**2,203**
Interest expense on mortgages payable (Note 14)	**687,464**	**649,101**	**2,072,695**	**1,945,604**
Cash interest paid	**(701,524)**	**(649,643)**	**(2,085,275)**	**(1,864,877)**
Fair value adjustment on property held for sale (Note 17)	**900,000**	**-**	**900,000**	**-**
Gain on sale of investment properties	**(185,721)**	**-**	**(223,506)**	**-**
Net change in working capital	**(654,364)**	**313,869**	**(1,003,304)**	**436,265**
Net cash changes from operating activities	**($943,053)**	**59,606**	**($1,822,217)**	**($401,608)**
Investing activities				
Capital expenditures	**-**	**-**	**-**	**(99,578)**
Additions to furniture and equipment	**(11,510)**	**(15,490)**	**(28,582)**	**(43,347)**
Disposals of furniture and equipment	**-**	**-**	**-**	**3,231**
Proceeds from sale of investment properties (Note 4)	**1,745,412**	**-**	**1,883,197**	**-**
Deposits, net	**-**	**180,000**	**50,000**	**200,000**
Net cash changes from investing activities	**1,733,902**	**164,510**	**1,904,615**	**60,306**
Financing activities				
Equity issuance costs, net of costs	**-**	**-**	**664,312**	**-**
Mortgage principal repayments	**(628,474)**	**(36,401)**	**(703,409)**	**(108,722)**
Net cash changes from financing activities	**(628,474)**	**(36,401)**	**(39,097)**	**(108,722)**
Net changes in cash and cash equivalents	**162,375**	**187,715**	**43,301**	**(450,024)**
Cash and cash equivalents, beginning of period	**238,218**	**205,069**	**357,292**	**842,808**
Cash and cash equivalents, end of period	**$400,593**	**$392,784**	**$400,593**	**$392,784**

1. Nature of the organization

CHC Student Housing Corp. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) on April 12, 2013 with the intent of being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") corporate finance manual. The Company completed an initial public offering as a Capital Pool Company on November 19, 2013. As a Capital Pool Company, the Company proposed to identify and evaluate potential properties, assets or businesses as a potential Qualifying Transaction, and once identified and evaluated, to negotiate an acquisition or participation therein subject to regulatory approval and, if required, shareholders' approval. On April 3, 2014, the Company announced it had completed its Qualifying Transaction. The Company submitted final documentation with respect to the Qualifying Transaction to the TSXV and was granted Tier 2 status on the TSXV.

On October 30, 2014, the Company filed an amendment to its articles of incorporation as approved by its shareholders. The amendment added retraction rights to the share conditions attaching to the common shares of the Company so that it will be able to qualify as a "mutual fund corporation" as defined in the Income Tax Act (Canada) and the regulations thereunder. The Company's shares are listed on the TSXV under the symbol "CHC". The registered office of the Company and its head office operations are located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 3J1.

The Company owns student housing properties in close proximity to universities and colleges in primary and well understood secondary markets.

The Company's consolidated financial statements are prepared on a going concern basis.

The Company's ability to continue as a going concern is subject to a number of 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 equity private placements. The uncertainties below cast a significant doubt about the Company's ability to continue as a going concern.

The Company incurred a net loss of $1,380,685 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - net loss of $243,843) and as at September 30, 2017 had a working capital deficit of $51,445,277 including the current portion of long-term debt and mortgages payable on the Company's London property which is currently being held for sale (September 30, 2016 - $19,817,946).

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 and the sale of the London property. At present, the Company has obtained indefinite extensions on existing terms from its lenders in respect of the $2.75 million mortgage due on its Trois-Rivières property and the $13.75 million mortgage due on its London property while the Company works through its strategic review process (see below) but the mortgages remain payable on demand. In addition, the Company has completed a private placement offering, and is exploring all available options to secure additional funding, including new strategic partnerships given the failed transaction with Dundee Acquisition Ltd., as well as the sale of the Company or all or a portion of its assets.

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 substantial doubt on the Company's ability to continue as a going concern.

As previously disclosed, the Company's Board had formed a special committee of independent directors to identify, examine and consider strategic and financial alternatives potentially available to the Company, as announced on April 11, 2017. In working with the special committee, the Board accepted an offer to sell the Windsor property and subsequently closed on the sale on August 21, 2017. The sale of the property allowed the Company to pay down a portion of the demand mortgage on the Trois-Rivières property by $600,000 and to reduce the Company's other liabilities by approximately $900,000. The remainder of the funds will be used to fund ongoing operations.

The Company has also listed the London property for sale in September 2017 with Cushman Wakefield and is currently accepting offers on the property. If a transaction is successful, the Company expects to use proceeds from the sale to repay debt and improve its financial position, fund its ongoing operations and continue its strategic alternatives process. There can be no assurance that the Company will be able to sell the London property on favourable terms or on terms that will enable it to repay any material amount of its debt, improve its financial position and fund its ongoing operations.

These condensed consolidated interim financial statements do not include any additional adjustments to the recoverability and classification of recorded asset amounts, classification of liabilities and changes to the statements of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

2. Summary of significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, have been omitted or condensed.

The condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2016. These condensed consolidated interim financial statements have been presented in Canadian dollars and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2016.

3. Critical accounting estimates, assumptions, and judgments

The preparation of the condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The critical accounting estimates and judgments applied in the preparation of these interim financial statements are the same as those set out in Note 2 to the Company’s audited consolidated financial statements for the year ended December 31, 2016.

4. Investment properties

Fair values are determined by generally using the overall capitalization rate method. Under this method, capitalization rates are applied to a stabilized net operating income for each property, determined as property revenues less property operating expenses adjusted for market-based assumptions such as rent increases, long-term vacancy rates, repair and maintenance costs and other forecasted cash flows. Capitalization rates are based on recently closed transactions for similar properties, where available, or investment survey data, taking into account the location, size and quality of the property. The Corporation measures its investment properties using valuations prepared by management. The Corporation obtains valuations prepared by external appraisers as data points, together with other market and property specific information accumulated by management, in arriving at its own conclusions on values. Management uses valuation assumptions such as the overall capitalization rate applied in external appraisals to arrive at its estimates of fair value. The weighted average capitalization rate at September 30, 2017 was 6.1% (December 2016 - 5.2%).

As at	**September 30, 2017**	**December 31, 2016**
Income producing property	**$6,600,000**	**$64,500,000**
Development	**-**	**395,000**
Total	**$6,600,000**	**$64,895,000**

	For the three months ended Sept 30, 2017	**For the twelve months ended December 31, 2016**
Balance at the beginning of the period	**$64,895,000**	**$64,895,000**
Sale of investment properties	**(5,295,000)**	**-**
Reclassification to investment property held for sale	**(53,000,000)**	**-**
Balance at the end of the period	**$6,600,000**	**$64,895,000**

One of the Company’s investment properties having a fair value of $4 million is situated on land subject to a long term lease. The annual lease payment is $1,000 and the term expires in 2047.

4. Investment properties (continued)

During the nine month period ended September 30, 2017, the Company received proceeds of $137,785 from the sale of the investment in the 45 Mann student housing development property. The book value of these properties was $100,000. Also during the nine month period September 30, 2017, the Company realized the following gain on the disposition of the Windsor Property, a student housing property located in Winsor Ontario.

Gain on sale of Windsor Property

Proceeds of disposition	**$5,500,000**
Less: carrying value of Windsor Property	**(4,900,000)**
Less: carrying value of development property related to Windsor Property	**(295,000)**
Less: carrying value of furniture and equipment situated in Windsor Property	**(64,279)**
Less: transaction costs	**(55,000)**
Gain on sale	**$185,721**

The Richmond Street property has been reclassified as investment property held for sale and has been written down by the estimate disposal cost to a book value of $52,100,000. See note 17.

The following table summarizes the sensitivity of fair value of investment properties and investment properties held for sale to changes in the capitalization rate:

Rate sensitivity	Fair value	Changes in fair value
+ 50 basis points	**$54,279,437**	**($5,320,563)**
+ 25 basis points	**56,814,999**	**(2,785,001)**
Base rate	**59,600,000**	**-**
- 25 basis points	**62,673,283**	**3,073,283**
- 50 basis points	**66,082,222**	**6,482,222**

5. Furniture and equipment

	For the three months ended Sept 30, 2017	For the twelve months ended December 31, 2016
Balance at the beginning of the period	**$377,227**	**$150,583**
Additions	**28,582**	**226,644**
Disposals	**(64,280)**	**-**
Less: Accumulated depreciation	**(50,823)**	**(22,270)**
Balance at the end of the period	**$290,706**	**$354,957**

6. Deposits and prepaid expenses

As at	September 30, 2017	December 31, 2016
Prepaid property taxes	**$117,944**	**$10,432**
Non-refundable deposit on property	**-**	**50,000**
Other	**56,738**	**87,893**
Total	**$174,682**	**$148,325**

Non-refundable deposits on properties

6. Deposits and prepaid expenses (continued)

During 2014, the Company assumed, from an entity owned by two directors of the Company, for no payment or other consideration, an agreement to acquire a student housing property located in Sudbury, Ontario from an arm's length party to the Company. At December 31, 2014, the Company had made deposits of $500,000 which were non-refundable unless a record of site condition for the Sudbury property was not received and the transaction could therefore not close.

During 2015, the Company was informed by the vendor of one of the Sudbury property that the record of site condition would not be received until sometime in 2016. It was agreed that the required condition of providing the record of site condition to complete the transaction would be extended until December 31, 2016 in exchange for $450,000 of the $500,000 non-refundable deposit being returned to the Company in 2015.

As at May 2017, the vendor was unable to obtain the record of site condition and as such, the Company notified the vendor that it would not be proceeding with the transaction. The vendor agreed to release the remaining deposit back to the Company which was received on May 18, 2017.

7. Accounts receivable

As at	September 30, 2017	December 31, 2016
Rent and other receivables	**$73,627**	**$88,391**
Allowance for doubtful accounts	**(47,481)**	**(42,986)**
Accounts receivable	**$26,146**	**$45,405**

8. Mortgages payable

As at September 30, 2017, mortgages payable bear interest at a weighted average interest rate of 7.66% (December 31, 2016 – 5.04%) and a weighted average term to maturity of 0.7 years (December 31, 2016 – 0.9 years). The Company has two fixed rate mortgages in the aggregate amount of $3,609,909 and no floating rate mortgages (December 31, 2016 - $21,762,906 and $33,000,000). The fair value of the mortgages payable is higher than their carrying value by $15,321 (December 31, 2016 – $9,159). The mortgages payable are secured by the Company's investment properties.

As at September 30, 2017	Principal Amount	% of Total Principal
Remainder of 2017	**$2,187,569**	**97.2%**
2018	**41,809**	**0.1%**
2019	**1,380,531**	**2.7%**
Subsequent to 2019	**-**	**-**
	3,609,909	**100%**
Unamortized deferred financing costs	**(7,382)**	
Total	**3,602,527**	
Less: non-current portion	**(1,416,004)**	
Current portion	**$2,186,523**	

The Company replaced the existing $2,750,000 mortgage on the Trois-Rivières property with a new vendor loan for $2,777,500 at a fixed interest rate of 10% per annum maturing on April 9, 2017, and is open to repayment. The lender has further agreed to extend the mortgage to the Company on the same terms and conditions as it works through its strategic alternatives but the mortgage remains payable on demand. On August 30, 2017 the Company paid down $600,000 of principal leaving an outstanding balance of $2,177,500 on this mortgage. The Company is also in discussions with a variety of lenders regarding the refinancing of the existing debt.

9. Accounts payable and accrued liabilities

As at	**September 30, 2017**	**December 31, 2016**
Trade payables	**$2,563,771**	**$3,597,197**
Accrued interest payable	**207,544**	**220,124**
Security deposits	**346,052**	**468,832**
Total	**$3,117,367**	**$4,286,153**

10. Share capital

a) Authorized and issued

The Company is authorized to issue an unlimited number of common shares.

Issued and outstanding common shares	Number of Shares	Amount ($)	Equity Issuance Costs	Net Equity
Opening balance at January 1, 2017	2,335,181	$20,784,517	($1,257,058)	$19,527,459
Change during the period	381,284	667,247	(2,935)	664,312
Closing balance at September 30, 2017	**2,716,465**	**$21,451,764**	**($1,259,993)**	**$20,191,771**

The shares of the Company are redeemable at the option of the holder and therefore are required to be accounted for as financial liabilities, except where certain exemption conditions are met, in which case redeemable instruments may be classified as equity. The attributes of the Company's shares meet the exemption conditions set out in IAS 32, Financial Instruments: Presentation, and are therefore presented as equity for purposes of that standard.

On February 19, 2015, the Company completed a share consolidation on an 85 for 1 basis. All comparative figures for the number of shares and per share amounts have been restated on a post consolidation basis.

On May 15, 2017 the Company closed on aggregate proceeds of $667,247 under a non-brokered private placement.

b) Escrowed Shares

In connection with the Company's initial public offering and listing on the TSXV, 150,535 common shares of the Company issued in prior periods were placed and held in escrow under a TSXV CPC escrow agreement. Ten percent (10%) of these common shares were released from escrow on April 7, 2014 and an additional fifteen percent (15%) of these common shares were released from escrow on October 7, 2014, April 7, 2015, October 7, 2015, April 7, 2016, and October 7, 2016. The final release was completed as scheduled on April 7, 2017.

c) Stock options and Deferred share units

During 2013, the Company implemented a stock option plan that entitles directors, officers and employees of the Company to be awarded options. The options are granted and approved by the Board of Directors and have a strike price based on the preceding 5-day volume weighted average trading price from the grant date.

The options outstanding at September 30, 2017, are as follows:

Options awarded in	Number	Exercise Price	Expiry date	Fair Value at Grant Date
November 2013	48,529	$8.50	Dec-18	$309,000
	48,529			$309,000

The fair value of the financial liability related to these options was $6,000 at September 30, 2017, included in accounts payables and accrued liabilities, and a recovery of $56,000 has been recognized in stock based compensation (recovery) for the nine months ended September 30, 2017, comprising the mark to market adjustment on the options.

10. Share capital (continued)

On September 13, 2016, the Company's Board adopted a deferred share unit plan (the "DSU Plan") and approved the grant of 63,070 deferred share units (the "DSUs") to the directors in settlement of directors' fees accrued and unpaid during 2015 and the first two quarters of 2016, for an aggregated fair value amount of $304,000. Included in the aggregate fair value at the time of the grant was $121,000 of Board compensation expenses already accrued in 2015 and $183,000 of Board compensation incurred in the first two quarters of 2016. The DSUs are currently to be settled in cash when a director ceases to be a director of the Company. The fair value of the financial liability related to DSUs as at September 30, 2017 was $114,000, included in accounts payables and accrued liabilities, and a recovery of $154,000 has been recognized in stock based compensation (recovery) for the nine month ended September 30, 2017, comprising the mark to market adjustment on the unit, accordingly, the stock based compensation recovery recognized in the condensed consolidated statements of net loss and comprehensive loss for the period ended September 30, 2017 is $210,000 from the recognition of the DSUs.

d) Warrants

As part of an equity financing completed on November 19, 2014, the Company issued 871,822 warrants. The warrants have a term of 36 months from the date of issue. Each warrant entitles the holder to purchase one share for each warrant held at an exercise price of $11.05 per share.

None of the stock options issued to the directors and officers of the Company or the agent's options or the warrants were included in the calculation of diluted loss per share as the effect would be anti-dilutive.

11. Property revenues

Property revenues consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Residential rent	**$1,066,587**	**$1,147,635**	**$3,494,739**	**$3,445,878**
Commercial rent	**68,583**	**69,807**	**208,673**	**195,424**
Recoveries and other income	**86,306**	**38,535**	**215,889**	**165,396**
Total	**$1,221,476**	**$1,255,977**	**$3,919,301**	**$3,806,698**

All of the Company's residential leases are for a term of one year or less. Residential leases account for approximately 89% of the Company's rental revenue. Approximately 87% of the Company's rental revenue is earned in the province of Ontario, of which 69% is derived from a single property in London, Ontario for the period ended September 30, 2017.

12. Property operating expenses

Property operating expenses consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Realty taxes	**$194,341**	**$210,284**	**$616,173**	**$623,251**
Utilities	**77,127**	**105,439**	**358,205**	**459,328**
Wages and benefits	**68,934**	**84,643**	**219,660**	**269,922**
Repairs & maintenance	**98,531**	**76,929**	**298,915**	**259,616**
Management fees	**15,358**	**15,243**	**47,507**	**80,476**
General & marketing	**13,813**	**16,906**	**53,658**	**69,036**
Insurance	**30,883**	**32,261**	**91,587**	**95,118**
Bad debt expense	**27,774**	**40,662**	**48,021**	**99,235**
Other	**10,747**	**5,021**	**28,994**	**11,276**
Property operating expenses	**$537,508**	**$587,388**	**$1,762,720**	**$1,967,258**

13. General and administrative expenses

General and administrative expenses consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Legal and other professional	**$46,995**	**$69,015**	**$108,595**	**$159,986**
Audit and accounting	**1,168**	**39,550**	**107,103**	**113,000**
Wages and benefits	**164,420**	**144,710**	**495,882**	**419,390**
Rent	**10,322**	**7,744**	**36,438**	**32,762**
Marketing	**16,644**	**3,091**	**19,284**	**24,634**
Other	**42,390**	**16,925**	**151,470**	**75,967**
General and administrative expenses	**$281,939**	**$281,035**	**$918,772**	**$825,739**

14. Interest expense and other financing charges

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Interest on mortgages payable	**$687,464**	**$649,101**	**$2,072,695**	**$1,945,604**
Amortization of financing transaction costs	**32,733**	**19,615**	**79,305**	**78,068**
Interest and other financing charges	**$720,197**	**$668,716**	**$2,152,000**	**$2,023,672**

15. Transaction costs/(concessions)

Transaction costs/(concessions) consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Concessions	-	**20,566**	**-**	**(733,088)**
Transaction costs/(concessions)	-	**$20,566**	-	**($733,088)**

In 2016, the Company engaged in discussions with certain key vendors regarding their past fees associated with the failed equity offering which was terminated in the second quarter of 2015. These vendors agreed to take combined concessions of $765,044 from their fees which was realized during the year ended December 31, 2016.

16. Income taxes

The Company is subject to income taxes at the Canadian statutory income tax rate of 39.5%.

No income taxes are charged to other comprehensive income or equity for the period.

Reconciliations of tax expense and accounting income for the period ended September 30, 2017 is set out below:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income (loss)	**($1,034,447)**	**($302,728)**	**($1,380,685)**	**($243,843)**
Expected income tax recovery at statutory income tax rates	**(408,607)**	**(119,578)**	**(545,371)**	**(96,318)**
Permanent differences	**356,290**	**395**	**272,550**	**(13,035)**
Non-recognition of the benefit of current year's tax losses	**52,317**	**119,183**	**272,821**	**109,353**
Income tax expense	**$-**	**$-**	**$-**	**$-**

Deferred income tax assets and liabilities as at September 30, 2017 relate to the following:

	September 30, 2017	**December 31, 2016**
Non-capital losses (Canada)	**$3,583,259**	**$3,310,438**
Difference in basis	**1,128,526**	**1,128,526**
Non-recognition of deferred tax assets	**(4,711,785)**	**(4,438,964)**
Deferred tax asset	**$ -**	**$ -**

The future benefit of these losses and deductible temporary differences has not been recognized in the condensed consolidated interim financial statements. The Company is a “mutual fund corporation” for income tax purposes. As such, the Company can manage, and intends to manage, its affairs such that capital gains will ultimately not be taxed within the Company, but rather in the hands of its shareholders. Accordingly, deferred taxes are not recognized in respect of temporary differences on capital account, specifically, temporary differences on capital account related to Investment Properties. As at September 30, 2017, the unrecognized deductible temporary difference related to Investment Properties and Investment Properties held for sale was $1.5 million (December 31, 2016 - $1 million).

As at September 30, 2017, the expiry dates of the unrecognized deferred tax assets are 2033 to 2036.

17. Investment property held for sale

Investment property held for sale is an asset that the Company intends to sell rather than hold on a long-term basis. The property is located at 675 Richmond Street in London Ontario and is currently listed for sale. This property is a 17-storey building providing student housing primarily for students at Western University. The Company's plan to dispose of this investment property is in the ordinary course of business. If a transaction is successful, the Company expects to use proceeds from the sale to repay debt and improve its financial position, fund its ongoing operations and continue its strategic alternatives process.

The carrying cost of this building is $52,100,000 after offsetting the estimate cost to sell of $900,000.

One of the mortgages payable on this building for $13,750,000 is payable on demand. The remaining mortgage payable of $33,000,000 matures on November 30, 2017.

18. Related party transactions

The Company obtains certain management services from an entity owned by certain officers and a director of the Company, for which no management fees have been charged. This entity also paid for some corporate expenses on behalf of the Company during the quarter and $548,556 is included in accounts payable at September 30, 2017 (December 31, 2016 - $401,496).

19. Subsequent events

The Company has listed the London property for sale as of September 2017 with Cushman Wakefield and is currently accepting offers on the property. If a transaction is successful, the Company expects to use proceeds from the sale to repay debt and improve its financial position, fund its ongoing operations and continue its strategic alternatives process. There can be no assurance that the Company will be able to sell the London property on favourable terms or on terms that will enable it to repay any material amount of its debt, improve its financial position and fund its ongoing operations.

On October 12, 2017, the Company's Board approved the grant of 50,549 DSUs under the DSU Plan to the directors in settlement of directors' fees accrued and unpaid during the last two quarters of 2016 and the first quarter of 2017, for an aggregated fair value amount of $181,500. The DSUs were priced at the volume weighted average price of the common shares over the last five trading days preceding the end of each quarter for which the DSUs were granted, being: (i) $4.60 for 11,304 DSUs granted in respect of $52,000 in accrued fees for Q3 2016; (ii) $4.44 for 14,245 DSUs granted in respect of $63,250 in accrued fees for Q4 2016; and (iii) $2.65 for 25,000 DSUs granted in respect of $66,250 in accrued fees for Q1 2017. The Cash DSUs vested on grant and are currently to be settled in cash when a director ceases to be a director of the Corporation based on the market price of the Common Shares at the time of cessation. At a shareholders meeting held on November 10, 2017, the Company sought disinterested shareholder approval for the DSU Plan in accordance with the policies of the TSX Venture Exchange so that DSUs awarded under the DSU Plan could be settled in shares rather than cash. The Company did not receive disinterested shareholder approval of the DSU Plan and accordingly DSUs awarded under the DSU Plan remain to be settled in cash.

20. Approval of financial statements

The consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on November 28, 2017.