MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

The following management's discussion and analysis ("**MD&A**") of the financial position and results of operations of CHC Student Housing Corp. ("**CHC**" or the "**Company**") constitutes management's review of the factors that affected the Company's operating performance for the three month period ended June 30, 2017 and its financial position as at June 30, 2017. This MD&A is dated and has been prepared with information available as of August 29, 2017.

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended June 30, 2017 and accompanying notes (the "**Financial Statements**"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The MD&A was prepared in accordance with Form 51-102F1 and was approved by CHC's Board of Directors prior to its release.

Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. In particular, statements regarding the Company's future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Examples of such statements include the statements with respect to the Company's strategy, objectives and intentions disclosed in the section entitled "Strategy & Outlook" and "Portfolio Overview", including: the Company's intention to complete future acquisitions and the expected benefits from any such acquisitions; and the Company's intention to implement its student-oriented operating strategy and the expected results this might provide for revenue and net operating income growth through improved occupancy, introduction of value-added leasing and operational revenue streams and increased management efficiencies.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what the Company currently expects. These factors include the ability of the Company to complete future acquisitions, obtain necessary equity and debt financing and grow its business; the future operations and performance of the Company's properties including the anticipated extent of the accretion of any acquisitions and generating improved occupancy levels and rental income: the ability of the Company to reinvest to make improvements and maintenance to its properties; overall indebtedness levels, which could be impacted by the level of acquisition activity CHC is able to achieve and future financing opportunities; general economic and market conditions and factors; local real estate conditions; competition; interest rates; changes in government regulation; and reliance on key personnel. For more information on these risks and uncertainties readers should refer to the risks disclosed in the section entitled "Risks", as well as the risks disclosed in CHC's materials filed with Canadian securities regulatory authorities from time to time, including the Filing Statement of the Company dated March 21, 2014, which are available under the Company's profile on SEDAR at www.sedar.com.

Forward-looking information contained in this MD&A is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the date hereof. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to update this information at any particular time except as may be required by applicable securities laws.

Company Overview

CHC is Canada's only publicly traded company offering high-quality purpose-built multi-residential student housing properties strategically located on campus or in close proximity to universities and colleges providing students a safe and secure living environment, affordable prices and high-quality amenities. CHC is focused on acquiring, developing and managing student housing in primary and well understood secondary markets in Canada.

Recent Developments

On April 11, 2017, CHC announced its board of directors initiated a process to identify, examine and consider strategic and financial alternatives potentially available to the Company with a view to enhancing shareholder value. Such alternatives may include, but are not limited to, a sale of the Company or all or a portion of its assets, a merger or other business combination, a recapitalization or any combination thereof. The board of directors established a special committee to oversee the process.

On May 15, 2017, the Company closed on a private placement on aggregate proceeds of $667,247 at a price of $1.75 per share. The proceeds of the funds will be used to reduce some immediate debt to third parties while also providing the Company with additional operating funds as it works through its alternatives with its Board and special committee.

Subsequent to period end, and as a result of the strategic review process of the Company's Special Committee which is currently ongoing, the Company entered into a firm agreement with a third party for the sale of the Windsor property for $5,500,000. The sale of the property closed on August 21, 2017 which, after closing adjustments, netted the Company approximately $1,730,000 in proceeds that the Company will use to reduce liabilities and fund ongoing operations.

Absent the preceding transaction, the Company's ability to continue as a going concern is subject to material risks and uncertainties. See below *Liquidity and Financial Position – Going Concern* section.

Corporate History

The Company completed an initial public offering as a Capital Pool Company ("**CPC**") under the policies of the TSX Venture Exchange Inc. (the "**TSXV**"). The common shares of the Company were listed on the TSXV commencing on December 4, 2013. The shares of the Company trade under the symbol CHC.

As a CPC, prior to the completion of its "Qualifying Transaction" (as defined under the policies of the TSXV), the business of the Company was restricted to the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction. CHC completed its Qualifying Transaction on April 3, 2014, through the acquisition of the "Liberty Terrace" student housing property located at 335 Barrie Street, Kingston, Ontario (the "**QT Property**") from an arm's length vendor, for a purchase price of $2.5 million, subject to standard adjustments. In connection with the closing of the transaction, the Company received final acceptance of the acquisition as the Company's Qualifying Transaction from the TSXV, and commenced trading on the TSXV as a Tier 2 Real Estate Issuer.

On October 30, 2014, CHC filed an amendment to its articles of incorporation to add retraction rights to the share conditions attaching to the common shares of the Company so that it would be able to qualify as a "mutual fund corporation" as defined in the *Income Tax Act* (Canada) and the regulations thereunder, as approved at a meeting of its shareholders held on October 9, 2014. A copy of the articles of amendment has been filed under the Company's profile on SEDAR at www.sedar.com. For more information on the articles of amendment, please refer to the Company's management information circular dated September 10, 2014 prepared in connection with the above-noted shareholders meeting, which is also available under the Company's profile on SEDAR.

On February 19, 2015, CHC filed an amendment to its articles of incorporation to change its name from "CHC Realty Capital Corp." to "CHC Student Housing Corp." and to consolidate is issued and outstanding common shares on the basis of one post-consolidation share for every 85 pre-consolidation shares, both as approved at a meeting of its shareholders held on January 27, 2015. Immediately prior to the completion of the consolidation, CHC had

198,495,610 common shares issued and outstanding. After giving effect to the consolidation, CHC had 2,335,181 common shares issued and outstanding. A copy of the articles of amendment has been filed under the Company's profile on SEDAR at www.sedar.com. On May 15, 2017 the Company issued 381,284 common shares under the Private Placement for a total of 2,716,465 common shares issued and outstanding at June 30, 2017

Outlook

The following section contains forward-looking information and readers are cautioned that actual results may vary.

Market Overview

Student housing is a specialized segment of the residential real estate sector and is broadly defined to include housing designed to accommodate students enrolled in either full-time or part-time post-secondary, public and private university and college programs, including those that offer advanced degrees. The recession-resistant student housing sector is a very attractive and risk-free asset class globally, however, the Canadian market is at its infancy and underdeveloped. Management estimates that only 3% of Canadian post-secondary students currently live in purpose-built student housing which is substantially below more developed, mature markets such as the United States (12%) and the United Kingdom (23%). Management believes Canada is in the early stages of growth.

Management believes that the student housing real estate sector is benefitting from compelling underlying fundamentals. A limited supply of high-quality, purpose-built properties combined with strong estimated enrollment growth is expected to create a supply-demand imbalance, which will benefit owners of student housing real estate and sustain occupancy at levels comparable to or greater than multi-residential real estate. Furthermore, student housing real estate often exhibits higher revenue per unit relative to multi-residential real estate, as a result of "by the bed" lease terms and optimal unit configurations which increase the number of beds per unit. CHC is also the first market consolidator focusing solely on student housing, which is a highly fragmented sector in Canada. Management believes that the above strong market dynamics make this an opportune time to invest in student housing real estate.

Outlook

As announced on April 11, 2017, the Company's board has formed a special committee to review various strategic alternatives to maximize shareholder value including but not limited to i) debt restructuring; ii) re-financing opportunities and/or; iii) assessing potential divestitures. Management will continue to focus on operational efficiencies to improve its financial position and resources. See proposed transaction details in the Recent Developments section on page 2.

The Company had undertaken a non-brokered private placement (the "Private Placement") to raise a minimum of $600,000 and a maximum of $1,000,000 through the issuance of a minimum of 342,857 common shares and a maximum of 571,429 common shares at a price of $1.75 per share, as announced by the Company on May 2, 2017. On May 15, 2017 the Company closed on aggregate proceeds of $667,247 from an issue of 381,284 common shares under the Private Placement. The Company intends to use the proceeds of the Private Placement to address its current working capital position including to satisfy certain current trade payables and to fund the Company's operations while its special committee pursues the Company's strategic review process.

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 divestiture of assets could be executed. Additionally, the going concern assumption may no longer be appropriate for the consolidated financial statements and adjustments would be necessary to the carrying values of the assets and liabilities, the reported net loss and the classifications used in the statements of financial position.

The Company's ability to continue as a going concern is subject to material risks and uncertainties. See below *Liquidity and Financial Position – Going Concern* section.

Portfolio Overview

At June 30, 2017, CHC owned four properties, 832 beds and 13,750 square feet of ancillary ground floor commercial space. The foregoing section contains forward-looking information and readers are cautioned that actual results may vary.

Asset Portfolio Summary

Address	City, Province	Fair value as of 30-Jun-17	Fair value as of 31-Dec-16	Beds	Commercial Sq. Ft.	Date Acquired
335 Barrie Street	Kingston, ON	$2,600,000	$2,600,000	18	1,108	April 2014
3170 & 3190 Donnelly Street	Windsor, ON	$4,900,000	$4,900,000	117	-	September 2014
1620-1720 rue du Père-Marquette	Trois-Rivières, QC	$4,000,000	$5,000,000	310	-	October 2014
675 Richmond Street	London, ON	$53,000,000	$52,000,000	387	12,642	November 2014
Total		**$64,500,000**	**$64,500,000**	**832**	**13,750**	

Kingston, Ontario

On April 3, 2014, CHC completed the acquisition of the QT Property ("**Barrie**") located in Kingston, Ontario. This acquisition represented the Company's Qualifying Transaction. The property is a low-rise purpose-built student housing property located at 355 Barrie Street in Kingston, Ontario, located at the corner of Barrie and Queen Street in Downtown Kingston, Ontario, within walking distance (approximately 1.0 km away) from Queen's University. The property consists of 12 apartment units, with one to two bedrooms per unit, totaling 18 beds, and 1,108 sq. ft. of ancillary ground floor commercial space in one building.

The purchase price for the property was $2.5 million, subject to standard adjustments, and was satisfied through the assumption of a first mortgage on the property in the amount of $1.26 million and the payment to the vendor of the balance of the purchase price in cash. The interest rate on the mortgage was 4.63%. On July 4, 2014, the Company refinanced the mortgage for a 5-year term with a fixed 4.1% interest rate. The balance of the new mortgage was $1.46 million at December 31, 2016. The Barrie Property was 100% leased as at June 30, 2017.

Management believes the Kingston market is an attractive market for purpose-built student housing given the scale, quality and growth of Queen's University, combined with the limited high-quality accommodation options available to students. Queen's has over 22,000 students and continues to exhibit strong and above average growth. A recent enrollment report to the University's Senate Committee on Academic Development projected 2017/18 enrollment to exceed 24,000. Queen's residences are available to only 20% of the current student body. The Comprehensive Housing Report issued in May 2015 by Queen's University Housing & Ancillary Services highlighted that students have begun to demand higher-quality off-campus housing accommodations, which has helped contribute to the development of higher-end student housing units with a number of amenities and a more attractive profile. CHC has owned the QT Property for nearly three years and management believes the high-quality purpose-built student housing market will continue to grow in Kingston to support (a) the student growth at Queen's and (b) the growing trend of students seeking higher-quality and more secure accommodations within the traditional neighborhood around the university.
The Barrie Property is currently party to the Queen's Landlord Agreement, which allows landlords to receive termination rights and other benefits, including branding and cheaper marketing with the university for renting to their students. The property features a rooftop patio with a barbecue, valet garbage pickup, bike storage and underground parking. Furthermore, the units are comprised of private bedrooms, shared bathrooms, full-sized kitchens, full-sized refrigerators, oven/range, dishwashers and on-site laundry facilities.

Windsor, Ontario

On September 11, 2014, CHC completed the acquisition of a property located at 3170 and 3190 Donnelly Street in Windsor, Ontario (the "**Windsor Property**"). The property consists of one 7-storey building and one 8-storey building with a total of 87 student apartment units and 117 beds. The Windsor property is located at the corner of Donnelly and Mill Street in Windsor, Ontario, approximately 0.75 km from the University of Windsor. The building offers modern amenities that are attractive to students, including card-controlled access, video surveillance, underground parking, storage facilities, on-site laundry facilities, full-sized kitchen with refrigerator and oven/range and a dining/living room combination. This property is a traditional apartment building tenanted primarily by students at the University of Windsor. Occupancy of the property as at June 30, 2017, is 98.7% (increase of 6.7%year over year). CHC views this property as a repositioning opportunity. The Company believes the student housing market in Windsor is attractive given the large student population of approximately 14,000, combined with the limited on-campus accommodations available. Currently, the University of Windsor's on-campus residences can serve a mere 5% of its total student enrollment. Management believes this figure is one of the lowest of the large scale universities in Ontario and will support the need for additional purpose-built student housing in the market for the foreseeable future, providing CHC with the opportunity to capitalize on its current position.

The Company continues to market the units strictly as student accommodation and to implement its student-oriented operating strategy. Among other things, management is leasing by the bed, and subject to financing, furnishing units and improving amenity space. CHC's strategy, which has been very successful, also includes adding a social and community aspect to the property that provides a collegiate atmosphere. CHC continues to seek out and is working diligently to pursue strategic alternatives to further execute on these strategic priorities. The Windsor Property also has approximately 0.50 acre of excess land. Management intends to create outdoor amenity space with some of this land. The land can also serve as excess land for future development. There are no immediate plans to add additional buildings.

The purchase price of the Windsor Property was $5.9 million, subject to standard adjustments and was satisfied through a new fixed rate term mortgage of $4.0 million and the payment to the vendor of the balance of the purchase price in cash. The mortgage is fixed at 3.47% for a 5-year term.

The acquisition of the Windsor Property constituted a "significant acquisition" for the Company. Accordingly, in accordance with the requirements of National Instrument 51-102, the Company filed a business acquisition report with respect to the acquisition of the Windsor Property on January 28, 2015, which is available for viewing under the Company's profile on SEDAR at www.sedar.com.

Subsequent to period end, and as a result of the strategic review process of the Company's Special Committee which is currently ongoing, the Company entered into a firm agreement with a third party for the sale of the Windsor property for $5,500,000. The sale of the property closed on August 21, 2017 which, after closing adjustments, netted the Company approximately $1,730,000 in proceeds that the Company will use to reduce liabilities and fund ongoing operations

Trois-Rivières, Québec

On October 9, 2014, the Company completed the acquisition of a property located at 1620-1720 rue de Père- Marquette in Trois-Rivières, Québec (the "**Trois-Rivières Property**"), situated directly on the campus of the Université du Québec à Trois-Rivières under a long-term land lease with the university. The property consists of 11 buildings in total with ten buildings comprising seven 4-bedroom units and one building comprising seven 4-bedroom units plus one 2-bedroom unit for a total of 310 furnished beds.

CHC views this property as a repositioning opportunity. Subject to its ongoing review and further financing, CHC believes that this property provides an opportunity for revenue and net operating income growth through improved occupancy, introduction of value-added leasing and operational revenue streams and increased management efficiencies. Since completing the acquisition CHC's management has met with the university and has forged a relationship to become its preferred provider of student housing. The Trois-Rivières Property is the only property in the Company's portfolio that in the normal course leases beds at terms that are less than one year. During the months of June through August, the property leases beds on short-term leases, provides conference housing to university and local businesses, as well as individuals traveling through the area. In addition there is a long-standing agreement with an international French language school to house its students during the summer months, and other ongoing contracts for community and sporting events.

The purchase price for the Trois-Rivières Property was $5.5 million, subject to standard adjustments and was satisfied through a vendor mortgage of $2.75 million and remainder of purchase price in cash. The Company refinanced and extended vendor mortgage of $2,777,500 at a fixed interest rate of 10% per annum maturing April 9, 2017, and is open to prepayment. The mortgagee has 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. The Company is also in discussions with a variety of lenders regarding the refinancing of the existing debt.

London, Ontario

On November 19, 2014, the Company completed the acquisition of a property located at 675 Richmond Street in London, Ontario (the "**London Property**"), located at corner of Richmond Street and Mill Street, approximately 1.3 km from Western University ("**Western**") and in the heart of the student entertainment district. The property consists of one 17-storey building, which was renovated in 2015. The building currently contains 387 beds in 187 units and 12,642 square feet of commercial space. This property is a traditional apartment building tenanted primarily by students at Western University. CHC has owned and operated the London Property since 2014 and recently took over the property management function at the building. Since purchased, the management team has been able to improve occupancy from approximately 85% to its current level of 90% as at June 30, 2017, and is over 97% preleased for the coming school year and the commercial space is 100% leased.

CHC believes the London Property is situated in an ideal location in the heart of downtown London and in close proximity to Western and its affiliated colleges, as well as its short drive or bus ride to Fanshawe College. In 2015, Western and its affiliate colleges had student enrollment of approximately 34,000 and Fanshawe College had approximately 17,000. From 2010 to 2015, Western realized student enrollment growth of 11%, fueling the demand for the London Property and other high-quality developments. Western's current on-campus bed capacity can only accommodate 16% of its enrollment.

The Company continues to market the units strictly as student accommodation and to implement its student focused community and operating strategy. CHC's strategy at this property includes both increasing revenues and adding a social and community aspect to the property to provide a collegiate atmosphere. The previous owner began renovating the London Property and completed all the common space and 85% of the units to provide a luxury student housing experience. Subject to financial resources, CHC management intends to complete these renovations on turnover; at the present time these units are leased and as a result there are no immediate capital plans to complete the renovation of these suites. The property has an open concept lobby with a fireplace, as well as a gym with weights and treadmills. The specific unit amenities include high-end kitchen appliances (stainless steel), and upgraded finishes throughout.. The Company is looking to add amenity space in the under-utilized ground floor.

The purchase price for the London Property was $55.0 million, subject to standard adjustments, and was satisfied through mortgage financing of $46.75 million, utilization of $1.5 million of a $2.5 million debt facility and the payment to the vendor of the balance of the purchase price in cash. The debt financing included: (i) a first mortgage on the property in the amount of $33.0 million bearing interest at the rate of 3 Month Banker's Acceptance Rate plus 2.15% (currently 3.03%) per annum, maturing in November 2017 and payable with respect to interest only; (ii) an additional first mortgage on the property in the amount of $5.5 million bearing interest at the rate of 3 Month Banker's Acceptance Rate plus 4.75%, maturing in November 2015 and payable with respect to interest only; (iii) a second mortgage on the property in the amount of $8.25 million bearing interest at the rate of 12.0% per annum for the first nine months and increasing to 14.0% thereafter, maturing in June 2015 and payable with respect to interest only; and (iv) a debt facility in an amount up to $2.5 million bearing interest at the rate of 14.0% per annum for the first nine months and increasing to 18.0% thereafter, maturing in June 2015 and payable with respect to interest only. In December 2014, the Company repaid in full the balance of the $2.5 million debt facility. During 2015, the Company refinanced the $8.25 million second mortgage and the $5.5 million of the first mortgage for 13 months from maturity on October 1, 2016 at a rate of 9.5% for the first 12 months, increasing to 14% for the final month of the loan term. The Company is currently in discussions with a variety of lenders regarding the upcoming debt maturity. The Company obtained an extension for the $13,750,000 loan on the London Property until March 31, 2017 at a fixed interest rate of 9.5% per annum, at the current terms and conditions. The mortgagee has 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.

The acquisition of the London Property constituted a "significant acquisition" for the Company. Accordingly, in accordance with the requirements of National Instrument 51-102, the Company filed a business acquisition report with respect to the acquisition of the London Property on February 27, 2015, which is available for viewing under the Company's profile on SEDAR at www.sedar.com.

Fair Value

The fair value of the property portfolio represents 99.5% of the total assets of CHC as at June 30, 2017.

	As at 30-Jun-17	As at 31-Dec-16
Balance at beginning of the period	$64,895,000	$64,895,000
Sale of Investment	(100,000)	-
Total	**$64,795,000**	**$64,895,000**

As at June 30, 2017, the estimated fair value of investment properties reflects a weighted average stabilized capitalization rate of 5.2 % (December 31, 2016 – 5.2%) applied to stabilized NOI. One of the Company's investment properties, the Trois-Rivières Property, has a fair value of $4.0 million and is situated on land subject to a long term lease. The annual lease payment is $1,000 and the term expires in 2047. The fair value of investment property was determined using the income approach whereby stabilized net operating income is capitalized.

A 25 basis point change in the utilized capitalization rate would cause the estimated fair value of investment properties to change by approximately $3.1 million.

On December 31, 2016 the fair value for Trois-Rivières Property was reduced by $1.0 million offset by an increase of $1.0 million in the fair value for 675 Richmond St. Property. This resulted in no change in total fair value compared to December 31, 2015 and there has been no change to property valuations as of June 2017.

Other Transaction

Address	City, Province	Purchase Price	Beds	Commercial Sq. Ft.
50 Lisgar Street	Sudbury, ON	$5,500,000	70	4,500
Total		**$5,500,000**	**70**	**4,500**

Sudbury, Ontario Acquisition

On May 1, 2014, the Company entered into an assignment and assumption agreement (the "**Assignment Agreement**") to acquire a property located at 50 Lisgar Street in downtown Sudbury, Ontario (the "**Sudbury Property**") from an arm's length vendor to both CHC and CHC Investments.

The purchase price for the Sudbury Property is $5.5 million, subject to standard closing adjustments and excluding acquisition costs, which CHC intends to satisfy through mortgage financing and the balance in cash. The vendor has agreed to pay the Company an income guarantee on monthly gross rental income from the residential component of the property based on 95% occupancy for six months after the closing date. In addition, the vendor has agreed to pay to the Company certain amounts under a head lease for any commercial space for a period of five years, which is vacant on closing. The acquisition was dependent upon vendor's receipt of an acceptable record of site condition for the property on or before December 31, 2016. The Company has a $50,000 non-refundable deposit to the vendor in respect of the acquisition. It was agreed that the required condition of providing the record of site condition to complete the transaction would be extended until March 31, 2017 in exchange for $450,000 of the $500,000 non-refundable deposit being returned to the Company.

As of May 2017, the Vendor has been unable to obtain the Record of Site Condition and as such, the Company has notified the Vendor that they will not be proceeding with the transaction. The Vendor has agreed to release the remaining deposit back to the Company, which has been received in May 18, 2017.

Results of Operations

The financial performance and results of operations contained in this MD&A cover the three and six months ended June 30, 2017 and 2016.

Non-IFRS Performance Measures

CHC uses non-IFRS key performance indicators including net operating income ("**NOI**"), funds from operations ("**FFO**"), and adjusted funds from operations ("**AFFO**") and AFFO per share. CHC believes these non-IFRS measures provide useful supplemental information to both management and investors in measuring the financial performance of CHC.

Net Operating Income

CHC defines NOI as property revenues less property operating expense. Management believes that NOI is a useful key indicator of performance on an unlevered basis as it represents a measure over which management of property operations has control. NOI is also a key input in determining the value of the portfolio.

Funds from Operations

FFO is a non-IFRS financial measure of operating performance widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO should not be considered as an alternative to net income determined in accordance with IFRS. The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of CHC.

Management believes that FFO provides an operating performance measure that, when compared period-over-period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments, acquisition transaction costs and deferred income taxes, if any.

FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds from Operations

AFFO is a supplemental measure widely used in the real estate industry to assess an entity's ability to pay distributions. Management believes that AFFO is an effective measure of the cash generated from operations. However, AFFO should not be considered as an alternative to cash flows provided by operating activities determined in accordance with IFRS.

CHC calculates AFFO by adjusting FFO for non-cash income and expenses such as straight-line rent and amortization of financing transaction costs and any debt premiums or discounts, as well as providing for operating capital requirements. There is currently no standard industry-defined measure of AFFO. As such, CHC's method of calculating AFFO may differ from that of other real estate entities and, accordingly, may not be comparable to such amounts reported by other issuers.

NOI, FFO and AFFO are not measures defined by IFRS, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. NOI, FFO and AFFO, as computed by CHC, may differ from similar measures as reported by other companies in similar or different industries.

Summary of Selected Financial and Operational Information

The selected financial information set out below is based on and derived from the Financial Statements.

Statement of comprehensive income (loss) data	**Three Months Ended 30-Jun**		**Six Months Ended 30-Jun**	
	2017	**2016**	**2017**	**2016**
Property revenues	$1,307,789	$1,261,010	$2,697,825	$2,550,721
Property operating expenses	(580,805)	(714,565)	(1,225,212)	(1,379,870)
Net Operating Income (NOI)	$726,984	$546,445	$1,472,613	$1,170,851
General & administrative expense	(354,398)	(252,881)	(636,833)	(544,704)
Transaction costs	-	(11,390)	-	753,654
Interest income	-	10	-	40
Fair value adjustment of equity based compensation	72,000	16,000	212,000	34,000
Forfeiture of deposit	-	-	-	-
Interest	(724,738)	(679,665)	(1,431,803)	(1,354,956)
Gain on sale of Investment	-	-	37,785	
Net income (loss)	**($280,152)**	**($381,481)**	**($346,238)**	**$58,885**
Net income (loss) per share – basic and diluted	($0.12)	($0.16)	($0.14)	$0.03
Funds From Operations (FFO)(1)	($280,152)	($370,091)	($384,023)	($694,769)
FFO per share	($0.12)	($0.16)	($0.16)	($0.30)
Adjusted Funds From Operations (AFFO)(1)	($321,370)	($389,956)	($549,451)	($770,745)
AFFO per share	($0.13)	($0.17)	($0.23)	($0.33)
Distributions of cash dividends	Nil	Nil	Nil	Nil
Weight average shares outstanding(2)	**2,434,188**	**2,335,181**	**2,434,188**	**2,335,181**

(1) FFO and AFFO are non-IFRS performance measures. Please refer to definition in section *Non-IFRS Performance Measures* on pages 8 as well as the reconciliation from net loss on page 10 below..
(2) After giving retroactive effect to the 85 to 1 common share consolidation that occurred on February 19, 2015 and Private Placement on May 15, 2017.

Statement of financial position data	**As at 30-Jun-17**	**As at 30-Jun-16**
Cash	238,218	205,069
Investment properties	64,795,000	64,994,578
Total assets	**$65,590,528**	**$66,056,606**
Total current financial liabilities	$53,362,633	$20,387,888
Total non-current financial liabilities	$5,064,023	$38,113,145
Total liabilities	**$58,426,656**	**$58,501,033**

FFO & AFFO Reconciliation

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

Reconciliation from net income (loss) to FFO & AFFO	**Three Months Ended 30-Jun**		**Six Months Ended 30-Jun**	
	2017	**2016**	**2017**	**2016**
Net income (loss)	($280,152)	($381,481)	($346,238)	$58,885
Add:				
Transaction costs	-	11,390	-	(753,654)
Gain on sale of Investment	-		(37,785)	
Funds From Operations (FFO)	(280,152)	($370,091)	($384,023)	($694,769)
Add (subtract):				
Fair value adjustment of equity based compensation(1)	(72,000)	(16,000)	(212,000)	(34,000)
Amortization of financing transaction costs	30,782	29,227	46,572	58,453
Straight line rent	-	(2,178)	-	(851)
Capital expenditures	-	(30,914)	-	(99,578)
Adjusted Funds From Operations	**($321,370)**	**($389,956)**	**($549,451)**	**($770,745)**

(1) Compensation expense for option grants is based on the fair value of the options at the grant date and is recognized over the period from the grant date to the date the award is vested. A liability is recognized for outstanding options based upon the fair value as the Company is a mutual fund corporation and there are retraction rights to the share conditions attached to the common shares. During the period in which options are outstanding, the liability is adjusted for changes in the fair value with such adjustments being recognized as expense in the period in which they occur.

FFO for the three months ended June 30, 2017 and 2016 amounted to ($280,152) or ($0.12) per share and ($370,091) or ($0.16) per share respectively. FFO for the six months ended June 30, 2017 and 2016 amounted to ($384,023) or ($0.16) per share and ($694,769) or ($0.30) per share respectively. AFFO for the three months ended June 30, 2017 and 2016 was ($321,370) or ($0.13) per share and ($389,957) or ($0.17) per share respectively. AFFO for the six months ended June 30, 2017 and 2016 was ($549,451) or ($0.23) per share and ($770,745) or ($0.33) per share respectively.

The AFFO improvement is primarily driven by a reduction in capital spending and property management fees due to the Company closely monitoring cash flow and improved cash flows from operations before financing

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

Reconciliation from cash used in operating activity to AFFO	**Three Months Ended 30-Jun**		**Six Months Ended 30-Jun**	
	2017	**2016**	**2017**	**2016**
Cash used in operating activities	($859,853)	($520,524)	($879,164)	($461,214)
Add (subtract):				
Net changes in working capital	547,021	162,618	348,940	(122,396)
Depreciation	(8,893)	(2,753)	(17,747)	(6,288)
Interest expense on mortgages payable	(693,956)	(650,438)	(1,385,231)	(1,296,503)
Cash interest paid	694,311	652,055	1,383,751	1,215,234
Write off of deposit on property	-	-	-	-
Capital expenditures	-	(30,914)	-	(99,578)
Adjusted Funds From Operations	**($321,370)**	**($389,956)**	**($549,451)**	**($770,745)**

Overall Performance

Statement of comprehensive income (loss) data	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2017	**2016**	**2017**	**2016**
Property revenues	$1,307,789	$1,261,010	$2,697,825	$2,550,721
Property operating expenses	(580,805)	(714,565)	(1,225,212)	(1,379,870)
NOI	**$726,984**	**$546,445**	**$1,472,613**	**$1,170,851**
General & administrative expense	(354,398)	(252,881)	(636,833)	(544,704)
Transaction costs	-	(11,390)	-	753,654
Interest income	-	10	-	40
Interest and other financing charges	(724,738)	(679,665)	(1,431,803	(1,354,956)
Fair value adjustment of equity based compensation	72,000	16,000	212,000	34,000
Gain on sale of Investment			37,785	
Net income (loss) and comprehensive income (loss)	**($280,152)**	**($381,481)**	**($346,238)**	**$58,885**

Property Portfolio

The Company currently owns 4 operating properties as outlined above in the Portfolio Overview.

Property Revenues

Property revenues include all amounts earned from both residential tenants as well as commercial tenants. Residential tenant revenues include residential rents earned pursuant to lease agreements as well as ancillary revenues such as parking, laundry and other miscellaneous revenue. The commercial tenant revenues include rent earned pursuant to lease agreements and may include property taxes, operating costs and other recoveries.

Property revenues for the three months ended June 30, 2017, and 2016 were $1,307,789 and $1,261,010 respectively. Property revenues for the six months ended June 30, 2017, and 2016 were $2,697,825 and $2,550,721, respectively. All of the Company's residential leases are for a term of one year or less. Year to date residential leases account for approximately 95% of the Company's rental revenue. Approximately 87% of the Company’s rental revenue is earned in the province of Ontario and 67% of total revenue is derived from a single property in London, Ontario. Revenue is slightly increased for the six months ended June 30, 2017 compared to the same period in 2016 as occupancy levels have increased at the London and Windsor Properties as a result of the internalization of day to day management.

Property Operating Expenses

Property operating expenses comprise primarily of property taxes, utilities, wages of onsite property staff, internet & telecom, repairs & maintenance and third party property management fees. Only costs relating to the commercial space are recoverable from the tenants. Monitoring and controlling property level costs is an important component of CHC’s business. For the three months ended June 30, 2017 and 2016 property operating expenses were $580,805 and $714,565 respectively, a decline of approximately $134,000 primarily driven by lower utility costs of $87,000, savings of approximately $19,000 from the internalization of property management for the Company’s London and Windsor properties, lower bad debt expense of approximately $35,000 realized post internalization of property management, offset by approximately $7,000 increase in repairs and maintenance due to outsourcing of maintenance. For the six months ended June 30, 2017 and 2016 property operating expenses were $1,225,212 and $1,379,870 respectively, a decline of approximately of $155,000 primarily driven by a decrease in utility costs of approximately $73,000, savings from the internalization of property management of approximately $68,000, and lower bad debt expense of approximately $38,000 realized post the internalization of property management offset by higher maintenance cost of approximately $18,000 and other cost increases of $6,000. Management continues to focus on expenses under its direct control and expects continued benefits to arise from the internalization of property management.

Property operating expenses consist of the following:

	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2017	**2016**	**2017**	**2016**
Realty taxes	$209,481	$209,542	$421,832	$412,967
Utilities	97,282	184,633	281,078	353,889
Wages and benefits	66,739	86,130	150,726	185,279
Repairs and maintenance	121,561	114,617	200,383	182,687
Management fees	14,690	16,723	32,149	65,233
General and marketing	17,921	19,290	39,845	52,130
Insurance	29,887	31,773	60,704	62,857
Bad debt expense (recovery)	14,101	48,854	20,248	58,573
Other	9,143	3,003	18,247	6,255
Property operating expenses	**$580,805**	**$714,565**	**$1,225,212**	**$1,379,870**

Net Operating Income

NOI for the three months ended June 30, 2017 and 2016 was $726,984 and $546,445, respectively. NOI for the six months ended June 30, 2017 and 2016 was $1,472,613 and $1,170,851 respectively. The increase was driven by stricter cost controls and savings realized from the internalization of property management.

General & Administrative Expenses

General & administrative expenses relate to head office costs and public company costs. Head office costs include rent, corporate marketing and compensation. Public company costs include audit, legal and filing costs related to the Company's listing on the TSXV.

General and administrative costs for the three months ended June 30, 2017 and 2016 were $354,398 and $252,881 respectively. General and administrative costs for the six months ended June 30, 2017 and 2016 were $636,833 and $544,704 respectively as a result of additional professional services expenses.

General and administrative expenses consist of the following:

	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2017	**2016**	**2017**	**2016**
Legal and other professional	$28,862	$43,585	$61,599	$90,971
Audit and accounting	80,935	33,900	105,935	73,450
Wages and benefits	141,528	136,764	331,462	274,680
Rent	14,643	11,616	26,116	25,018
Marketing	1,207	3,622	2,640	21,543
Other	87,223	23,394	109,081	59,042
General and administrative expenses	**$354,398**	**$252,881**	**$636,833**	**$544,704**

Interest Income

Interest income for the three months ended June 30, 2017 and 2016 of $0 and $10 respectively was attributable to interest earned from deposits on properties. Interest income for the six months ended June 30, 2017 and 2016 of $0 and $40 respectively was attributable to interest earned from deposits on properties.

Interest and Other Financing Charges

The Company has four fixed rate mortgages and one floating rate mortgage as of June 30, 2017. The interest and other financing charges for the three months ended June 30, 2017and 2016 was $724,738 and $679,665 respectively. The interest and other financing charges for the six months ended June 30, 2017 and 2016was $1,431,803 and $1,354,956 respectively.

Amortization of financing transaction costs relate to each of the mortgages. The Company amortizes deferred financing costs over the term of the mortgage. The financing transaction costs amortized in the three and six months ended June 30, 2016, were primarily a result of the two short-term mortgages that were entered into with respect of the London property.

	Six Months Ended 30-Jun		**Six Months Ended 30-Jun**	
	2017	**2016**	**2017**	**2016**
Interest on mortgages payable	$693,956	$650,438	$1,385,231	$1,296,503
Amortization of financing transaction costs	30,782	29,227	46,572	58,453
Total interest expense and other financing charges	**$724,738**	**$679,665**	**$1,431,803**	**$1,354,956**

Leasing Activity

The future operating performance of CHC will be significantly impacted by occupancy rates at each of its properties and trends in rental rates. The Company will also be impacted by university enrolment rates and participation rates by the university age population. The Company leases beds in most instances for 12 months starting in May or September. If the Company does not achieve budget occupancy rates on these dates revenues will be affected until the following leasing cycle. The Company continues to actively lease each property as a student specific building for the upcoming school year.

Liquidity & Financial Position

The foregoing section contains forward-looking information and readers are cautioned that actual results may vary.

Going Concern

The Company incurred a net loss of $280,152 for the three months ended June 30, 2017 (three months ended June 30, 2016 - net loss of $381,481)

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 indefinite extensions on existing terms from its lenders in respect of the $2.75 million mortgage due on its Trois-Rivieres 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 (see below), 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.

In light of the Company's failed transaction with Dundee Acquisition Ltd. and its current financial position, 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 by the Company on April 11, 2017. These alternatives may include, but are not limited to, a sale of the Company or all or a portion of its assets

While this strategic review process is underway, the Company undertook a non-brokered private placement (the "Private Placement") to raise a minimum of $600,000 and a maximum of $1,000,000 through the issuance of a minimum of 342,857 common shares and a maximum of 571,429 common shares at a price of $1.75 per share, as announced by the Company on May 2, 2017. On May 15, 2017 the Company closed on aggregate proceeds of $667,247 from an issue of 381,284 common shares under the Private Placement. The Company intends to use the proceeds of the Private Placement to address its current working capital position including to satisfy certain current trade payables and to fund the Company's operations while its special committee pursues the Company's strategic review process.

The consolidated 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.

Liquidity

CHC intends to fund its ongoing business and its capital expenditures through (i) cash on hand, (ii) issuance of common shares or other securities and (iii) debt financing including floating and fixed rate debt. Cash flow from operating properties represents the sources of cash to fund capital expenditures, debt service and general & administrative expenses. At June 30, 2017, the Company had cash on hand of $238,218. For additional risk disclosure, please reference the Going Concern section above.

Discussion of cash flows during the period

	Three Months Ended 30-Jun		**Six Months Ended 30-Jun**	
	2017	**2016**	**2017**	**2016**
Cash generated from/(used in) operating activities	($859,853)	($520,524)	($879,164)	($461,214)
Cash generated from/(used in) investing activities	32,928	(57,769)	170,713	(104,204)
Cash generated from/(used in) financing activities	626,717	(36,240)	589,377	($72,321)
Cash generated from/(used in) the period	**($200,208)**	**($614,533)**	**($119,074)**	**($637,739)**

Cash flows generated from/used in operating activities

For the six months ended June 30, 2017, cash flows used in operating activities related primarily to operating income generated in the period

Cash flows generated from/used in investing activities

For the six months ended June 30, 2017, cash used in investing activities was primarily the result of addition of furniture and equipment of $17,072 at the London, Windsor and Trois-Rivières properties.

Cash flows generated from/used in financing activities

During the six months ended June 30, 2017 cash flows generated in financing activities related to the net proceeds of an equity issue of $664,312 offset by the repayment of mortgage principal of $37,596.

Debt

The Company's long-term debt principal repayments as at June 30, 2017 are as follows:

	Principal Amount	% of Total Principal
Remainder of 2017	$49,603,330	90.7%
2018	156,324	0.3%
2019	4,928,317	9.0%
Subsequent to 2019	-	-
	$54,687,971	**100%**
Unamortized financing transaction costs	(47,306)	
Total	**$54,640,665**	
Less: Current portion	(5,064,023)	
Total	**$49,576,642**	

Mortgages include a second mortgage in the amount of $13,750,000 on a property located in London, Ontario, which matured in October 2016, and a mortgage of $2,750,000 on a property located in Trois-Rivières, Québec, which matured in October 2016. The Company obtained an extension for the $13,750,000 loan on the London Property until March 31, 2017 at a fixed interest rate of 9.5% per annum, at the current terms and conditions. As of March 2017, 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. The remainder of the first mortgage on the London Property has an outstanding balance of $33,000,000 and matures in November 2017.

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. As of April 2017, the mortgagee 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. The Company is also in discussions with a variety of lenders regarding the refinancing of the existing debt.

Mortgages have fixed rates that range from 3.47% to 10.0%. The variable rate mortgages are at 215 basis points and 475 basis points above the 90-day Bankers' Acceptance rate. Maturity dates range from March 2017 to November 2019. The weighted average interest rate at June 30, 2017 was 5.04% (December 31, 2016 – 5.04%) and the weighted average term to maturity was 0.5 years (December 31, 2016 – .09 years). As at June 30, 2017, fixed rate and variable rate debt were $21.7 million (40% of total debt) and $33 million (60% of total debt) respectively.

The Company does not have any unsecured debt and is not rated by any debt rating agencies.

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

As at June 30, 2017	**Total**	**2017**	**2018**	**2019**	**Thereafter**
Mortgages payable(1)	$55,518,063	$50,114,376	$337,752	$5,065,935	$-
Accounts payable and accrued liabilities	3,785,991	3,785,991	-	-	-
Total	**$59,304,054**	**$53,900,367**	**$337,752**	**$5,065,935**	**$-**

(1) Includes both principle and interest.

Equity

Disclosure of Outstanding Share Data

	As at 30-Jun	
	2017	**2016**
Total outstanding at the beginning of the period	2,335,181	2,335,181
Issued	381,284	-
Total outstanding at the end of the period	**2,716,465**	**2,335,181**

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. As of June 30, 2017, the Company had 2,716,284 common shares issued and outstanding. The Company issued 381,284 common shares during the quarter.

Other Issued Securities

The Company also has other securities issued and outstanding as of June 30, 2017 as outlined in the table below.

Options	**Total**
2013 issued – vested	48,529
Warrants	871,822
Total Other Issued Securities	**920,351**

The stock options are exercisable to acquire one common share of the Company at an exercise price of $8.50 per share and expire in November 2018.

Compensation expense for option grants is based on the fair value of the options at the grant date and is recognized over the period from the grant date to the date the award is vested. A liability is recognized for outstanding options based upon the fair value as the Company is a mutual fund corporation and there are retraction rights to the share conditions attached to the common shares. During the period in which options are outstanding, the liability is adjusted for changes in the fair value with such adjustments being recognized as stock based compensation expense in the period in which they occur. The liability balance is reduced as options are exercised and recorded in equity.

The fair value of the financial liability related to these options was $8,000 at June 30, 2017, included in accounts payables and accrued liabilities, and a recovery of $54,000 has been recognized in stock based compensation (recovery) for the period ended June 30, 2017, comprising the mark to market adjustment on the options.

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.

Deferred Share Unit Plan

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 June 30, 2017 was $110,000, included in accounts payables and accrued liabilities, and a recovery of $158,000 has been recognized in stock based compensation (recovery) for the quarter ended June 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 June 30, 2017 is $212,000 from the recognition of the DSUs

Related Party Transactions

The Company obtains certain asset management services from CHC Investments an entity owned by Mark Hansen, President and CEO of CHC and Craig Smith a director of CHC, for which no management fees have been charged. This entity also paid for some officer salaries and other expenses on behalf of the Company and $489,577 is included in accounts payable at June 30, 2017 (December 31, 2016 - $401,496). See note from the financials

Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates and assumptions that affect the reported amounts and disclosures made in the financial statements and accompanying notes. Estimates are based upon historical experience and on various other assumptions that are reasonable under the circumstances. The result of ongoing evaluation of these estimates forms the basis for applying judgment with regards to the carrying values of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from estimates. The Company's significant accounting policies are described in note 2 to the annual consolidated financial statements, the most significant of which is the fair value of investment properties.

Investment Properties

Judgments

The acquisition of a property can be, and frequently is, considered to be an acquisition of a business. This is particularly the case when the acquisition is accompanied by the assumption of in-place tenant leases, which, together with the land and building, form the primary inputs of a real estate business.

Judgment is required in determining whether the acquisition of properties represent an acquisition of discrete real estate assets or constitute a business combination in terms of IFRS 3, Business Combinations ("IFRS 3"). There are some key measurement differences (e.g., goodwill recognition for business combinations vs. no such recognition for asset acquisitions), as well as a difference in the treatment of acquisition related costs (expensed for a business combination vs. capitalized for asset acquisitions) that occur as a result of the determination. The Company accounts for acquisitions as a Business Combination in accordance with IFRS 3.

Estimates

Investment properties are measured at fair value in the consolidated balance sheet at each reporting date. Fair values are determined by independent external valuations or detailed internal valuations, generally using the overall capitalization rate ("OCR") method. Under this method, capitalization rates are applied to a stabilized NOI for each property, 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. Management monitors and assesses changes in the student housing market, which may affect the valuation parameters applied to the property.

Disclosure and Internal Control Over Financial Reporting

The Company could be adversely impacted if there are deficiencies in disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the design and effectiveness of our disclosure controls and procedures and internal control over financial reporting, the Company cannot assure the reader that the disclosure controls and procedures or internal control over financial reporting will be effective in accomplishing all control objectives all of the time.

Deficiencies, particularly material weaknesses, in internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our share price, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.

Because the Company is a venture issuer, under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company's CEO and CFO are not required to provide certain representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109, and in particular any representations relating to the establishment and maintenance of: (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's IFRS. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Off Balance Sheet Arrangements

The Company had no off balance sheet arrangements for the period ended June 30, 2017.

Subsequent Events

Subsequent to period end, and as a result of the strategic review process of the Company's Special Committee which is currently ongoing, the Company entered into a firm agreement with a third party for the sale of the Windsor property for $5,500,000. The sale of the property closed on August 21, 2017 which, after closing adjustments, netted the Company approximately $1,730,000 in proceeds that the Company will use to reduce liabilities and fund ongoing operations.

Risks

There are certain risks inherent in an investment in the securities of CHC and in the activities of CHC, including those set out in CHC's materials filed with Canadian securities regulatory authorities from time to time, which are available under the Company's profile on SEDAR at www.sedar.com. Current and prospective holders of securities of CHC should carefully consider such risk factors.

If any of the following or other risks occurs, CHC's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of CHC could decline and investors could lose all or part of their investment in such securities, and the future ability of CHC to make distributions to shareholders could be adversely affected. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

If the Company is 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 asset could be sold. Additionally, the going concern assumption may no longer be appropriate for the consolidated financial statements and adjustments would be necessary to the carrying values of the assets and liabilities, the reported net loss and the classifications used in the statements of financial position.

Unable to Implement Objectives From Strategic Plan

The Company may be unable to successfully implement its objectives from its strategic plan, or may fail to realize benefits, which are currently targeted to result from the implementation of that plan.

The objectives from the strategic plan are subject to known and unknown risks, uncertainties and other unpredictable factors which, in addition to those discussed in this MD&A, include: the ability of the Company to complete future acquisitions, obtain necessary equity and debt financing and grow its business; the future operations and performance of the Company's properties including the anticipated extent of the accretion of any acquisitions and generating improved occupancy levels and rental income: the ability of the Company to reinvest to make improvements and maintenance to its properties; overall indebtedness levels, which could be impacted by the level of acquisition activity CHC is able to achieve and future financing opportunities; general economic and market conditions and factors; local real estate conditions; competition; interest rates; changes in government regulation; reliance on key personnel; and other risks that may adversely affect the Company's ability to optimize its strategic plan.

Real Property Ownership and Tenant Risk

All real property investments are subject to elements of risk. The value of real property and any improvements depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The Company's investment properties (hereinafter the "Properties") generate revenue through rental payments made by tenants. The ability to rent vacant suites in the Properties will be affected by many factors, including changes in general economic conditions, local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the Properties becomes vacant and cannot be re-leased on economically favourable terms, the Properties may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures.

Residential tenant leases are relatively short, exposing the Company to market rental rate volatility. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant will be replaced. The terms of any subsequent lease may be less favourable to the Company than those of an existing lease.

Geographic Concentration

While the Company strives to achieve geographic diversification of its Properties, changes in general economic conditions will also affect the performance of the Company's portfolio. The portfolio is currently weighted with 63% of its overall portfolio (by number of beds) in Ontario, making the Company's operations sensitive to its performance in, and any changes affecting, Ontario. On an asset concentration basis, the London Property comprises 82.5% of the Company's investment properties. Consequently, the market value of the London Property and the income generated from it could be negatively affected by any adverse changes in the postsecondary institutions in London, Ontario and other local and regional economic conditions. These factors may differ from those affecting post-secondary institutions or the real estate markets in other regions.

Student Housing

CHC generally attempts to lease its beds or units under 12-month leases, but in certain cases leases may be for nine month or shorter-term leases. As a result, CHC could experience reduced cash flows during the summer months at properties with lease terms shorter than 12 months. Furthermore, all of CHC's properties must be entirely re-leased each year, exposing it to increased leasing risk. In addition, CHC is subject to increased leasing risk on future acquired properties based on its lack of experience leasing those properties and unfamiliarity with their leasing cycles. Student housing properties are also typically leased during a limited leasing season that usually begins in January and ends in August of each year. CHC is therefore highly dependent on the effectiveness of its marketing and leasing efforts and personnel during this season.

Changes in university admission policies could adversely affect CHC. For example, if a post-secondary institution proximate to CHC's properties reduces its number of student admissions, the demand for beds at CHC's properties may be reduced and its occupancy rates may decline. While CHC may engage in marketing efforts to compensate for such a change in admission policy, it may not be able to affect such marketing efforts prior to the commencement of the annual lease-up period or its additional marketing efforts may not be successful.

In addition, in the event that CHC or any post-secondary institution proximate to CHC's properties experiences an unforeseen event which may result in negative publicity and media coverage and a loss of reputation, such as crimes occurring on or in the vicinity of the institution or other negative publicity regarding the safety or treatment of students, the institution may suffer reputational damage and adverse effects on enrolment, which may in turn have an adverse effect on CHC's properties.

Market Growth Risk

No new universities are being built or are expected to be built, thereby capping the target market in Canada. Some universities may not have sufficient scale or may be in geographically remote or economically depressed locations rendering them unattractive. Some colleges are seeking accreditation as universities, which can provide potential growth opportunity.

There is also a risk that certain markets may become over developed and saturated with cheaper units offered by competitors.

Competition

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the Company in seeking tenants. The existence of competing developers, managers and owners and competition for the Company's tenants could have an impact on the Company's ability to lease beds in the Properties and on the rents charged.

In addition, the Company is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking, or which may seek in the future, real property investments similar to those targeted by the Company. A number of these investors may have greater financial resources than those of the Company, or operate without the investment or operating discipline of the Company. An increase in the activity of investment funds, and an increase in interest in real property investments, may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Liquidity of Real Estate Investments

Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. Such illiquidity may limit the Company's ability to promptly adjust its portfolio in response to changing economic or other conditions. If the Company were to be required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of the Properties or less than what could be expected to be realized under normal circumstances.

Government Regulation

Certain provinces of Canada have enacted residential tenancy legislation, which imposes, among other things, rent control guidelines that limit the Company's ability to raise rental rates at the Properties. Limits on the Company's ability to raise rental rates at the Properties may adversely affect the Company's ability to increase income from the Properties.
In addition, residential tenancy legislation in certain provinces provides rights to tenants, while imposing obligations upon landlords. Residential tenancy legislation in the Provinces of Ontario and Québec in particular prescribe certain procedures, which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation in certain provinces provides tenants with the right to bring certain claims to the respective administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, the Company may, in the future, incur capital expenditures, which may not be fully recoverable from tenants.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner, which will materially adversely affect the ability of the Company to maintain the historical level of earnings of the Properties.

Significant Capital Expenditures and Expense Risk

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Company is unable to meet mortgage payments on any Property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

The Company is also subject to utility and property tax risk relating to increased costs that the Company may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of municipal properties and their adherent tax rates. In some instances, enhancements to properties may result in a significant increase in property assessments following a revaluation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Residential leases are generally "gross" leases and the landlord is not able to pass on costs to its tenants.

In order to retain desirable rentable space and to generate adequate revenue over the long term, the Company must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards over its useful life can entail costs. Such costs may include a new roof, paved areas or structural repairs. Numerous factors, including the age of the building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. If the actual costs of maintaining or upgrading a property exceed the Company's estimates, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if the Company is not permitted to raise the rents due to legal constraints, the Company will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of the Company’s properties is located, or similar properties located in the vicinity of one of the Company’s properties are substantially refurbished, the net operating income derived from, and the value of, such property could be reduced.

Any failure by the Company to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income the Company earns from such properties.

Lease Rollover Risks

Lease rollover risk arises from the possibility that the Company may experience difficulty-renewing leases as they expire or in re-leasing space vacated by tenants upon their lease expiry.

Acquisition Risk and Unexpected Costs or Liabilities related to Acquisitions

The Company’s strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. There can be no assurance as to the pace of growth through property acquisitions or that the Company will be able to acquire assets on an accretive basis.

Acquisitions of properties by the Company are subject to the normal commercial risks and satisfaction of closing conditions that may include, among other things, lender approval, receipt of estoppel certificates for commercial leases and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are exactly the same as initially negotiated. Acquisitions of properties involve risks, including the failure of the acquisition to yield the results the Company expects.

From time to time the Company may agree to acquire properties and not assume any mortgages secured thereby, rather intending, on or following closing of the acquisition, to obtain new mortgages secured by such properties. Failure to obtain such new mortgages prior to completion of any such acquisition would require the Company to obtain other sources of acquisition financing and could result in an acquisition not being completed or being completed only in part. If, upon completion of such an acquisition, the terms of the new mortgages are not finalized or the lenders thereunder have not committed to provide any financing pursuant to such mortgages, there can be no assurance that such mortgages will be obtained or, if obtained, will be on expected terms.

Risks associated with acquisitions include that there may be an undisclosed or unknown liability relating to the acquired property, and the Company may not be indemnified for some or all of these liabilities. Following an acquisition, the Company may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by management are designed to address this risk. The Company performs what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

General Insured and Uninsured Risks

The Company carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with customary policy specifications, limits and deductibles. The Company has insurance, subject to certain policy limits, deductibles, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. Should an uninsured or underinsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, one or more of the Properties, but would continue to be obligated to repay any recourse mortgage indebtedness on such Properties. Claims against the Company, regardless of their merit or eventual outcome, also may have a material adverse effect on the Company’s ability to attract tenants or expand the Company’s business, and will require management to devote time to matters unrelated to the operation of the business.

Litigation Risks

In the normal course of the Company's operations, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management from the Company's business operations.

Reputation Risk

Reputation risk could occur at the property level due to negligence or an Act of God leading to disastrous property damage or death.

Interest Rate Risk

The Company has both fixed and floating rate mortgages. The fixed rate mortgages range in term from ten months to 4 years. The floating rate mortgages have terms of one to six years. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest on mortgages payable of $165,000 on an annual basis. The impact of a 50 basis point change on fixed rate debt would be an increase or decrease in interest on mortgages payable of $109,404 on an annual basis. The Company does not use interest rate hedges to manage its exposure to interest rate fluctuations.

Access to Capital and Financial 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 is net operating income, which is used to finance working capital and capital expenditure requirements, 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.

The real estate industry is highly capital intensive. The Company requires access to capital to maintain the Properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that the Company will otherwise have access to sufficient capital or access to capital on terms favorable to the Company for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes.

Global financial markets have experienced a sharp increase in volatility during recent years. The underlying market conditions may continue or become worse, and unexpected volatility and illiquidity in financial markets may inhibit the Company's access to long-term financing in the Canadian capital markets. As a result, it is possible that financing which the Company may require, in order to grow and expand its operations or upon the expiry of the term of financing, may not be available on favorable terms to the Company.

As at June 30, 2017, the Company had outstanding mortgage indebtedness of approximately $54,640,665 (after adjusting for unamortized financing costs of approximately $47,306). A portion of the cash flow generated by the Properties is devoted to servicing the Company's debt, and there can be no assurance that the Company will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the Company is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. There is a risk that the Company may be unable to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing.

The Company is subject to the risks associated with debt financing, including the risk that the mortgages secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness due to, for instance, higher interest rates. To the extent that the Company utilizes variable rate debt, such debt will result in fluctuations in the Company's cost of borrowing as interest rates change.

Credit Risk

Credit Risk rises from the possibility that debtors may be unable to fulfill their commitments. As of the date of these financial statements the Company's debtors are the Government of Canada for Harmonized Sales Tax receivable and the Company's residents who may experience financial difficulty and be unable to meet their rental obligations.

Reliance on Key Personnel Risk

The Company's ongoing success will be dependent upon key personnel, particularly Mark Hansen. If the Company's business is to expand in the future, the Company must hire additional service and administrative personnel and, in particular, individuals skilled in finance, operations and marketing. If the Company is unable to hire and retain these employees, its business and results of operations may be adversely affected. Additions of new personnel and departures of existing personnel may disrupt the business and may result in the departure of other employees. The Company also depends on the continued service of its key personnel. The Company does not have key person life insurance covering any of its personnel.

Dilution of Shares

The number of common shares the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional common shares or convertible securities exchangeable into common shares from time to time subject to the rules of any applicable stock exchange on which the common shares are then listed. The issuance of any additional common shares may have a dilutive effect on the interests of holders of Shares.

Volatility of the Market Price for the Company's Shares

The market price for the Company's securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's financial performance and future prospects; (ii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iii) addition or departure of the Company's executive officers; (iv) release or expiration of lock-up or other transfer restrictions on outstanding common shares; (v) sales or perceived sales of additional securities; (vi) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (vii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; (viii) liquidity of the Company's securities; (ix) prevailing interest rates; (x) the market price of other real estate company securities; and (xi) general economic conditions.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the Company's securities may decline even if the Company's financial performance, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company's securities by those institutions. There can be no assurance that continuing fluctuations in price and volume will not occur.

Selected Consolidated Financial Information

The following selected financial information should be read in conjunction with "Management's Discussion and Analysis", the unaudited condensed consolidated interim financial statements and accompanying notes for the periods ended June 30, 2017 and 2016, and the unaudited consolidated financial statements of the Company for the period ended June 30, 2017.

	Six Months Ended 30-Jun		**Six Months Ended 30-Jun**	
	2017	**2016**	**2017**	**2016**
Property revenues	$1,307,789	$1,261,010	$2,697,825	$2,550,721
Net income (loss) and comprehensive income (loss)	($280,152)	($381,481)	($384,023)	$58,885
Add (deduct):				
Transaction costs	-	11,390	-	(753,654)
FFO	($280,152)	($370,091)	($347,773)	($694,769)
Net income (loss) per share – basic and diluted	($0.12)	($0.16)	($0.14)	$0.03
FFO per share(1)	($0.12)	($0.16)	($0.16)	($0.30)
Weighted average shares outstanding(1)	**2,434,188**	**2,335,181**	**2,434,188**	**2,335,181**

(1) After giving retroactive effect of the 85 to 1 common share consolidation that occurred on February 19, 2015 and Private Placement on May 15, 2017.

Additional Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. To contact CHC regarding investor relations matters directly, please contact Mark Hansen, President and CEO at (647)288-9355.