

CHC Student Housing Corp.
Condensed Consolidated Interim Financial Statements
September 30, 2016
(Unaudited)

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

As at	September 30, 2016	December 31, 2015
Assets		
Non-Current		
Investment properties (Note 5)	\$64,994,578	\$64,895,000
Furniture and equipment (Note 6)	168,025	138,969
	65,162,603	65,033,969
Current		
Cash and cash equivalents	392,784	842,808
Deposits and prepaid expenses (Note 7)	260,388	363,393
Accounts receivable (Note 8)	92,572	112,852
Total Assets	\$65,908,347	\$66,353,022
Liabilities		
Non-Current		
Mortgages payable (Note 9)	\$38,091,812	\$38,155,301
	38,091,812	38,155,301
Current		
Accounts payable and accrued liabilities (Note 10)	3,979,902	4,090,081
Mortgages payable (Note 9)	16,583,788	16,550,952
	58,655,502	58,796,334
Shareholders' Equity		
Share capital (Note 11)	19,527,459	19,527,459
Contributed surplus	909,597	969,597
Deficit	(13,184,211)	(12,940,368)
Total Shareholders' Equity	7,252,845	7,556,688
Total Liabilities and Shareholders' Equity	\$65,908,347	\$66,353,022

Approved on behalf of the Board

(signed) "Louis Forbes"

Louis Forbes
Director

(signed) "Ronald Schwarz"

Ronald Schwarz
Director

The accompanying notes are an integral part of these interim condensed financial statements

CHC Student Housing Corp.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss (Unaudited) (Canadian dollars)

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Revenue				
Property revenues (Note 12)	\$1,255,977	\$1,219,784	\$3,806,698	\$3,823,125
Interest income	-	1,976	40	2,443
	1,255,977	1,221,760	3,806,738	3,825,568
Expenses				
Property operating expenses (Note 13)	587,388	649,160	1,967,258	2,107,635
General and administrative expenses (Note 14)	281,035	159,783	825,739	687,623
Transaction costs (concessions) (Note 16)	20,566	23,251	(733,088)	2,724,789
Interest and other financing charges (Note 15)	668,716	715,175	2,023,672	2,227,347
Stock based compensation (recovery) (Note 11)	1,000	-	(33,000)	432,726
Forfeiture of deposit	-	-	-	750,000
	1,558,705	1,547,369	4,050,581	8,930,120
Net Loss and Comprehensive Loss	(\$302,728)	(\$325,609)	(\$243,843)	(\$5,104,552)
Loss per share				
Basic and diluted	(\$0.13)	(\$0.14)	(\$0.10)	(\$2.19)
Weighted average number of outstanding common shares				
Basic and diluted	2,335,181	2,335,181	2,335,181	2,335,181

The accompanying notes are an integral part of these interim condensed financial statements

CHC Student Housing Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

*(Unaudited)
(Canadian dollar)*

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity For the nine months ended
Balance, December 31, 2014	\$19,528,302	\$536,871	(\$2,994,572)	\$17,070,601
Issuance of shares, net	(745)	-	-	(745)
Stock options	-	432,726	-	432,726
Net loss and comprehensive loss for the period	-	-	(5,104,552)	(5,104,552)
Balance, September 30, 2015	\$19,527,557	\$969,597	(\$8,099,124)	\$12,398,030
Balance, December 31, 2015	\$19,527,459	\$969,597	(\$12,940,368)	\$7,556,688
Stock options	-	(60,000)	-	(60,000)
Net loss and comprehensive loss for the period	-	-	(243,843)	(243,843)
Balance, September 30, 2016	\$19,527,459	\$909,597	(\$13,184,211)	\$7,252,845

The accompanying notes are an integral part of these interim condensed financial statements

CHC Student Housing Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(Canadian dollar)

	For the three month period ended September 30, 2016	For the three month period ended September 30, 2015	For the nine month period ended September 30, 2016	For the nine month period ended September 30, 2015
Operating activities				
Net loss	(\$302,728)	(\$325,609)	(\$243,843)	(\$5,104,552)
Transaction costs (concessions)	20,566	23,251	(733,088)	2,724,789
Stock-based compensation (recovery) (Note 11)	1,000	-	(33,000)	432,726
Amortization of financing transaction costs (Note 15)	19,615	23,092	78,068	209,958
Forfeiture of deposit on property	-	-	-	750,000
Depreciation (Note 6)	4,772	3,177	11,060	6,213
Straight line rent	3,054	3,869	2,203	24
Interest expense on mortgages payable (Note 15)	649,101	692,083	1,945,604	2,017,389
Cash interest paid	(649,643)	(636,833)	(1,864,877)	(1,600,701)
Net change in working capital	313,869	304,361	436,265	(1,337)
Net cash changes from operating activities	59,606	87,391	(401,608)	(565,491)
Investing activities				
Capital expenditures (Note 5)	-	(15,553)	(99,578)	(258,737)
Additions to furniture and equipment (Note 6)	(15,490)	(45,637)	(43,347)	(127,191)
Disposals of furniture and equipment (Note 6)	-	-	3,231	-
Refunds from deposits related to property acquisitions, net (Note 7)	180,000	825,000	200,000	150,000
Net cash changes from investing activities	164,510	763,810	60,306	(235,928)
Financing activities				
Equity issuance costs	-	-	-	(745)
Mortgage principal repayments	(36,401)	(35,104)	(108,722)	(105,879)
Net cash changes from financing activities	(36,401)	(35,104)	(108,722)	(106,624)
Net increase (decrease) in cash and cash equivalents	187,715	816,097	(450,024)	(908,043)
Cash and cash equivalents, beginning of period	205,069	507,972	842,808	2,232,112
Cash and cash equivalents, end of period	\$392,784	\$1,324,069	\$392,784	\$1,324,069

The accompanying notes are an integral part of these interim condensed financial statements

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

1. Description of the business

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 TSX Venture Exchange (the “TSXV”) corporate finance manual. The Company completed an initial public offering as a Capital Pool Company on November 19, 2013. As a Capital Pool Company, the Company proposed to identify and evaluate potential properties, assets or businesses as a potential Qualifying Transaction, and once identified and evaluated, to negotiate an acquisition or participation therein subject to regulatory approval and, if required, shareholders’ approval. On April 3, 2014, the Company announced it had completed its Qualifying Transaction. The Company submitted final documentation with respect to the Qualifying Transaction to the TSXV and was granted Tier 2 status on the TSXV.

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

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.

The Company’s condensed consolidated interim financial statements are prepared on a going concern basis.

The Company’s ability to continue as a going concern is subject to material 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 above cast a significant doubt about the Company’s ability to continue as a going concern.

As announced on August 25, 2016, the Company has entered into an arrangement agreement with Dundee Acquisition Ltd. (“DAQ”), to effect a business combination under which the Company and DAQ will merge and concurrently acquire a number of additional student housing properties from various third party vendors. It is currently contemplated that the transaction will close around mid-December 2016. The transaction is subject to certain conditions such as corporate and regulatory approvals, and there can be no assurance that it will be completed. The Company has taken certain measures including entering into an operating line of credit with a related company (Note 18).

On October 26, 2016, DAQ filed a preliminary long form non-offering prospectus in connection with the business combination described above.

If the transaction with DAQ is not completed and 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. Additionally, the going concern assumption may no longer be appropriate and adjustments would be necessary to the carrying values of the assets and liabilities, the reported net income (loss) and the classifications used in the statements of financial position.

2. Summary of significant accounting policies

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

The condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2015. These condensed consolidated interim financial statements have been presented in Canadian dollars and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2015.

3. Critical accounting estimates, assumptions, and judgments

The preparation of the condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The critical accounting estimates and judgments applied in the preparation of these condensed consolidated interim financial statements are the same as those set out in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2015.

4. Standards, amendments and interpretations issued

Materiality

On December 18, 2014, the International Accounting Standard Board ("IASB") issued Disclosure Initiative Amendments to IAS 1 as part of the IASB's Disclosure Initiative. The amendments to IAS 1 relates to (i) materiality; (ii) order of the notes; (iii) subtotals; (iv) accounting policies; and (v) disaggregation and are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The amendments did not impact CHC's condensed consolidated interim financial statements and CHC is currently assessing the impact on its annual disclosure.

Details of the standards, amendments and interpretations issued but not yet adopted are described in Note 4 to CHC's annual consolidated financial statements, except for the following:

Revenue recognition

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"), which replaces IAS 11 - Construction Contracts, IAS 18 - Revenue, and International Financial Reporting Interpretations Committee 13 - Customer Loyalty Programmes ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. CHC is assessing the potential impact of this standard.

In April 2016, the IASB published clarifications to IFRS 15 which address three topics (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. CHC is assessing the potential impact of these amendments.

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. The Company is currently assessing the impact of IFRS 16 on its condensed consolidated interim financial statements.

Share-based payment

In June 2016, the IASB issued amendments to IFRS 2 - Share-based Payment, clarifying how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature and a modification to the terms and conditions that changes the classification of the transactions.

These amendments are effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. CHC is assessing the potential impact of these amendments.

The Company carries a deferred share unit ("DSU") plan where the deferred share units can be granted and are to be settled in cash. The board of directors can approve any changes to the terms of the DSU plan. The Company accounts for DSUs as an expense over the vesting period of the DSUs using fair value of the shares at the reporting date.

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

5. Investment properties

The fair value of the Company's income producing properties reflects a weighted average stabilized capitalization rate of 5.3% (December 31, 2015 – 5.3%). A 25 basis point change in the utilized capitalization rate would cause the estimated fair value of investment properties to change by approximately \$3 million.

<i>As at</i>	September 30, 2016	December 31, 2015
Income producing property	\$64,599,578	\$64,500,000
Development	395,000	395,000
Total	\$64,994,578	\$64,895,000

<i>As at</i>	For the nine months ended September 30, 2016	For the year ended December 31, 2015
Balance at the beginning of the period	\$64,895,000	\$68,694,530
Capital expenditures	99,578	376,636
Fair value adjustment on investment properties	-	(4,176,166)
Balance at the end of the period	\$64,994,578	\$64,895,000

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

Management considered the various valuation parameters and has determined that there is no change to such inputs impacting the underlying fair value measures for the period. No fair value adjustment has been recorded for the current interim period. Management continues to reassess the valuation parameters on an ongoing basis each period.

6. Furniture and equipment

<i>As at</i>	September 30, 2016	December 31, 2015
Balance at the beginning of the period	\$150,583	\$18,501
Additions	43,347	132,082
Disposals	(3,231)	-
Less: Accumulated depreciation	(22,674)	(11,614)
Balance at the end of the period	\$168,025	\$138,969

7. Deposits and prepaid expenses

<i>As at</i>	September 30, 2016	December 31, 2015
Non-refundable deposit on property	\$50,000	\$50,000
Refundable deposits on properties	20,000	220,000
Prepaid property taxes	58,262	10,736
Other	132,126	82,657
Total	\$260,388	\$363,393

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

8. Accounts receivable

<i>As at</i>	September 30, 2016	December 31, 2015
Rent and other receivables	\$119,207	\$160,446
Allowance for doubtful accounts	(26,635)	(47,594)
Accounts receivable	\$92,572	\$112,852

9. Mortgages payable

As at September 30, 2016 mortgages payable bear interest at a weighted average interest rate of 4.84% (December 31, 2015 - 4.77%) and a weighted average term to maturity of 1.0 years (December 31, 2015 – 1.8 years). The Company has four fixed rate mortgages in the aggregate amount of \$21,772,140 and one floating rate mortgage in the aggregate amount of \$33,000,000 (December 31, 2015 - \$21,880,860 and \$33,000,000), representing 40% and 60%, respectively, of total mortgages payable. The fair value of the mortgages payable exceeds their carrying value by \$199,557 (December 31, 2015 - \$189,616). The mortgages payable are secured by the Company's investment properties. The Company has also guaranteed up to \$52,000,000 of mortgages payable.

<i>As at September 30, 2016</i>	Principal Amount	% of Total Principal
Remainder of 2016 (Note 20)	\$16,536,710	30.2%
2017	33,150,788	60.5%
2018	156,324	0.3%
2019	4,928,317	9.0%
	\$54,772,139	100%
Unamortized deferred financing costs	(96,539)	
Total	\$54,675,600	
Less: current portion	(16,583,788)	
Non-current portion	\$38,091,812	

10. Accounts payable and accrued liabilities

As at September 30, 2016 accounts payable and accrued liabilities were comprised of the following:

<i>As at</i>	September 30, 2016	December 31, 2015
Trade payables and other	\$3,247,252	\$3,537,830
Accrued interest payable	210,376	129,650
Security deposits	522,274	422,601
Total	\$3,979,902	\$4,090,081

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

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, 2016	2,335,181	\$20,784,517	(\$1,257,058)	\$19,527,459
Change during the period	-	-	-	-
Closing balance at September 30, 2016	2,335,181	\$20,784,517	(\$1,257,058)	\$19,527,459

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

b. Escrowed shares

In connection with the Company's initial public offering and listing on the TSXV, 150,535 common shares of the Company issued in prior periods were placed and held in escrow under a TSXV CPC escrow agreement. Ten percent (10%) of these common shares were released from escrow on April 7, 2014. An additional fifteen percent (15%) of these common shares were released from escrow on October 7, 2014 and April 7, 2015, and October 7, 2015, and April 7, 2016, and will continue to be released every six months thereafter until all common shares have been released from escrow.

c. Stock options and Deferred share units

During 2013, the Company implemented a stock option plan that entitles directors and officers 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.

Details of the options outstanding at September 30, 2016 are as follows:

Options awarded in	Number	Exercise Price	Expiry Date	Fair Value at Grant Date
Nov-13	40,441	\$8.50	Dec-18	\$309,000

The fair value of the financial liability related to these options is \$66,000 at September 30, 2016, included in trade payables and other, and an expense of \$40,000 and \$6,000 has been recognized in stock based compensation (recovery) for the three and nine months ended September 30, 2016, respectively, 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. The DSUs are currently to be settled in cash when a director ceases to be a director of the Company. The fair value of the financial liability related to DSUs as at September 30, 2016, is \$265,000, included in trade payables and other, and a recovery of \$39,000 has been recognized in stock based compensation (recovery) for both the three and nine months ended September 30, 2016, comprising the mark to market adjustment on the units.

d. Agent's options

As part of the compensation to the agent of the Company's initial public offering on November 19, 2013, the Company issued 11,764 options exercisable for 24 months from the date of issue at an exercise price of \$8.50. These options vested immediately and were expensed in 2013. All agent's options expired in November 2015.

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

11. Share capital (continued)

e. Warrants

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

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

12. Property revenues

Property revenues consist of the following:

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Residential rent	\$1,147,635	\$1,072,139	\$3,445,878	\$3,407,477
Commercial rent	69,807	66,751	195,424	192,369
Recoveries and other income	38,535	80,894	165,396	223,279
Total	\$1,255,977	\$1,219,784	\$3,806,698	\$3,823,125

All of the Company's residential leases are for a term of one year or less. Residential leases account for approximately 95% of the Company's rental revenue. For the nine month period ended September 30, 2016, 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.

13. Property operating expenses

Property operating expenses consist of the following:

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Realty taxes	\$210,284	\$205,929	\$623,251	\$613,541
Utilities	105,439	114,703	459,328	519,759
Wages and benefits	84,643	126,485	269,922	368,148
Repairs & maintenance	76,929	79,373	259,616	230,979
Management fees	15,243	42,152	80,476	131,921
General & marketing	16,906	34,837	69,036	110,911
Insurance	32,261	31,025	95,118	100,707
Bad debt expense	40,662	14,633	99,235	24,916
Other	5,021	23	11,276	6,753
Property operating expenses	\$587,388	\$649,160	\$1,967,258	\$2,107,635

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

14. General and administrative expenses

General and administrative expenses consist of the following:

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Legal and other professional	\$69,015	\$75,082	\$159,986	\$173,133
Audit and accounting	39,550	-	113,000	56,500
Wages and benefits	144,710	51,255	419,390	298,009
Rent	7,744	-	32,762	22,242
Marketing	3,091	19,659	24,634	31,187
Other	16,925	13,787	75,967	106,552
General and administrative expenses	\$281,035	\$159,783	\$825,739	\$687,623

15. Interest and other financing charges

Interest expense consists of the following:

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Interest on mortgages payable	\$649,101	\$692,083	\$1,945,604	\$2,017,389
Amortization of financing transaction costs	19,615	23,092	78,068	209,958
Interest and other financing charges	\$668,716	\$715,175	\$2,023,672	\$2,227,347

16. Transaction costs

The Company engaged in discussions with certain key vendors regarding their past fees associated with the proposed equity offering by the Company which was terminated in the second quarter of 2015. These vendors agreed to take combined concessions of \$765,044 from their fees which was realized during the first quarter of 2016.

17. Income taxes

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

No income taxes have been charged to equity for the period.

Reconciliations of tax expense and accounting income for the period ended September 30, 2016 is set out below:

CHC Student Housing Corp.
Notes to the Condensed Consolidated Interim Statements
(Unaudited)
(Canadian dollar)

17. Income taxes (continued)

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Net income (loss)	(\$302,728)	(\$325,609)	(\$243,843)	(\$5,104,552)
Expected income tax recovery at statutory income tax rates	(119,578)	(128,616)	(96,318)	(2,016,298)
Permanent differences	395	-	(13,035)	170,927
Non-recognition of the benefit of current year's tax losses	119,183	128,616	109,353	1,845,371
Income tax expense	\$-	\$-	\$-	\$-

Deferred income tax assets and liabilities as at September 30, 2016 relate to the following:

	September 30, 2016	December 31, 2015
Non-capital losses	\$3,032,616	\$2,978,274
Difference in basis	1,262,420	369,756
Non-recognition of deferred tax assets	(4,295,036)	(3,348,030)
Total net deferred tax asset	\$-	\$-

As at September 30, 2016, the expiry dates of unrecognized deferred tax assets range from 2033 to 2036. 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.

18. Related party transactions

The Company obtains certain management services from an entity owned by certain officers and a director of the Company, for which no management fees have been charged. This entity also paid for some corporate expenses on behalf of the Company during the quarter and \$311,588 is included in accounts payable at September 30, 2016 (December 31, 2015 - \$182,689). The Company has entered into an operating line of credit arrangement with a related company controlled by the Chief Executive Officer and a director of the Company, up to a maximum amount of \$300,000 bearing interest at Royal Bank of Canada prime plus 3.5% per annum. No amounts have been drawn on this line at September 30, 2016.

19. Comparative figures

Certain comparative figures have been reclassified in order to present information on a basis consistent with the current period. In the Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss, forfeiture of deposit of \$750,000 incurred during the three and nine months ended September 30, 2015 was reclassified from general and administrative balances to be separately presented, transaction costs were further reclassified from general and administrative balances to be consistent with 2015 year-end reporting, and stock-based compensation of \$432,726 incurred during the nine months ended September 30, 2015 was reclassified from general and administrative balances to be separately presented consistent with the current period. In the Condensed Consolidated Interim Statements of Cash Flows, amortization of financing transaction costs during the three and nine months ended September 30, 2015 was reclassified from interest expense to be separately presented consistent with the current period. In Note 12, residential and commercial rents were separately classified consistent with the current period.

20. Subsequent events

As announced on August 25, 2016, the Company has entered into an arrangement agreement with DAQ to effect a business combination under which the Company and DAQ will merge and concurrently acquire a number of additional student housing properties from various third party vendors. See Note 1.

On October 26, 2016, DAQ filed a preliminary long form non-offering prospectus in connection with the business combination described above.

The Company obtained a new loan on a property located in Trois Rivieres, Quebec, to replace the existing \$2,750,000 loan at a fixed interest rate of 4% per annum which expired in October 2016. This additional vendor loan for \$2,777,500 at a fixed interest rate of 10% per annum matures on April 9, 2017, and is open to prepayment. The Company also extended the existing \$13,750,000 loan at a fixed interest rate of 14% per annum on the property located in London, Ontario, which expired in October 2016, to December 2016 at the current terms and conditions.

21. Approval of financial statements

The condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on November 21, 2016.