

CHC Student Housing Corp.
Condensed Consolidated Interim Financial Statements
March 31, 2015
(Unaudited)

CHC Student Housing Corp.
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(Unaudited)

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CHC Student Housing Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

As at	March 31, 2015	December 31, 2014
Assets		
Non-Current		
Investment properties (Note 4)	\$68,832,212	\$68,694,530
Furniture and equipment	62,129	14,801
	68,894,341	68,709,331
Current		
Accounts receivable	138,350	136,739
Deposits and prepaid expenses (Note 5)	2,212,505	1,636,823
Cash and cash equivalents	1,337,680	2,232,112
	3,688,535	4,005,674
Total Assets	\$72,582,876	\$72,715,005
Liabilities		
Non-Current		
Mortgages payable (Note 6)	\$40,899,791	\$40,919,892
	40,899,791	40,919,892
Current		
Mortgages payable (Note 6)	13,810,391	13,730,604
Accounts payable and accrued liabilities (Note 7)	1,340,368	993,908
	15,150,759	14,724,512
Total Liabilities	56,050,550	55,644,404
Shareholders' Equity		
Share Capital (Note 8)	19,527,557	19,528,302
Contributed Surplus	969,597	536,871
Deficit	(3,964,828)	(2,994,572)
Total Shareholders' Equity	16,532,326	17,070,601
Total Liabilities and Shareholders' Equity	\$72,582,876	\$72,715,005

Approved on behalf of the Board

(signed) "Louis Forbes"
Louis Forbes
Director

(signed) "Ronald Schwarz"
Ronald Schwarz
Director

The accompanying notes are an integral part of these financial statements

CHC Student Housing Corp.
Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(Unaudited)

	For the three months ended March 31, 2015	For the three months ended March 31, 2014
Revenue		
Property revenues (Note 9)	\$1,363,719	\$-
Interest income	427	3,737
	1,364,146	3,737
Expenses		
Property operating expenses (Note 10)	709,732	-
General and administrative expenses	734,644	27,214
Acquisition transaction costs	120,080	-
Interest expense (Note 11)	769,946	-
	2,334,402	27,214
Net Loss and Comprehensive Loss	(\$970,256)	(\$23,477)
Loss per share		
Basic and diluted	(\$0.42)	(\$0.04)
Weighted average number of outstanding common shares		
Basic and diluted	2,335,181	647,059

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)

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2013	\$4,713,716	\$362,000	(\$324,162)	\$4,751,554
Net loss and comprehensive loss for the year	-	-	(23,477)	(23,477)
Balance, March 31, 2014	\$4,713,716	\$362,000	(\$347,639)	\$4,728,077
Balance, December 31, 2014	\$19,528,302	\$536,871	(\$2,994,572)	\$17,070,601
Issuance of shares, net	(745)	-	-	(745)
Stock options	-	432,726	-	432,726
Net loss and comprehensive loss for the period	-	-	(970,256)	(970,256)
Balance, March 31, 2015	\$19,527,557	\$969,597	(\$3,964,828)	\$16,532,326

The accompanying notes are an integral part of these financial statements

CHC Student Housing Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)

Cash provided by the following activities

	For the period ended March 31, 2015	For the period ended March 31, 2014
Operating activities		
Net loss	(\$970,256)	(\$23,477)
Non-cash compensation	432,726	-
Depreciation	899	-
Straight line rent	(1,545)	-
Interest expense	769,946	-
Cash interest paid	(369,255)	-
Net change in working capital	112,980	12,087
Net cash changes from operating activities	(24,505)	(11,390)
Investing activities		
Capital expenditures - maintenance	(1,525)	-
Capital expenditures - growth	(134,612)	-
Purchase of furniture and equipment	(47,796)	-
Deposits	(650,000)	(25,000)
Net cash changes from investing activities	(833,933)	(25,000)
Financing activities		
Equity issuance costs	(745)	-
Principal repayments	(35,249)	-
Financing transaction costs	-	(3,163)
Net cash changes from financing activities	(35,994)	(3,163)
Net decrease in cash and cash equivalents	(894,432)	(39,553)
Cash and cash equivalents, beginning of period	2,232,112	4,747,127
Cash and cash equivalents, end of period	\$1,337,680	\$4,707,574

The accompanying notes are an integral part of these financial statements

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the periods ended March 31, 2015 and 2014
(Unaudited)

1. Description of the business

CHC Student Housing Corp. (the “Company”) owns student housing properties in close proximity to universities in primary and well understood secondary markets, with a focus on contemporary, purpose-built student housing properties.

The Company earns revenues from student housing operations that fluctuate during the year. Revenue earned during the period from September to April are typically the highest as this coincides with the university academic year.

The Company’s shares are listed on the Toronto Venture Stock Exchange 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.

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, 2014. These 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, 2014.

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 consolidated financial statements for the year ended December 31, 2014.

4. Investment properties

The fair value of the Company’s income producing properties reflects a weighted average capitalization rate of 6.0% (December 31, 2014 – 6.0%). A 25 basis point change in the utilized capitalization rate would cause the estimated fair value of investment properties to change by approximately \$2.8 million. A \$100,000 change in net operating income would cause a change in fair value of \$1.6 million.

<i>As at</i>	March 31, 2015	December 31, 2014
Income producing property	\$68,437,212	\$68,299,530
Development	395,000	395,000
Total	\$68,832,212	\$68,694,530

CHC Student Housing Corp.
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	For the period ended March 31, 2015	For the year ended December 31, 2014
Balance at the beginning of the period	\$68,694,530	\$-
Acquisitions	-	68,553,762
Investment in development properties	-	100,000
Capital expenditures	137,682	40,768
Balance at the end of the period	\$68,832,212	\$68,694,530

One of the Company's investment properties having a fair value of \$5.5 million is situated on land subject to a long term lease. The annual lease payment is \$1,000 and the term expires in 2047.

5. Deposits and prepaid expenses

<i>As at</i>	March 31, 2015	December 31, 2014
Non-refundable deposits on properties	\$1,250,000	\$500,000
Refundable deposits on properties in due diligence	550,000	650,000
Debt service reserves	165,477	436,918
Other	247,028	49,905
Total	\$2,212,505	\$1,636,823

The Company had deposits towards the potential purchase of properties from unrelated entities totalling \$1,250,000 as at March 31, 2015 (December 31, 2014 - \$500,000).

6. Mortgages payable

As at March 31, 2015 mortgages payable bear interest at a weighted average interest rate of 4.76% (December 31, 2014 - 4.97%) and a weighted average term to maturity of 2.5 years (December 31, 2014 - 2.5 years). The Company has four fixed rate mortgages in the aggregate amount of \$16,485,930 and two floating rate mortgages in the aggregate amount of \$38,500,000 (December 31, 2014 - \$16,521,180 and \$38,500,000), representing 30% and 70%, respectively, of total mortgages payable. The fair value of the mortgages payable exceeds their carrying value by \$95,633 (December 31, 2014 - Nil). The mortgages payable are secured by the Company's investment properties. The Company has also guaranteed up to \$52.3 million of mortgages payable.

<i>As at March 31, 2015</i>	Principal Amount	% of Total Principal
Remainder of 2015	13,855,486	25.2%
2016	2,895,448	5.3%
2017	33,150,788	60.3%
2018	156,324	0.3%
2019	4,928,317	8.9%
	\$54,986,363	100%
Unamortized deferred financing costs	(\$276,181)	
Total	\$54,710,182	
Less: current portion	(13,810,391)	
Non-current portion	\$40,899,791	

The mortgages maturing in the remainder of 2015 consist of a second mortgage of \$8,250,000 maturing in July and a portion of a first mortgage of \$5,500,000 maturing in November, both of which are secured by the same property which has an estimated fair value of \$54,725,000. The remainder of the first mortgage on such property has an outstanding balance of \$33,000,000 and matures in November 2017.

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7. Accounts payable and accrued liabilities

As at March 31, 2015 accounts payable and accrued liabilities were comprised of the following:

<i>As at</i>	March 31, 2015	December 31, 2014
Trade payables	\$689,683	\$401,279
Accrued interest payable	178,286	143,540
Security deposits	472,399	449,089
Total	\$1,340,368	\$993,908

8. 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, 2015	2,335,181	\$20,784,517	(\$1,256,215)	\$19,528,302
Change during the period	-	-	(745)	(745)
Closing balance at March 31, 2015	2,335,181	\$20,784,517	(\$1,256,960)	\$19,527,557

During the period ended March 31, 2015 the Company completed a share consolidation on a basis of 85 to 1. All comparative figures for number of shares and per share amounts have been restated on a post consolidation basis.

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. An additional fifteen percent (15%) of these common shares were released from escrow on October 7, 2014 and April 7, 2015, and every six months thereafter until all common shares have been released from escrow.

c) Stock options

The Company has implemented a stock option plan in favour of the directors and employees of the Company. 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 vest 1/3rd immediately and 1/3rd each on the following two anniversaries from the grant date. To date, only two tranches of stock options have been granted under the plan, one in November 2013 and the other in December 2013. As at March 31, 2015, all the 2013 options remain outstanding. All 37,812 of the options granted in December 2014 were voluntarily cancelled during the period. Total costs of \$432,726 (2014 - Nil) were recognized in compensation expense related to the cancelation of the December 2014 options during the period.

Details of the options outstanding at March 31, 2015 are as follows:

Options awarded in	Number	Exercise Price	Expiry Date	Fair Value at Grant Date
Nov-13	48,529	\$8.50	Dec-18	\$309,000
	48,529			\$309,000

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d) Agent's options

As part of the compensation to the agent of the Company's initial public offering on November 19, 2013, the Company issued 11,764 options exercisable for 24 months from the date of issue at an exercise price of \$8.50.

e) Warrants

As part of the 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, the agent's options or warrants were included in the calculation of diluted loss per share as the effect would be anti-dilutive.

9. Property revenues

Property revenues consist of the following:

	For the period ended March 31, 2015	For the period ended March 31, 2014
Rent	\$1,285,631	\$-
Recoveries and other income	78,088	-
Total	\$1,363,719	\$-

All of the Company's residential leases are for a term of one year or less. Residential leases account for approximately 95% of the Company's rental revenue. Approximately 86% of the Company's rental revenue is earned in the province of Ontario, of which 68% is derived from a single property in London, Ontario.

10. Property operating expenses

Property operating expenses consist of the following:

	For the period ended March 31, 2015	For the period ended March 31, 2014
Realty taxes	\$198,700	\$-
Utilities	228,688	-
Wages and benefits	109,574	-
Repairs and maintenance	64,041	-
Management fees	47,509	-
Insurance	29,139	-
Other	830	-
General and marketing	35,421	-
Bad debt expense (recovery)	(4,170)	-
Total	\$709,732	\$-

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11. Interest expense

Interest expense consists of the following:

	For the period ended March 31, 2015	For the period ended March 31, 2014
Interest on mortgages payable	\$675,442	\$-
Amortization of financing transaction costs	94,504	-
Total	\$769,946	\$-

A 25 basis point change in interest rates would cause interest expense to change by approximately \$100,000.

12. Income taxes

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

The Company has net operating losses of \$1,319,641 and total deductible temporary differences of \$2,922,003 consisting primarily of transaction costs capitalized for tax purposes and equity issuance costs. The future benefit of these losses and deductible temporary differences has not been recognized in the financial statements. The cumulative income tax benefits not recognized by the Company as at March 31, 2015 is \$1,675,449 (December 31, 2014 - \$1,462,000).

13. Related party transactions

The Company obtains certain management services from an entity owned by certain officers and directors of the Company, for which no fees have been charged.

14. Subsequent events

On May 14, 2015, the Company filed a preliminary prospectus to raise gross proceeds of \$92.5 million from the sale of common shares of the Company. The offering is expected to close in June 2015.

15. Approval of financial statements

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on May 27, 2015.