CHC Student Housing Corp.
Consolidated Interim Financial Statements
March 31, 2018 (Unaudited)

MANAGEMENT'S COMMENTS ON
UNAUDITED CONSOLIDATED 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 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 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.

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

As at	March 31, 2018	December 31, 2017
Assets		
Non-Current		
Investment properties (Note 5)	**$56,800,000**	**$5,400,000**
Furniture and equipment (Note 6)	**366,724**	**94,337**
	57,166,724	**5,494,337**
Current		
Cash	**346,534**	**333,126**
Deposits and prepaid expenses (Note 7)	**119,764**	**13,242**
Accounts receivable (Note 8)	**57,867**	**31,672**
	524,165	**378,040**
Assets held for sale (Note 19)	**1,900,000**	**53,596,394**
	2,424,165	**53,974,434**
Total Assets	**$ 59,590,889**	**$ 59,468,771**
Liabilities		
Non-Current		
Mortgages payable	**$-**	**$1,378,377**
	-	**1,378,377**
Current		
Accounts payable and accrued liabilities (Notes 10,17)	**3,935,730**	**3,084,237**
Note payable (Note 18)	**150,000**	**-**
Mortgages payable (Note 9)	**48,927,500**	**2,215,127**
	53,013,230	**5,299,364**
Liabilities related to assets held for sale (Note 19)	**1,449,835**	**47,312,713**
	54,463,065	**52,612,077**
Total Liabilities	**54,463,065**	**53,990,454**
Shareholders' Equity		
Share Capital (Note 11)	**20,191,771**	**20,191,771**
Contributed Surplus	**909,597**	**909,597**
Deficit	**(15,973,544)**	**(15,623,051)**
	5,127,824	**5,478,317**
	$59,590,889	**$59,468,771**

Nature of the organization and going concern (Note 1)

Approved on behalf of the Board

(signed)"Tom Murphy" *(signed)"Ron Schwarz"*

Tom Murphy *Ronald Schwarz*

Director *Director*

The accompanying notes are an integral part of these financial statements

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

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Revenue		
Property revenues (Note 12)	**$1,188,456**	**$1,390,036**
	1,188,456	**1,390,036**
Expenses		
Property operating expenses (Note 13)	**494,512**	**644,407**
General and administrative expenses (Note 14)	**370,513**	**282,435**
Interest and other financing charges (Note 15)	**698,924**	**707,065**
Gain on sale of investment properties (Note 5)	**-**	**(37,785)**
Stock based compensation increase/(decrease) in fair value (Note 11)	**(25,000)**	**(140,000)**
	1,538,949	**1,456,122**
Net loss and comprehensive loss	**($350,493)**	**($66,086)**
Loss per share		
Basic and diluted	**($0.13)**	**($0.03)**
Weighted average number of outstanding common shares		
Basic and diluted (Note 11)	**2,716,465**	**2,335,181**

The accompanying notes are an integral part of these financial statements

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

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2016	**$19,527,459**	**$909,597**	**($13,591,258)**	**$6,845,798**
Issuance of common shares, net	**-**	**-**	**-**	**-**
Net loss and comprehensive loss for the period	**-**	**-**	**(66,086)**	**(66,086)**
Balance, March 31, 2017	**$19,527,459**	**$909,597**	**($13,657,344)**	**$6,779,712**
Balance, December 31, 2017	**$20,191,771**	**$909,597**	**($15,623,051)**	**$5,478,317**
Issuance of common shares, net	**-**	**-**	**-**	**-**
Net loss and comprehensive loss for the period	**-**	**-**	**(350,493)**	**(350,493)**
Balance, March 31, 2018	**$20,191,771**	**$909,597**	**($15,973,544)**	**$5,127,824**

The accompanying notes are an integral part of these financial statements

Cash provided by (used in) the following activities:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Operating activities		
Net loss and comprehensive loss	**($350,493)**	**($66,086)**
Stock-based compensation increase/(decrease) in fair value (Note 11)	**(25,000)**	**(140,000)**
Amortization of financing transaction costs (Note 15)	**1,046**	**15,790**
Depreciation (Note 6)	**24,428**	**8,854**
Interest expense on mortgages payable (Note 15)	**697,878**	**691,275**
Cash interest paid	**(696,893)**	**(689,440)**
Straight line rent	**(11,153)**	**-**
Gain on sale of investment properties (Note 5)	**-**	**(37,785)**
Net change in working capital (Note 23)	**234,506**	**198,081**
Net decrease in cash from operating activities	**($125,681)**	**($19,311)**
Investing activities		
Additions to furniture and equipment (Note 6)	**($421)**	**($-)**
Proceeds from sale of investment properties (Note 5)	**-**	**137,785**
Net increase/(decrease) in cash from investing activities	**($421)**	**$137,785**
Financing activities		
Note payable (Note 18)	**$150,000**	**$-**
Mortgage principal repayments	**(10,490)**	**(37,340)**
Net decrease in cash from financing activities	**$139,510**	**($37,340)**
Net decrease in cash and cash equivalents	**$13,408**	**81,134**
Cash, beginning of period	**333,126**	**357,292**
Cash, end of period	**$346,534**	**$438,426**

1. Nature of the organization and going concern

CHC Student Housing Corp. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) on April 12, 2013 with the intent to being classified as a Capital Pool Company as defined in Policy 2.4 of the Toronto Venture Stock 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 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, with a focus on contemporary, purpose-built student housing properties.

Going concern

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 private equity 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 $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 existing terms from its lenders in respect of the $2,177,500 mortgage due on its Trois-Rivières Property and the $13,750,000 mortgage due on its London Property. The London Property mortgage of $33,000,000 has also been extended to July 3, 2018 at the same terms and conditions except that the rate has changed from a three month Banker's Acceptance rate plus 215 basis points to three month Banker's Acceptance rate plus 275 basis points (effective April 17, 2018). The Company is continuing to seek long term financing on its Trois and London Properties.

As previously disclosed, the Company's Board 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 were used to fund ongoing operations.

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 its special committee pursues the Company's strategic review process.

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. For more information see Notes 19 and 24.

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

1. Nature of the organization and going concern (continued)

In addition, the Company continues to explore all available options to secure additional funding, including new strategic partnerships 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 significant doubt on the Company's ability to continue as a going concern.

These 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.

Principles of Consolidation

These consolidated interim financial statements include the accounts of the parent Company, CHC Student Housing Corp. and its wholly owned subsidiaries, after elimination of intercompany transactions, balances, revenues and expenses.

Subsidiaries

Subsidiaries are entities where the Company has control. Control is achieved when CHC Student Housing Corp. is exposed to, or has the rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee. Power may be determined on the basis of voting rights or in the case of structured entities, other contractual arrangements. The Company reassesses whether or not it controls an investee based on current facts and circumstances. All subsidiaries are consolidated from the date CHC Housing Corp. obtains control and continues to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. See note 1.

The consolidated interim financial statements are prepared on a historical basis except for investment properties and investment property held for sale, which are measured at fair value.

The following are the significant accounting policies used in the preparation of these financial statements:

Investment Properties

The Company accounts for its investment properties in accordance with International Accounting Standard (“IAS”) 40 Investment Property (“IAS 40”). For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination; otherwise they are initially measured at cost including directly attributable expenses. Subsequent to acquisition, investment properties are carried at fair value, which is the amount at which the individual properties could be sold between willing parties in an arm’s length transaction, based on current prices in an active market for similar properties in the same location, considering the highest and best use of the asset. Gains and losses arising from changes in fair value are recognized in net income in the period of change. All costs associated with upgrading and extending the economic life of existing properties other than ordinary maintenance, are capitalized to investment properties.

Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition. When parts of an item of furniture and equipment have different useful lives, those components are accounted for as a separate item of furniture and equipment.

Gains and losses on the disposal of an item of furniture and equipment are determined by comparing the proceeds on disposal to the carrying amount of the furniture and equipment, and are recognized in earnings. Depreciation is recognized using the straight-line method for each component. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. The Company reviews the depreciation methods, useful lives and residual values at each reporting date.

2. Summary of significant accounting policies (continued)

Depreciation is calculated as follows:

Furniture and fixtures	Straight-line over 5-10 years
Computer equipment	Straight-line over 3-10 years

Revenue Recognition

The Company has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Rental revenue from investment properties includes rents, parking and other sundry revenues. All residential leases are for one year terms or less and commercial revenue is recognized on a straight-line basis over the term of the lease. Leasehold inducements represent consideration of various incentives for the lessee to sign the lease and are recognized as a reduction in revenue pursuant to the terms of the agreement which is on a straight-line basis over the term of the lease.

Deferred Income Taxes

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs.

To the extent that the Company does not consider it to be more likely than not that a deferred tax asset will be recovered. The deferred tax asset is not recognized.

Equity Issuance Costs

These costs relate directly to the issuance of share capital by the Company. These costs are accounted for as a deduction from equity when shares are issued by the Company.

Stock Options

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. During the period in which options are outstanding, the liability is adjusted for changes in the fair value with such adjustments being recognized as compensation expense in stock based compensation expense in the period in which they occur. The liability balance is reduced as options are exercised and recorded in equity as common shares along with the proceeds received on exercise.

The Company maintains compensation plans which include the granting of stock options to Directors and Employees. The Company records the expense associated with these awards immediately. Stock options are settled with stock units. However, due to the fact that shares are redeemable, awards of options are considered to be cash-settled. As such, the fair value of options are recognized as a liability and re-measured at each reporting date, with changes recognized in the consolidated statement of income. Compensation expense for stock options granted to non-employees is measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Company received the goods or the services using the Black Scholes option pricing model.

Earnings Per Share

Earnings per share is calculated using the weighted average number of shares outstanding during the period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market price for the period are exercised. The difference between the number of shares that would have been issued on exercise of the options and the number of shares that could be purchased with the option proceeds is then included in the denominator of the diluted earnings per share computation. Diluted loss per share has not been recorded for the year as the effect would have been anti-dilutive.

2. Summary of significant accounting policies (continued)

Comprehensive Loss

Comprehensive loss includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive loss is the total of net loss and other comprehensive loss. Other comprehensive loss comprises expenses and losses that, in accordance with IFRS, require recognition, but are excluded from net loss. The Company does not have any items giving rise to other comprehensive loss in the year nor is there any accumulated balance of other comprehensive loss. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net loss for the year.

Functional Currency

The consolidated financial statements are presented in Canadian dollars, which is the parent Company's functional and presentation currency. Management reviewed the primary and secondary indicators in IAS 21, The Effects of changes in Foreign Exchange Rates, and determined that the functional currency for all subsidiaries is also Canadian dollars.

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at March 31, 2018:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Mortgages payable	Other financial liabilities
Stock options	Fair value through profit or loss

The Company initially measures all of its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

a) Loans and receivables are measured at amortized cost using the effective interest method.

b) Held-for trading financial assets are measured at fair value at the statement of financial position date with any gain or loss recognized immediately in net income. Interest and dividends earned from held-for-trading are also included in income for the period.

c) Other financial liabilities are measured at amortized cost using the effective interest method.

Financing transaction costs that are directly attributable to the issuance of financial assets or liabilities, not measured at fair value through profit or loss, are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

Non-Current Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when the asset is available for immediate sale in its present condition, management is committed to the sale, and it is highly probable to occur within one year. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value and are presented separately from other assets on the consolidated statements of financial position.

These measurement requirements do not apply to non-current assets, including the Company's investment property held for sale, that are accounted for in accordance with the fair value model in IAS 40. Comparative information is not adjusted to reflect the held for sale classification in the consolidated statements of financial position.

Changes in Accounting Policy

On January 1, 2017, the Company adopted an amendment to IAS 7, which requires specific disclosures for movements in certain liabilities on the consolidated statements of cash flows. This amendment did not result in a material impact to these consolidated financial statements.

3. Critical accounting estimates, assumptions, and judgments

The preparation of consolidated annual financial statements in accordance with IFRS requires the use of estimates, assumptions, and judgments that in some cases relate to matters that are inherently uncertain, and which affect the amounts reported in the consolidated annual financial statements and accompanying notes. Areas of such estimation include, but are not limited to: valuation of investment properties, re-measurement at fair value of financial instruments, valuation of accounts receivable, capitalization of costs, accounting accruals, the amortization of certain assets, the valuation of stock options and accounting for deferred income taxes. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated annual financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could also differ from those estimates under different assumptions and conditions. The estimates deemed to be more significant, due to subjectivity and the potential risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities include:

Classification of Assets and Liabilities as Held for Sale

Classification of assets and liabilities as held for sale requires judgment on whether the carrying amount will be recovered principally through a sale transaction rather than through continuing use and whether the sale is highly probable.

Valuation of Investment Properties

Investment properties are measured at fair value in the consolidated statement of financial position at each reporting date. Fair values are determined by detailed internal valuations, generally using the overall capitalization rate ("OCR") method. Under this method, capitalization rates are applied to a stabilized net operating income ("NOI") 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 most significant assumption is the capitalization rate as it magnifies the effect of a change in stabilized NOI. An increase in the capitalization rate will result in a decrease to the fair value of an investment property and vice versa. Fair values for investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 22.

Leases

The Company makes judgments in determining whether certain leases, in particular tenant leases where the Company is the lessor, are either operating or finance leases. The Company has determined, based on an evaluation of terms and conditions of the lease arrangements, that the Company retains all the significant risks and rewards of ownership of these properties and accounts for these arrangements as operating leases.

4. Future accounting changes

Financial instruments

IFRS 9, which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"), addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. While determination is made at initial recognition, classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The most significant change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement. IFRS 9 has a mandatory effective date for annual periods beginning on or after January 1, 2018, with earlier application permitted.

Revenue recognition

IFRS 15 provides a single comprehensive model to account for revenue arising from contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018, with earlier application permitted.

4. Future accounting changes (continued)

Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17, "Leases" and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.

Share-based Payment

In June 2016, the IASB issued final amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Company intends to adopt the amendments to IFRS 2 for the annual period beginning on January 1, 2018. The Company does not expect any impact to its consolidated financial statements as the amendments are in line with the Company's current policy.

Management continues to evaluate the impact of these standards on the Company.

5. 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 March 31, 2018, was 5.1% (December 31, 2017 - 5.1%).

As at	**March 31, 2018**	**December 31, 2017**
Balance at the beginning of the year	**$5,400,000**	**$64,895,000**
Sale of investment properties	**-**	**(5,295,000)**
Reclassification from investment property held for sale	**53,300,000**	**-**
Reclassification to investment property held for sale (Note 18)	**(1,900,000)**	**(53,300,000**
Fair value adjustment on investment properties	**-**	**(900,000)**
Balance at the end of the year	**$56,800,000**	**$5,400,000**

The London Property was reclassified as investment property held for sale and measured at its fair value of $53,300,000 at December 31, 2017. This property is no longer held for sale and has been reclassified to investment properties. During the period ended March 31, 2018 the Kingston Property was listed for sale and reclassified as investment property held for sale. See note 19.

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.

During the period ended March 31, 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 this property was $100,000 and the realized gain on sale was $37,785.

5. Investment properties (continued)

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

As at March 31, 2018

		-3%	-1%	As estimated	1%	3%
Implied NOI		**$2,915,277**	**$2,975,386**	**$3,005,440**	**$3,035,494**	**$3,095,603**
Capitalization Rate						
-0.50%	**4.62%**	**$63,101,234**	**$64,402,294**	**$65,052,814**	**$65,703,333**	**$67,004,394**
-0.25%	**4.87%**	**59,861,951**	**61,096,222**	**61,713,347**	**62,330,472**	**63,564,743**
Cap Rate Used	**5.12%**	**56,939,004**	**58,113,008**	**58,700,000**	**59,286,992**	**60,460,996**
+0.25%	**5.37%**	**54,288,212**	**55,407,561**	**55,967,225**	**56,526,890**	**57,646,238**
+0.50%	**5.62%**	**$51,873,256**	**$52,942,811**	**$53,477,580**	**$54,012,349**	**$55,081,904**

6. Furniture and equipment

	March 31, 2018	December 31, 2017
Balance at the beginning of the year	**$452,152**	**$377,227**
Additions	**421**	**139,204**
Disposals	**-**	**(64,279)**
Less: Accumulated depreciation	**(85,849)**	**(61,421)**
Balance at the end of the year	**$366,724**	**$390,731**
Furniture and equipment	**366,724**	**94,337**
Furniture and equipment held for sale (Note 19)	**-**	**296,394**
Balance at the end of the year	**$366,724**	**$390,731**

7. Deposits and prepaid expenses

As at	March 31, 2018	December 31, 2017
Prepaid property taxes	**$109,671**	**$10,460**
Other	**10,093**	**2,782**
Total	**$119,764**	**$13,242**

8. Accounts receivable

As at	March 31, 2018	December 31, 2017
Rent and other receivables	**$67,050**	**$40,855**
Allowance for doubtful accounts	**(9,183)**	**(9,183)**
Accounts receivable	**$57,867**	**$31,672**

9. Mortgages payable

As at March 31, 2018, mortgages payable bear interest at a weighted average interest rate of 5.66% (December 31 2017 – 7.67%). Excluding mortgages payable classified as held for sale, the Company has two fixed rate mortgages in the aggregate amount of $15,927,500 and one floating rate mortgage of $33,000,000 as at March 31, 2018 (December 31, 2017 - $3,599,840 and $33,000,000). The fair value of the mortgages payable at March 31, 2018 is higher than their carrying value by $1,455 (December 31, 2017 - $10,325). The mortgages payable are secured by the Company's investment properties.

As at March 31, 2018	**Principal Amount**	**% of Total Principal**
2018	**$48,927,500**	**100%**
2019	**-**	**-**
	$48,927,500	**100%**
Mortgages payable held for sale (Note 19)	**$1,406,560**	

10. Accounts payable and accrued liabilities

As at March 31, 2018, accounts payable and accrued liabilities were comprised of the following:

	March 31, 2018	**December 31, 2017**
Trade payables	**$3,288,131**	**$3,012,964**
Accrued interest payable	**222,390**	**221,405**
Security deposits	**468,484**	**412,581**
Total	**$3,979,005**	**$3,646,950**
Accounts payable and accrued liabilities	**$3,935,730**	**$3,084,237**
Accounts payable and accrued liabilities held for sale (Note 19)	**43,275**	**562,713**
Total	**$3,979,005**	**$3,646,950**

11. 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**
Issuance of common shares, net	**381,284**	**667,247**	**(2,935)**	**664,312**
Closing balance at December 31, 2017	**2,716,465**	**$21,451,764**	**($1,259,993)**	**$20,191,771**
Issuance of common shares, net	**-**	**-**	**-**	**-**
Closing balance at March 31, 2018	**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.

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 Company granted 48,529 options in November 2013. No options have been subsequently granted.

The options outstanding at March 31, 2018 and December 31, 2017, are as follows:

Stock options awarded in	Number	Exercise Price	Expiry date	Fair Value at Grant Date
November 2013	**48,529**	**$8.50**	**December 2018**	**$309,000**

The fair value of the financial liability related to these options was $0 at March 31, 2018, and a recovery of $2,000 (March 31, 2017 - $39,000) has been recognized in stock based compensation (recovery) for the period ended March 31, 2018, comprising the mark to market adjustment on the options.

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 March 31, 2018 was $69,000, included in accounts payables and accrued liabilities, and a recovery of $23,000 (March 31, 2017 - $101,000) has been recognized in stock based compensation expense and change in fair value for the period ended March 31, 2018, comprising the mark to market adjustment on the units.

Accordingly, the stock based compensation revaluation recognized in the Consolidated Interim Statements of Net Loss and Comprehensive Loss for the period ended March 31, 2018 is $25,000 (March 31, 2017 - $140,000) from the recognition of the options and DSUs.

12. Property revenues

Property revenues were comprised of the following:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Residential rent	**$1,076,971**	**$1,274,935**
Commercial rent	**71,377**	**70,338**
Recoveries and other income	**40,108**	**44,763**
Total	**$1,188,456**	**$1,390,036**

All of the Company's residential leases are for a non-cancellable term of one year or less. For the period ended March 31, 2018 residential leases account for approximately 91% (March 31, 2017 – 90%) of the Company's rental revenues. For the period ended March 31, 2018, approximately 87% (March 31, 2017 – 86%) of the Company's rental revenues were earned in the province of Ontario and 82% (March 31, 2017 – 67%) of total revenues were derived from the London Property.

13. Property operating expenses

Property operating expenses were comprised of the following:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Realty taxes	**$174,699**	**$212,351**
Utilities	**71,096**	**183,796**
Wages and benefits	**64,920**	**83,987**
Repairs and maintenance	**130,667**	**78,822**
Management fees	**15,835**	**17,460**
General and marketing	**15,360**	**21,924**
Insurance	**14,161**	**30,817**
Bad debt expense (recovery)	**(1,179)**	**6,146**
Other	**8,953**	**9,104**
Property Operating expenses	**$494,512**	**$644,407**

14. General and administrative expenses

General and administrative expenses were comprised of the following:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Legal and other professional	**$44,401**	**$32,738**
Transaction costs regarding sale of the London Property	**127,566**	**-**
Audit and accounting	**6,042**	**25,000**
Wages and benefits	**140,874**	**189,933**
Rent	**11,618**	**11,473**
Marketing	**743**	**1,433**
Other	**39,269**	**21,858**
General and administrative expenses	**$370,513**	**$282,435**

15. Interest expense

Interest expense was comprised of the following:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Interest on mortgages payable	**$697,878**	**$691,275**
Amortization of financing transaction costs	**1,046**	**15,790**
Total	**$698,924**	**$707,065**

16. Income taxes

No income taxes are charged to other comprehensive income or equity for the period ended March 31, 2018 and year ended December 31, 2017.

The Company's statutory income tax rate has remained consistent at 39.5%.

Reconciliation of tax expense and accounting income for the period ended March 31, 2018, are set out below:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Net loss for the period	$(350,493)	$(66,086)
Expected income recovery	(138,445)	(26,104)
Permanent differences	9,875	55,300
Non-recognition of the benefit of current year's tax losses	128,570	(29,196)
Income tax expense	$ -	$ -

Deferred income tax assets and liabilities as at March 31, 2018, relate to the following:

As at	March 31, 2018	December 31, 2017
Non-capital losses	$5,411,122	$5,162,695
Difference in basis	(505,352)	1,892,377
Non-recognition of deferred tax assets	(4,905,770)	(7,055,072)
Total net deferred tax asset	$ -	$ -

The future benefit of these losses and deductible temporary differences has not been recognized in the 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 March 31, 2018, the unrecognized deductible temporary difference related to Investment Properties and Investment Property Held for Sale was $2.0 million (December 31, 2017 - $1.5 million).

As at March 31, 2018, the expiry dates of the unrecognized deferred tax assets are 2033 to 2037.

17. 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. During the period ended March 31, 2018 this entity provided certain corporate service to the Company in the amount of $42,030 (March 31, 2017 - $47,703). Included in the Company's accounts payable and accrued liabilities at March 31, 2018 is an amount of $624,892 (December 31, 2017 - $582,862) payable to this entity. In the period ended March 31, 2018, a related party was compensated for management services in the amount of $ 17,868 (March 31, 2017 - $22,500)

18. Note payable

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

19. Investment property held for sale

The London Property, which was held for sale at December 31, 2017 is no longer held for sale following a shareholders meeting on March 5, 2018 where the purchase and sales agreement on the property was rejected. The property has been reclassified to investment properties. On March 29, 2018 the Kingston Property was listed for sale and is now reclassified as investment property held for sale. This is an asset that the Company intends to sell rather than hold on a long-term basis. The property is located at 355 Barrie Street in Kingston Ontario. This property consists of twelve (12) apartment units totaling eighteen (18) beds and is within walking distance from Queen's University. For more information see "Subsequent events" Note 24. The mortgages payable on the Kingston Property has a fixed interest rate of 4.10% and matures on July 31, 2019.

	March 31, 2017	**December 31, 2017**
Property	***1***	***1***
Beds	***18***	***387***
Investment property	**$1,900,000**	**$53,300,000**
Furniture & equipment	**-**	**296,394**
Assets held for sale	**$ 1,900,000**	**$ 53,596,394**
Mortgages payable	**$ 1,406,560**	**$ 46,750,000**
Tenant rental deposits	**43,275**	**562,713**
Liabilities related to assets held for sale	**$ 1,449,835**	**$ 47,312,713**

20. Capital management

The Company manages its mortgages, common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash it holds.

Key financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreements. As at March 31, 2018 the Company was not in compliance with the specified minimum debt service coverage ratio for the London Property. Subsequent to March 31, 2018 the lender extended the term of the loan (see Note 24).

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

21. Financial risk management

In the normal course of business, the Company is exposed to financial risk and manages that risk, as follows:

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity are satisfied through a variety of sources including cash, net operating income and capital markets, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

If 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.

21. Financial risk management (continued)

The contractual maturities of the Company's financial liabilities are summarized by year below:

	Total	2018	2019	Thereafter
Mortgages payable and mortgages payable on investment property held for sale (1)	**$50,419,195**	**$49,001,642**	**$1,417,553**	**$-**
Accounts payable & accrued liabilities	**3,979,005**	**3,979,005**	**-**	**-**
	$54,398,200	**$52,980,647**	**$1,417,553**	**$-**

(1) Includes both principal and interest

Refer to note 1 for a discussion regarding the Company's ability to carry on its operations through the next operating period.

Credit Risk

Credit risk rises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, the stated amount is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of the date of these financial statements, the Company's principal debtors are the Company's residents who may experience financial difficulty and be unable to meet their rental obligations. The Company mitigates its risk of credit loss with respect to residents by evaluating credit worthiness of new tenants, obtaining security deposits wherever permitted by legislation and obtaining parental guarantees of resident leases.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments or on the fair value of other financial instruments. The Company has both fixed and floating rate mortgages. The fixed rate mortgages range in term from on demand to 16 months. The floating rate mortgage is on demand. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest expense of $165,000 on an annual basis. The impact of a 50 basis point change on fixed rate debt maturing in the next 12 months would be an increase or decrease in interest expense of $86,490 on an annual basis.

22. Fair value measurements

The Company has classified and disclosed each fair value measurement based on the fair value hierarchy in accordance with IFRS 13 – Fair Value Measurement. The fair value hierarchy distinguishes between market value data obtained from independent sources and the Company's own assumptions about market value. The hierarchy levels are defined as below:

Level 1 – Inputs based on quoted prices in active market for identical assets or liabilities;

Level 2 – Inputs based on factors other than quoted prices included in Level 1 and may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 - Inputs which are unobservable for the asset or liability, and are typically based on the Company's own assumptions, as there is little, if any, related market activity.

Financial instruments include cash, accounts receivable, and mortgages payable, accounts payable and accrued liabilities. Except for the mortgages payable, the carrying values of these financial instruments approximate fair value due to their short term nature.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

22. Fair value measurements (continued)

The following table presents the Company's estimates of assets and liabilities measured at fair value on a recurring basis based on information available to management as at March 31, 2018, and aggregated by level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Company could ultimate realize. Mortgages payable are measured at amortized cost and the fair value measurement in the table below is presented for disclosure purposes only.

Recurring measurements or disclosures	**Level 1** Quoted prices in active markets for identical assets and liabilities	**Level 2** Significant other observable inputs	**Level 3** Significant other unobservable inputs	Total
Assets				
Investment properties	**$-**	**$-**	**$56,800,000**	**$56,800,000**
Investment property held for sale	**-**	**-**	**1,900,000**	**1,900,000**
Liabilities				
Mortgages payable	**$-**	**$48,927,500**	**$-**	**$48,927,500**
Mortgages payable held for sale	**$-**	**$1,413,305**	**$-**	**$1,413,305**

23. Net change in working capital

For the year ended	**For the three months ended March 31, 2018**	**For the three months ended March 31, 2017**
Deposits and prepaid expenses	**($106,522)**	**($66,974)**
Accounts receivable	**(15,042)**	**(35,474)**
Accounts payable and accrued liabilities	**356,070**	**300,529**
Net change in working capital items	**$234,506**	**$198,081**

24. Subsequent events

On April 17, 2018 one of the mortgages for $33,000,000 on the London Property located in London Ontario, which was held for sale at December 31, 2017, was extended to July 3, 2018 at the same terms and conditions except that the rate has changed from a three month Banker's Acceptance rate plus 215 basis points to three month Banker's Acceptance rate plus 275 basis points with the incumbent lender. On April 30, 2018 the other mortgage on the London Property of $13,750,000 was also extended to July 3, 2018 with the incumbent lender on the same terms and conditions. CHC is seeking a longer-term financing solution to be available at termination of these extensions.

On May 16, 2018 the Company entered into senior loan agreements with certain directors for $675,000 repayable within a year, bearing interest at 8% per annum

25. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the March 31, 2018 interim financial statements.

26. Approval of financial statements

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on May 29, 2018.