A copy of this non-offering preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, but has not yet become final. Information contained in this document may not be complete and may have to be amended.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

PRELIMINARY PROSPECTUS

Non-Offering Prospectus

October 26, 2016

DUNDEE ACQUISITION LTD.

(to be renamed Canadian Student Living Group Inc. in connection with a business combination with CHC Student Housing Corp.)

No securities are being offered pursuant to this prospectus. This prospectus is being filed with the securities regulatory authorities in each of the provinces and territories of Canada and the Toronto Stock Exchange ("**TSX**") to enable Dundee Acquisition Ltd. ("**DAQ**" or the "**Corporation**"), a "special purpose acquisition corporation" pursuant to the rules of the TSX, to complete its "qualifying acquisition" in accordance with the rules of the TSX. Since no securities are being sold pursuant to this prospectus, no proceeds will be raised pursuant to this prospectus.

The Corporation and CHC Student Housing Corp. ("**CHC**") have entered into an arrangement agreement dated August 25, 2016 (the "**Arrangement Agreement**") pursuant to which DAQ and CHC have agreed to complete a plan of arrangement (the "**Arrangement**") under which it is expected: (i) the shareholders of DAQ (other than DAQ shareholders properly exercising redemption rights) will exchange their shares of DAQ for common shares of CHC ("**CHC Shares**") at a ratio of 1.75304 CHC Shares for every one share of DAQ, (ii) DAQ will thereupon become a wholly-owned subsidiary of CHC and will then be amalgamated with CHC and a newly incorporated subsidiary of CHC to form an amalgamated corporation (the "**Resulting Issuer**" or "**CSL**") to be named "Canadian Student Living Group Inc.", (iii) the outstanding common shares of the Resulting Issuer (the "**Common Shares**") will then be consolidated on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share, and (iv) the Resulting Issuer will concurrently complete a series of acquisitions of student housing properties and/or related businesses as further described in this prospectus (the Arrangement, together with such concurrent acquisitions being collectively referred to herein as the "**Qualifying Acquisition**"). Upon completion of the Qualifying Acquisition, the shareholders of DAQ immediately prior to the Arrangement will hold the majority of the outstanding Common Shares. In addition, pursuant to their terms and in accordance with the terms and conditions of the Arrangement Agreement, all share purchase warrants of DAQ (the "**Warrants**") outstanding immediately prior to the Arrangement will represent equivalent warrants of the Resulting Issuer (the "**Replacement Warrants**") to purchase Common Shares of the Resulting Issuer at an exercise price of $11.50 per Common Share.

The Corporation's Class A restricted voting shares ("**Class A Restricted Voting Shares**") are currently listed for trading on the TSX under the symbol "DAQ.A". The closing price of the Class A Restricted Voting Shares on the TSX on August 24, 2016, the last trading day before the Qualifying Acquisition was announced, was $9.90. The Warrants are also currently listed for trading on the TSX under the symbol "DAQ.WT". The closing price of the Warrants on August 24, 2016, the last trading day before the Qualifying Acquisition was announced, was $0.39. The CHC Shares are currently listed for trading on the TSX Venture Exchange (the "**TSX-V**") under the symbol "CHC". The trading price of the CHC Shares on the TSX-V on August 24, 2016, the last trading day before the Qualifying Acquisition was announced, was $2.50. The Closing (as defined herein) of the Qualifying Acquisition is conditional upon, among other things, approval by the TSX.

An investment in CSL is subject to a number of risks that should be carefully considered by investors. There is no guarantee that an investment in CSL will earn any positive return in the short or long term and an investment in CSL is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. In reviewing this prospectus, an investor should carefully consider the matters described under the heading "*Risk Factors*".

Neither the Corporation nor CHC currently pay dividends on their shares. Although CSL intends to commence paying dividends and distributing a portion of its AFFO (as defined herein) to holders of the Common Shares on a monthly basis in the initial amount of $0.025 per Common Share per month ($0.30 per Common Share on an annual basis) starting in January 2017, these dividends are not assured. A return on an investment in CSL is not comparable to the return on an investment in a fixed-income security. The ability of CSL to pay dividends and the actual amount distributed will be dependent upon, among other things, the financial performance of CSL, occupancy levels and rates, interest rates, its debt covenants and obligations, its working capital requirements and its future capital requirements, and will be subject to the discretion of CSL's Board of Directors (as defined herein). If CSL does commence payment of dividends, the market value of the Common Shares may deteriorate if CSL is unable to maintain announced levels of cash dividends in the future, and that deterioration may be material. See "*Dividends*".

As the Arrangement constitutes DAQ's Qualifying Acquisition, holders of Class A Restricted Voting Shares can elect to redeem all or a portion of their Class A Restricted Voting Shares, whether they vote for or against, or do not vote on, the Qualifying Acquisition, provided that they deposit their Class A Restricted Voting Shares for redemption prior to the second Business Day before the meeting of DAQ's shareholders.

A redeeming DAQ shareholder is entitled to receive an amount per Class A Restricted Voting Share payable in cash equal to the per share amount then on deposit in DAQ's escrow account, including interest and other amounts earned thereon less an amount equal to the total of: (i) the applicable taxes payable by DAQ on the interest and other amounts earned in DAQ's escrow account; and (ii) the actual and direct expenses related to the redemption. This redemption amount is anticipated to be $10.08 per Class A Restricted Voting Share, assuming an early-mid December 2016 redemption date and not including any applicable taxes or transaction costs.

Original purchasers of Class A Restricted Voting Shares and/or Warrants from the underwriters in DAQ's initial public offering will have a contractual right of action for rescission or damages against CSL. See "*Contractual Right of Action*".

This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Shareholders should be aware that the acquisition, holding and disposition of the securities described in this prospectus may have tax consequences in Canada and elsewhere depending on each particular shareholder's specific circumstances. Shareholders should consult their own tax advisors with respect to such tax considerations. See "*Certain Canadian Federal Income Tax Considerations*".

No underwriter has been involved in the preparation of this prospectus or performed any review of the contents of this prospectus.

The head and registered offices of DAQ are located at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9. The head office of CHC is located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3, and the registered office of CHC is located at Suite 800, 365 Bay Street, Toronto, Ontario, M5H 2V1. The registered and head offices of CSL will be located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus include forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the future outlook and anticipated events or results of the Corporation, CHC and/or the Resulting Issuer and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving CSL. In particular, statements regarding future results, performance, achievements, prospects or opportunities for CSL or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", or the negatives thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this prospectus include, but are not limited to, statements with respect to the following:

- the expected completion and method of financing of the Acquisitions (as defined herein);
- the use of the funds of the Corporation, including in the event that certain of the Acquisitions are not completed;
- the Acquisitions and the performance and anticipated results of the Properties (as defined herein) and the corresponding impact on CSL;
- the expected timing for the completion of, and the consequences of, the Arrangement and the Qualifying Acquisition;
- the ability of CSL to execute its operational and growth strategies;
- management's expectations with respect to certain financial results of CSL;
- certain conclusions and projections contained under the heading "The Student Housing Sector";
- the intention of CSL to commence payment of dividends and the amount, growth and frequency of such dividends;
- CSL's capital expenditure requirements for the Properties;
- the expected occupancy and rental rates of the Properties;
- the debt maturity profile of CSL; and
- the expected terms and completion of the Woodbourne Arrangements (as defined herein).

The Corporation and/or CHC have based these forward-looking statements on factors and assumptions about future events and financial trends that they believe may affect the financial condition, results of operations, business strategy and financial needs of CSL, including: that the Canadian economy will remain stable over the next 12 months; that inflation will remain relatively low; that interest rates will remain stable; that conditions within the student housing sector of the Canadian real estate market, including occupancy and rental rates, as well as competition for acquisitions, will be consistent with the current climate; and that the Canadian capital markets will provide CSL with access to equity and/or debt at reasonable rates when and if required.

Although the forward-looking statements contained in this prospectus are based upon assumptions that management believes are reasonable based on information currently available to them, there can be no assurance that actual results will be consistent with these forward-looking statements. By their nature, forward-looking statements are inherently uncertain, are subject to risk and are based on assumptions including those discussed herein, many of which will be beyond the control of CSL and may cause its or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: risks related to the Acquisitions to be completed using the funds of the Corporation; risks related to the Common Shares; and risks related to the Resulting Issuer and its business. See "*Risk Factors*".

All forward-looking statements included in this prospectus are qualified by these cautionary statements. Unless otherwise indicated, these forward-looking statements are made as of the date of this prospectus, and CSL does not intend, and does not assume any obligation, to update these forward-looking statements, except as expressly required by law. CSL cannot assure you that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

GENERAL DISCLOSURE INFORMATION

No person has been authorized by the Corporation, CHC or the Resulting Issuer to give any information or make any representations in connection with the transactions herein described other than those contained in this prospectus and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation, CHC or the Resulting Issuer, as applicable.

Unless otherwise indicated, the disclosure in this prospectus has been prepared assuming that the Qualifying Acquisition has become effective as described in this prospectus, including that all of the Acquisitions have been completed as described in this prospectus.

Unless otherwise indicated, references to "management" in this prospectus are to management of CSL upon completion of the Qualifying Acquisition as described in this prospectus. All information contained in this prospectus with respect to CHC has been supplied by CHC for inclusion herein, and with respect to that information, the Corporation and its directors and officers have relied solely on CHC.

Definitions and Selected Abbreviations

Various terms used in this prospectus, including the cover pages, are defined under "*Glossary*".

Unless the context otherwise requires, use in this prospectus of the "Resulting Issuer", "we", "us" or "our" means CSL and assumes that the steps outlined under the section "*The Qualifying Acquisition*" have been completed and that CSL is directly or indirectly carrying on the business currently conducted by CHC as expanded through the completion of the Qualifying Acquisition.

Certain Information

Unless otherwise indicated or the context otherwise requires, all dollar amounts in this prospectus are in Canadian dollars. Aggregated figures in graphs, charts and tables contained in this prospectus may not add due to rounding. Historical statistical data and/or historical returns do not necessarily indicate future performance.

NON-IFRS MEASURES

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

NOI 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. CHC defines, and CSL will define, NOI as property revenues less property operating expenses. 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 properties. CHC and CSL's method of calculating NOI may differ from that used by other real estate entities and, accordingly, may not be comparable to such amounts as reported by other issuers.

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. CHC calculates, and CSL will calculate, its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. 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 and the Resulting Issuer. CHC and CSL's method of calculating FFO may differ from that used by other real estate entities and, accordingly, may not be comparable to such amounts as reported by other issuers.

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 of CHC and the Resulting Issuer 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 core 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.

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 another 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, and CSL will calculate, AFFO by adjusting FFO for certain non-cash income and expenses, such as straight-line rent and amortization of financing transaction costs and any debt premiums on discounts, as well as providing for operating capital requirements. There is currently no standard industry-defined measure of AFFO. As such, CHC and CSL's method of calculating AFFO may differ from that of other real estate entities and, accordingly, may not be comparable to such amounts as 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 and CSL, may differ from similar measures as reported by other companies in similar or different industries. For information with respect to how CHC reconciles its net income (loss) and cash used in operating activities calculated in accordance with IFRS to its FFO and AFFO, see the MD&A of CHC included elsewhere in this prospectus. It is expected that CSL will reconcile its net income (loss) and cash used in operating activities calculated in accordance with IFRS to its FFO and AFFO in a similar manner.

MARKET AND INDUSTRY DATA

This prospectus contains market and industry data and forecasts that were obtained from third-party sources, including industry publications and other publicly available information, or are based on estimates derived from such sources and management's knowledge of, and experience in, the industry in which CHC operates and CSL is expected to operate. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. None of these third-party sources has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, this prospectus. Although CSL believes such market and industry data to be accurate and reliable, market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. Neither the Corporation nor CHC have independently verified any of the data from third-party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to DAQ, and DLA Piper (Canada) LLP, counsel to CHC, based on the current provisions of the Income Tax Act (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**"), provided that the Common Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSX) or the Resulting Issuer qualifies as a "public corporation" within the meaning of the Tax Act on the date of issue, the Common Shares and Replacement Warrants will, on the date of issue, be "qualified investments" under the Tax Act and the Regulations for a trust governed by a "registered retirement savings plan" ("**RRSP**"), "registered retirement income fund" ("**RRIF**"), "tax-free savings account" ("**TFSA**"), "registered education savings plan", "deferred profit sharing plan" or "registered disability savings plan" (as those terms are defined in the Tax Act) (each a "**Deferred Plan**"), provided that, in the case of the Replacement Warrants, the Resulting Issuer is not, and deals at arm's length with each person that is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Deferred Plan. The Replacement Warrants will also qualify as a registered investment if they are listed on a "designated stock exchange".

Notwithstanding that the Common Shares and Replacement Warrants may be qualified investments for a TFSA, RRSP or RRIF (a "**Registered Plan**"), if the Common Shares or Replacement Warrants are a "prohibited investment" within the meaning of the Tax Act for a Registered Plan, the holder or annuitant of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Common Shares and Replacement Warrants will generally not be a prohibited investment for a Registered Plan if the holder or annuitant, as the case may be, (a) deals at arm's length with the Resulting Issuer for the purposes of the Tax Act, and (b) does not have a "significant interest" (as defined in the Tax Act) in the Resulting Issuer. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Resulting Issuer provided the holder or annuitant, together with persons with whom the holder or annuitant does not deal at arm's length, does not own (and is not deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued shares of any class of the Resulting Issuer's capital stock or of any other corporation that is related to the Resulting Issuer (for purposes of the Tax Act). In addition, the Common Shares will not be a prohibited investment if the Common Shares and Replacement Warrants are "excluded property" (as defined in the Tax Act) for a Registered Plan.

Holders of the Common Shares intending to hold their Common Shares or Replacement Warrants through Registered Plans should consult their own tax advisers with respect to whether Common Shares or Replacement Warrants would be prohibited investments having regard to their particular circumstances.

GLOSSARY

The following terms used in this prospectus have the meanings set out below:

"**2016/17 School Year**" means the academic school year starting September 1, 2016 and ending August 31, 2017. The school year is usually split into three terms. The first term runs from the beginning of September to the end of December (the Fall term), the second term runs from the beginning of January to the end of April (the Winter term) and the third term runs from the beginning of May to the end of August (the Summer term).

"**2016 Properties**" means, collectively, the newly developed student housing properties which have recently been completed in 2016 and which are intended to be acquired in whole or in part by the Resulting Issuer upon or shortly after the Closing of the Qualifying Acquisition, being the Barrie Property, the Montréal Property, the Oshawa Property (Phase 3) and the Ottawa Property, and "**2016 Property**" means any of such properties individually as applicable. See "*The Properties – The 2016 Properties*".

"**Acquisition Agreements**" means the agreements of purchase and sale in respect of the purchase of the Operating Properties, the 2016 Properties and the CHC LP Properties Co-Owner's 50% co-ownership interests in the CHC LP Properties entered into or expected to be entered into by DAQ or/and CHC on behalf of the Resulting Issuer with the vendors of the Operating Properties, the 2016 Properties and the CHC LP Properties Co-Owner, as applicable and, in respect of the Acquisition Agreements relating to the Woodbourne Co-Ownership Properties, which are subject to the Woodbourne Arrangements and have been assigned to Woodbourne in connection therewith. See "*The Acquisition Agreements*".

"**Acquisition Properties**" means, collectively, the Operating Properties and the 2016 Properties, and "**Acquisition Property**" means any of such properties individually as applicable.

"**Acquisitions**" means, collectively, the purchase in whole or in part by the Resulting Issuer of the CHC LP Properties, the Operating Properties and the 2016 Properties, and "**Acquisition**" means any such acquisition individually as applicable. See "*The Acquisition of the CHC LP Properties and Related Matters*", "*The Properties – The Operating Properties*", "*The Properties – The 2016 Properties*" and "*Available Funds and Principal Uses*".

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**AFFO**" means adjusted funds from operations. See "*Non-IFRS Measures*".

"**Appraisals**" has the meaning given to such term under "*Assessment and Valuation of the Properties*".

"**Appraised Value**" means the estimate of the fair market value of the Properties provided by the Appraisers, as described under "*Assessment and Valuation of the Properties*".

"**Appraisers**" has the meaning given to such term under "*Assessment and Valuation of the Properties*".

"**Arrangement**" means the arrangement pursuant to section 182 of the OBCA whereby it is expected (i) the shareholders of DAQ (other than DAQ shareholders properly exercising redemption rights) will exchange their shares of DAQ for CHC Shares at a ratio of 1.75304 CHC Shares for every one share of DAQ, (ii) DAQ will thereupon become a wholly-owned subsidiary of CHC and will then be amalgamated with CHC and CHC Subco, a newly incorporated subsidiary of CHC, to form an amalgamated corporation to be named "Canadian Student Living Group Inc.", being the Resulting Issuer, and (iii) the outstanding Common Shares of the Resulting Issuer will then be consolidated on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share.

"**Arrangement Agreement**" means the arrangement agreement dated August 25, 2016 between the Corporation and CHC in respect of the Arrangement and the Qualifying Acquisition.

"**associate**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Barrie Property**" means the purpose-built student housing property recently developed at 306-318 Georgian Drive, Barrie, Ontario, which has opened for the 2016/17 School Year, is intended to be acquired by the Resulting Issuer, subject to the Woodbourne Arrangements, and which is one of the 2016 Properties. See "*The Properties – The 2016 Properties*".

"**Board**" or "**Board of Directors**" means the board of directors of the Corporation, CHC or the Resulting Issuer, as the context requires.

"**Bridge Facility**" means the short term debt facility which DAQ and CHC are currently negotiating with a third-party lender which is expected to be available at Closing of the Qualifying Acquisition to fund a portion of the Acquisitions and for refinancing certain debt related to the Properties.

"**CCGC**" means the Compensation and Corporate Governance Committee of the Board of the Resulting Issuer.

"**cap rate**" means a rate that is determined by dividing forecasted net operating income of a property by the purchase price or market value of the asset.

"**capital gains dividends**" has the meaning given to such term under "*Certain Canadian Federal Income Tax Considerations – Taxation of the Resulting Issuer*".

"**capital gains redemptions**" has the meaning given to such term under "*Certain Canadian Federal Income Tax Considerations – Taxation of the Resulting Issuer*".

"**CHC**" means CHC Student Housing Corp., a corporation incorporated under the OBCA. See "*CHC Student Housing Corp*."

"**CHC 2015 Share Consolidation**" has the meaning given to such term under "*CHC Student Housing Corp. – Name and Incorporation*".

"**CHC LP**" means CHC Student Housing Limited Partnership, a limited partnership formed under the laws of Ontario. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC LP General Partner**" means CHC Student Housing GP Inc., a corporation incorporated under the OBCA, owned by CHC RI. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC LP Management**" means CHC Student Housing Management Inc., a corporation incorporated under the OBCA, owned by CHC RI and a third party that is a real estate asset manager for the CHC LP Properties Co-Owner. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC LP Management Internalization**" means, collectively, the termination of the Management Agreements and the replacement of CHC LP General Partner as the general partner of CHC LP with a wholly-owned subsidiary of the Resulting Issuer. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC LP Properties**" means, collectively, the existing student housing properties which are 50% co-owned by each of CHC LP and the CHC LP Properties Co-Owner prior to giving effect to the Qualifying Acquisition, being the West Village Suites, Village Suites, Luxe I and Luxe II, and "**CHC LP Property**" means any of such properties individually as applicable. See "*The Acquisition of the CHC LP Properties and Related Matters*" and "*The Properties – The CHC LP Properties*".

"**CHC LP Properties Co-Owner**" means the Canadian pension fund which currently co-owns the CHC LP Properties with CHC LP. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC LP Units**" means the limited partnership units in the capital of CHC LP. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC Properties**" means, collectively, the existing student housing properties owned by CHC prior to giving effect to the Qualifying Acquisition, being the Kingston (Barrie) Property, the London Property, the Trois-Rivières Property and the Windsor Property, and "**CHC Property**" means any of such properties individually as applicable. See "*The Properties – The CHC Properties*".

"**CHC RI**" means CHC Realty Investments Inc., a corporation incorporated under the OBCA, owned by Mark Hansen, President and CEO of CHC, and Craig Smith, a director of CHC. See "*The Acquisition of the CHC LP Properties and Related Matters*".

"**CHC Shares**" means the redeemable and retractable common shares in the capital of CHC.

"**CHC Subco**" means Canadian Student Living Group Inc., a corporation incorporated under the OBCA, and a wholly-owned subsidiary of CHC newly incorporated by it for the purpose of completing the Arrangement.

"**Class A Restricted Voting Shares**" means the Class A restricted voting shares in the capital of the Corporation, and in connection with the completion of the Qualifying Acquisition, each Class A Restricted Voting Share that is not redeemed will be automatically converted into one Class B Share.

"**Class A Restricted Voting Units**" means the Class A restricted voting units of the Corporation issued by the Corporation under its initial public offering, each of which consisted of one Class A Restricted Voting Share and one half of a Warrant.

"**Class B Shares**" means the Class B Shares in the capital of the Corporation.

"**Closing**" means the completion of the Arrangement and the Acquisitions (except for certain Acquisitions which may be completed post-Closing), collectively constituting the Qualifying Acquisition.

"**Closing Market Price**" has the meaning given to such term under "*Capitalization of the Resulting Issuer*".

"**CMHC**" means Canada Mortgage and Housing Corporation.

"**Common Shares**" means the redeemable and retractable common shares in the capital of the Resulting Issuer.

"**Consolidation**" means the consolidation of the Common Shares of the Resulting Issuer under the Arrangement following the exchange of the DAQ shares for CHC Shares and the amalgamation of DAQ, CHC and CHC Subco to form the Resulting Issuer, on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share.

"**control person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**Corporation**" means Dundee Acquisition Ltd., a corporation incorporated under the OBCA, and which is also referred to in this prospectus as "**DAQ**". See "*Dundee Acquisition Ltd.*"

"**CRA**" means the Canada Revenue Agency.

"**CSL**" means Canadian Student Living Group Inc., the corporation to result from the amalgamation of DAQ, CHC and CHC Subco under the Arrangement, and which is also referred to in this prospectus as the "**Resulting Issuer**".

"**Deferred Plan**" has the meaning given to such term under "*Eligibility for Investment*".

"**Distribution Date**" means, in respect of a Distribution Period, the 15th day of the month immediately following the end of the Distribution Period, or if such day is not a Business Day, the next following Business Day, or such other dates determined from time to time by the Board of Directors of the Resulting Issuer.

"**Distribution Period**" means each calendar month from and including the first day thereof and to and including the last day thereof, whether or not such days are Business Days.

"**FFO**" means funds from operations. See "*Non – IFRS Measures*".

"**Fredericton Property**" means the student housing property located at 20-30 Dunns Crossing Road, Fredericton, New Brunswick, which DAQ expects to contract to purchase on behalf of the Resulting Issuer and which is one of the Operating Properties. See "*The Properties – The Operating Properties*".

"**Guidelines**" has the meaning given to such term under "*Corporate Governance – Statement of Corporate Governance Practices*".

"**Holder**" has the meaning given to such term under "*Certain Canadian Federal Income Tax Considerations*".

"**IFRS**" means International Financial Reporting Standards as established by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada, as amended from time to time.

"**indebtedness**" means (without duplication) on a consolidated basis:

(a) any obligation of the Corporation, CHC or the Resulting Issuer, as applicable, for borrowed money (other than the impact of any net discount or premium on indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value, and any undrawn amounts under any acquisition or operating facility);

(b) any debt obligation of the Corporation, CHC or the Resulting Issuer, as applicable (other than the impact of any net discount or premium on indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value, and any undrawn amounts under any acquisition or operating facility) incurred in connection with the acquisition of property, assets or businesses other than the amount of future income tax liability arising out of indirect acquisitions;

(c) any debt obligation of the Corporation, CHC or the Resulting Issuer, as applicable, issued or assumed as the deferred purchase price of property;

(d) any capital lease obligation of the Corporation, CHC or the Resulting Issuer, as applicable; and

(e) any obligation of the type referred to in subsections (a) through (d) of another person, the payment of which the Corporation, CHC or the Resulting Issuer, as applicable, has guaranteed or for which the Corporation, CHC or the

Resulting Issuer, as applicable, is responsible or liable, other than such an obligation in connection with a property that has been disposed of by the Corporation, CHC or the Resulting Issuer, as applicable, for which the purchaser has assumed such obligation and provided the Corporation, CHC or the Resulting Issuer, as applicable, with an indemnity or similar arrangement;

provided that (A) for the purposes of subsections (a) through (e), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Corporation, CHC or the Resulting Issuer, as applicable, in accordance with IFRS, (B) obligations referred to in subsections (a) through (c) and (e) exclude trade accounts payable, security deposits, dividends payable to shareholders, and accrued liabilities arising in the ordinary course of business; and (C) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding.

"**insider**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Kingston (Alfred) Property**" means the purpose-built student housing property located at 326 Alfred Street, Kingston, Ontario, which DAQ has contracted to purchase on behalf of the Resulting Issuer, subject to the Woodbourne Arrangements, and which is one of the Operating Properties. See "*The Properties – The Operating Properties*".

"**Kingston (Barrie) Property**" means CHC's student housing property located at 335 Barrie Street, Kingston, Ontario acquired by CHC on April 3, 2014 and which is one of the CHC Properties. See "*The Properties – The CHC Properties*".

"**Kingston (Mack) Property**" means the purpose-built student housing property located at 1 Mack Street, 318 Alfred Street, and 320 Alfred Street, Kingston, Ontario, which DAQ has contracted to purchase on behalf of the Resulting Issuer, subject to the Woodbourne Arrangements, and which is one of the Operating Properties. See "*The Properties – The Operating Properties*".

"**Kingston Properties**" means, collectively, the Kingston (Alfred) Property and the Kingston (Mack) Property.

"**km**" means kilometre.

"**Lock-Up Agreements**" has the meaning given to such term under "*The Acquisition of the CHC LP Properties and Related Matters*".

"**LEED**" means Leadership in Energy & Environmental Design, which is a green building certification program that recognizes best-in-class building strategies and practices. To receive LEED certification, building projects satisfy prerequisites and earn points to achieve different levels of certification – Certified, Silver, Gold and Platinum.

"**London Property**" means CHC's student housing property located at 673-677 Richmond Street, London, Ontario acquired by CHC on November 19, 2014 and which is one of the CHC Properties. See "*The Properties – The CHC Properties*".

"**Luxe I**" means the purpose-built student housing property located at 333 King Street North, Waterloo, Ontario, which is 50% co-owned by each of CHC LP and the CHC LP Properties Co-Owner and which is one of the CHC LP Properties. See "*The Acquisition of the CHC LP Properties and Related Matters*" and "*The Properties – The CHC LP Properties*".

"**Luxe II**" means the purpose-built student housing property located at 339 King Street North, Waterloo, Ontario, which is 50% co-owned by each of CHC LP and the CHC LP Properties Co-Owner and which is one of the CHC LP Properties. See "*The Acquisition of the CHC LP Properties and Related Matters*" and "*The Properties – The CHC LP Properties*".

"**Management Agreements**" has the meaning given to such term under "*The Acquisition of the CHC LP Properties and Related Matters*".

"**Market Price**" has the meaning given to such term under "*Capitalization of the Resulting Issuer*".

"**MD&A**" means management's discussion and analysis.

"**MI 61-101**" means *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time (including any successor rule or policy thereto).

"**Montréal Property**" means the purpose-built student housing property recently developed at 1266 Pine Avenue West, Montréal, Québec, which has opened for the 2016/17 School Year, is intended to be acquired by the Resulting Issuer in January 2017 and which is one of the 2016 Properties. See "*The Properties – The 2016 Properties*".

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*. See "*Corporate Governance*" and "*Audit Committee*".

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Policies*. See "*Corporate Governance*".

"**NOI**" means net operating income. See "*Non-IFRS Measures*".

"**Non-Resident Holder**" has the meaning given to such term under "*Certain Canadian Federal Income Tax Considerations – Taxation of Holders Not Resident in Canada*".

"**Non-Residents**" means: (i) non-residents of Canada; (ii) partnerships that are not Canadian partnerships; or (iii) a combination of non-residents and such partnerships (all within the meaning of the Tax Act).

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended.

"**Operating Properties**" means, collectively, the student housing properties which were operational before the 2016/17 School Year proposed to be acquired in whole or in part by the Resulting Issuer on Closing, being the Fredericton Property, the Kingston (Alfred) Property, the Kingston (Mack) Property, the Oshawa Property (Phase 1), the Oshawa Property (Phase 2) and the Sudbury Property, and "**Operating Property**" means any of such properties individually as applicable. See "*The Properties – The Operating Properties*".

"**OSAP**" has the meaning given to such term under "*The Properties – The CHC Properties – The London Property*".

"**OSC**" means the Ontario Securities Commission.

"**Oshawa Property (Phase 1)**" means the purpose-built student housing property located at 2 Taylorwood Road, Oshawa, Ontario, which DAQ has contracted to purchase on behalf of the Resulting Issuer, subject to the Woodbourne Arrangements, and which is one of the Operating Properties. See "*The Properties – The Operating Properties*".

"**Oshawa Property (Phase 2)**" means the purpose-built student housing property located at 2015-2019 Simcoe Street North, Oshawa, Ontario, which DAQ has contracted to purchase on behalf of the Resulting Issuer, subject to the Woodbourne Arrangements, and which is one of the Operating Properties. See "*The Properties – The Operating Properties*".

"**Oshawa Property (Phase 3)**" means the purpose-built student housing property recently developed at 2021-2023 Simcoe Street North, Oshawa, Ontario, which has opened for the 2016/17 School Year, is intended to be acquired by the Resulting Issuer, subject to the Woodbourne Arrangements, and which is one of the 2016 Properties. See "*The Properties – The 2016 Properties*".

"**Oshawa Properties**" means, collectively, the Oshawa Property (Phase 1) and the Oshawa Property (Phase 2).

"**Ottawa Property**" means the purpose-built student housing property recently developed at 45 Mann Avenue, Ottawa, Ontario, which has opened for the 2016/17 School Year, a 25% interest in which is intended to be acquired by the Resulting Issuer (with an obligation to acquire an additional 25% interest later in 2017 at the same valuation) and which is one of the 2016 Properties. See "*The Properties – The 2016 Properties*".

"**person**" includes an individual, firm, trust, trustee, syndicate, corporation, partnership, limited partnership, association, government, governmental agency or other entity.

"**Phase I ESA**" has the meaning given to such term under "*Assessment and Valuation of the Properties – Environmental Site Assessments*".

"**Phase II ESA**" has the meaning given to such term under "*Assessment and Valuation of the Properties – Environmental Site Assessments*".

"**Pro Forma Financial Statements**" means the unaudited pro forma consolidated financial statements of the Resulting Issuer as at and for the year ended December 31, 2015 and the six-month interim period ended June 30, 2016. See "*Management's Discussion and Analysis*".

"**Properties**" means the student housing properties that are or are expected to be owned by the Resulting Issuer or in which the Resulting Issuer will have an interest after giving effect to the Arrangement and the Acquisitions, as the context requires, and consists of, as the context requires, the CHC Properties, the CHC LP Properties, the Operating Properties and the 2016 Properties, as applicable.

"**QA**" means a SPAC's "qualifying acquisition" within the meaning of Part X *Special Purpose Acquisition Corporations (SPACs)* of the TSX Company Manual.

"**QT**" means a Capital Pool Company's "qualifying transaction" within the meaning of Policy 2.4 – *Capital Pool Companies* of the TSX-V.

"**Qualifying Acquisition**" means, collectively, the proposed Arrangement between DAQ and CHC and the concurrent completion of the Acquisitions by the Resulting Issuer, which will collectively constitute the Qualifying Acquisition of DAQ. See "*The Qualifying Acquisition*".

"**Redemption Deposit Date**" has the meaning given to such term under "*Contractual Right of Action*".

"**Redemption Price**" has the meaning given to such term under "*Capitalization of the Resulting Issuer*".

"**REIT**" means real estate investment trust.

"**Registered Plan**" has the meaning given to such term under "*Eligibility for Investment*".

"**Regulations**" has the meaning given to such term under "*Eligibility for Investment*".

"**Related Party**" means, with respect to any entity, a person who is a "related party" of that entity as that term is defined in MI 61-101.

"**Replacement Warrants**" means the share purchase warrants of the Resulting Issuer, which at the completion of the Arrangement, will entitle the holder thereof to purchase Common Shares at an exercise price of $11.50 per Common Share.

"**Resident Holder**" has the meaning given to such term under "*Certain Canadian Federal Income Tax Considerations – Taxation of Holders Resident in Canada*".

"**Resulting Issuer**" means Canadian Student Living Group Inc., the corporation under the OBCA to result from the amalgamation of DAQ, CHC and CHC Subco under the Arrangement, and which is also referred to in this prospectus as "**CSL**".

"**Retraction Note**" has the meaning given to such term under "*Capitalization of the Resulting Issuer*".

"**RRIF**" has the meaning given to such term under "*Eligibility for Investment*".

"**RRSP**" has the meaning given to such term under "*Eligibility for Investment*".

"**Shareholder**" means a holder of Common Shares; provided that any reference under "*Certain Canadian Federal Income Tax Considerations*" to "**Shareholder**" refers solely to a holder of Common Shares as described therein.

"**SIFT Rules**" means the provisions of the Tax Act providing for tax on certain income earned by a "SIFT partnership" or distributed by a "SIFT trust", as those terms are defined in the Tax Act.

"**SPAC**" means a special purpose acquisition corporation within the meaning of Part X *Special Purpose Acquisition Corporations (SPACs)* of the TSX Company Manual.

"**subsidiary**" means, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity.

"**Sudbury Property**" means the student housing property located at 50 Lisgar Street, Sudbury, Ontario, which CHC has contracted to purchase on behalf of the Resulting Issuer and which is one of the Operating Properties. See "*The Properties – The Operating Properties*".

"**Tax Act**" has the meaning given to such term under "*Eligibility for Investment*".

"**Tax Proposals**" means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"**TFSA**" has the meaning given to such term under "*Eligibility for Investment*".

"**Trois-Rivières Property**" means CHC's student housing property located at 1640 Rue du Père Marquette, Trois-Rivières, Québec acquired by CHC on October 9, 2014 and which is one of the CHC Properties. See "*The Properties – The CHC Properties*".

"**TSX**" means the Toronto Stock Exchange.

"**TSX-V**" means the TSX Venture Exchange.

"**UK**" means the United Kingdom.

"**US**" means the United States of America.

"**Village Suites**" or "**VSO**" means the purpose-built student housing property located at 1700 Simcoe Street North, Oshawa, Ontario, which is 50% co-owned by each of CHC LP and the CHC LP Properties Co-Owner and which is one of the CHC LP Properties. See *"The Acquisition of the CHC LP Properties and Related Matters" and "The Properties – The CHC LP Properties*".

"**Warrant Agent**" means Computershare Trust Company of Canada, the warrant agent for the Warrants.

"**Warrant Agreement**" means the warrant agency agreement dated April 21, 2015 between the Corporation and Computershare Trust Company of Canada, as warrant agent, as amended.

"**Warrants**" means the share purchase warrants of the Corporation forming part of the Class A Restricted Voting Units, each entitling the holders thereof to purchase one Class A Restricted Voting Share at an exercise price of $11.50, subject to anti-dilution adjustments, and which are exercisable only commencing 30 days after the completion of the Corporation's Qualifying Acquisition, at which time, as the remaining Class A Restricted Voting Shares would have been automatically converted into Class B Shares, each whole Warrant would be exercisable for one Class B Share.

"**West Village Suites**" or "**WVS**" means the purpose-built student housing property located at 1686 Main Street West, Hamilton, Ontario, which is 50% co-owned by each of CHC LP and the CHC LP Properties Co-Owner and which is one of the CHC LP Properties. See "*The Acquisition of the CHC LP Properties and Related Matters*" *and* "*The Properties – The CHC LP Properties*".

"**Windsor Property**" means CHC's student housing property located at 3170-3190 Donnelly Street, Windsor, Ontario acquired by CHC on September 11, 2014 and which is one of the CHC Properties. See "*The Properties – The CHC Properties*".

"**Woodbourne**" means WCP Student Housing LP.

"**Woodbourne Arrangements**" means the proposed arrangements between the Resulting Issuer and Woodbourne under which Woodbourne is expected to acquire an equal co-ownership interest in each of the Woodbourne Co-Ownership Properties, and has advised CSL that it expects (i) to co-invest additional capital to fund future asset acquisitions and developments, (ii) to make available its extensive expertise in real estate property development and management, (iii) the Woodbourne Lenders to provide CSL with the Woodbourne Credit Facility, and (iv) the Woodbourne Lenders to provide access post-Closing to a mezzanine debt facility to support possible third party purpose-built student housing development projects. See "*The Woodbourne Arrangements*".

"**Woodbourne Co-Owners Agreements**" means co-owners agreements expected to be entered into between the Resulting Issuer and Woodbourne in respect of the co-ownership of the Woodbourne Co-Ownership Properties under the Woodbourne Arrangements. See "*The Woodbourne Arrangements*".

"**Woodbourne Co-Ownership Properties**" means, collectively, the student housing properties in which Woodbourne is expected to acquire a 50% co-ownership interest under the Woodbourne Arrangements, being the Kingston (Alfred) Property, the Kingston (Mack) Property, the Oshawa Property (Phase 1), the Oshawa Property (Phase 2), the Barrie Property and the Oshawa Property (Phase 3), and "**Woodbourne Co-Ownership Property**" means any of such properties individually as applicable. See "*The Woodbourne Arrangements*".

"**Woodbourne Credit Agreement**" means the proposed credit agreement between the Resulting Issuer, as borrower, and the Woodbourne Lenders, as lenders, pursuant to which the Woodbourne Lenders are expected to make the Woodbourne Credit Facility available to the Resulting Issuer. See "*The Woodbourne Arrangements*".

"**Woodbourne Credit Facility**" means the non-revolving secured credit facility in the amount of up to $25,000,000 expected to be made available to the Resulting Issuer by the Woodbourne Lenders under the Woodbourne Credit Agreement. See "*The Woodbourne Arrangements*".

"**Woodbourne Lenders**" means Woodbourne Canada Partners III (CA), LP, WB Canada Partners III MF, LLC, and WB Canada Partners III (INT) MF Corp.

PROSPECTUS SUMMARY

The following is a summary of some of the information contained in this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise defined in the prospectus, all capitalized terms used herein shall have the meaning ascribed thereto under the heading "Glossary".

Dundee Acquisition Ltd.

DAQ was incorporated under the OBCA on March 5, 2015. The head and registered offices of DAQ are located at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9.

DAQ is a SPAC and completed its initial public offering on April 21, 2015, pursuant to which it raised gross proceeds of $112.3 million, including $12.3 million from the subsequent exercise by the underwriters of their over-allotment option for the offering, and commenced trading on the TSX. The proceeds from DAQ's initial public offering have been deposited into escrow and will only be released upon certain conditions, including the completion of its QA. Concurrent with the completion of the initial public offering, Dundee Corporation, acting as the sponsor of the Corporation, completed a subscription with DAQ for Class B Shares and Warrants providing additional gross proceeds to the Corporation of $4.3 million before certain expenses. The Corporation's Class A Restricted Voting Shares currently trade on the TSX under the symbol "DAQ.A" and the Warrants trade under the symbol "DAQ.WT". See "*Dundee Acquisition Ltd*."

As a SPAC, the Corporation was formed for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation. As such, DAQ has been focused on identifying and evaluating businesses and assets with a view to completing a Qualifying Acquisition in compliance with the rules of the TSX governing SPACs. After considering a number of acquisition opportunities, the management team of the Corporation determined to proceed with the Qualifying Acquisition as its QA. See "*Dundee Acquisition Ltd*."

CHC Student Housing Corp.

CHC was incorporated under the OBCA on April 12, 2013. The head office of CHC is located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3 and the registered office of CHC is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1.

On November 28, 2013, CHC completed an initial public offering as a capital pool company under the policies of the TSX-V, and the CHC Shares were listed for trading on the TSX-V on December 4, 2013. On April 3, 2014, CHC completed its QT, through the acquisition of the Kingston (Barrie) Property, and was listed on the TSX-V as a real estate issuer. See "*CHC Student Housing Corp*."

CHC is Canada's only publicly-listed real estate company focusing on owning and managing high-quality Canadian student housing properties. CHC currently owns and manages four student housing properties in Ontario and Québec. In addition, CHC seeks to acquire purpose-built student housing assets based on CHC's stringent investment criteria, which focus on the location, valuation and quality of the asset. In evaluating an acquisition, CHC management considers multiple factors including age, amenities, market position, overall design and proximity to campus. See "*CHC Student Housing Corp*."

Qualifying Acquisition and Creation of Canadian Student Living Group Inc.

Management of the Corporation has selected the Qualifying Acquisition as an appropriate series of transactions for its QA. The closing of the proposed $364 million of student housing acquisitions, including $295 million of private transactions and the $69 million amalgamation with CHC, will create a leading student housing owner/operator in Canada, named Canadian Student Living Group Inc.

DAQ and CHC have entered into the Arrangement Agreement pursuant to which it is expected that (i) the shareholders of DAQ (other than DAQ shareholders properly exercising redemption rights) will exchange their shares of DAQ for CHC

Shares at a ratio of 1.75304 CHC Shares for every one share of DAQ, (ii) DAQ will thereupon become a wholly-owned subsidiary of CHC and will then be amalgamated with CHC and CHC Subco to form the Resulting Issuer, CSL and (iii) the outstanding Common Shares of the Resulting Issuer will then be consolidated on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share.

The transaction is being pursued as a Plan of Arrangement with CHC acquiring DAQ (as compared to DAQ acquiring CHC) to preserve a possible tax efficient conversion in the future of the Resulting Issuer into a REIT, as a result of CHC qualifying as a mutual fund corporation for tax purposes. CSL expects to only pursue conversion into a REIT in the future if management and the Board of CSL believe that it will help maximize shareholder value. It is expected that CSL shareholder approval would be required for any such conversion.

As part of the Qualifying Acquisition, the Resulting Issuer expects to use a portion of the available funds of DAQ as well as newly issued shares and additional secured financing sources to acquire the four privately held CHC LP Properties and purchase the six Operating Properties and the four 2016 Properties in 10 separately negotiated arm's length transactions. See "*The Qualifying Acquisition*".

CHC and CHC LP are two separate entities; the former is publicly traded and the latter is a private limited partnership. Although the CHC LP units are not owned by CHC, the CHC LP Properties have been managed by entities related to CHC's management team for four years. The Operating Properties and the 2016 Properties are owned by developers or third-party investors that have agreed to sell their properties to DAQ.

Concurrent with the completion of the Arrangement, CSL expects to enter into the Woodbourne Arrangements with Woodbourne, which is managed by an institutional private real estate investment firm focused on residential rental projects, and which is expected to invest $43.3 million (asset value) to acquire equal co-ownership interests to CSL in six different properties, being the Woodbourne Co-Ownership Properties. Woodbourne has advised CSL that it expects (i) to co-invest additional capital to fund future asset acquisitions and developments, (ii) to make available its extensive expertise in real estate property development and management, (iii) the Woodbourne Lenders to provide CSL with the Woodbourne Credit Facility, and (iv) the Woodbourne Lenders to provide access post-Closing to a mezzanine debt facility to support possible third party purpose-built student housing development projects. See "*The Woodbourne Arrangements*".

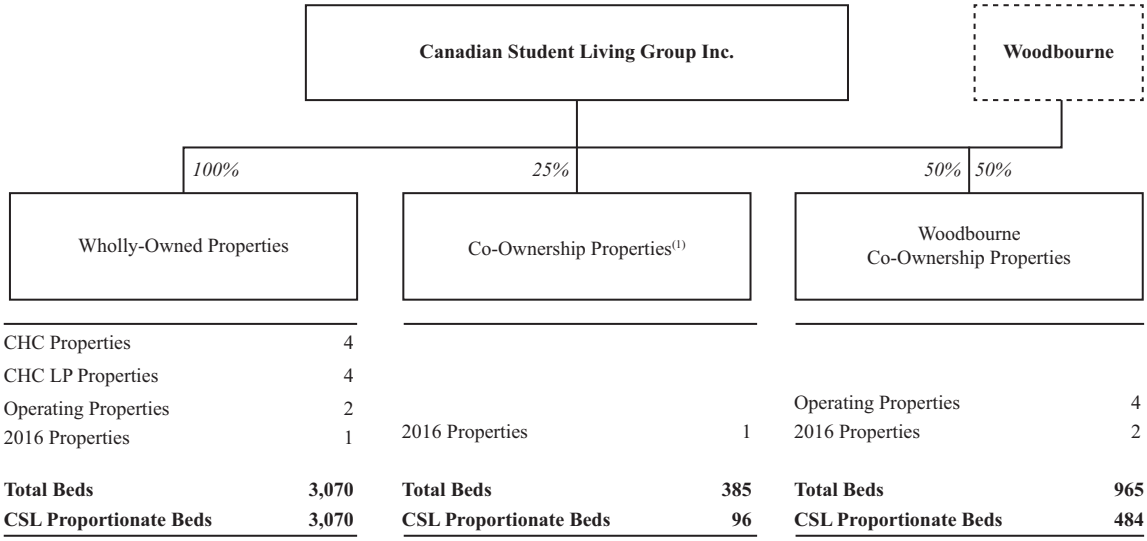
It is a condition of Closing that the Common Shares and Replacement Warrants are listed and posted for trading on the TSX. See "*The Resulting Issuer*".

The Resulting Issuer – Canadian Student Living Group Inc.

Upon closing of the Arrangement and the Acquisitions, CSL expects to manage and own an interest in 18 properties with over 4,400 student housing beds. The portfolio will span 12 cities across Canada with an average proximity to universities and colleges of approximately 0.7 km. CSL's proportionate interest in the properties will exceed 3,600 beds and it will own 100% of properties having almost 3,100 beds.

Furthermore, CSL has engaged in discussions with owners of approximately $700 million worth of purpose-built student housing assets. While no agreements have been signed and as a result no assurances can be given, management hopes to acquire approximately $150 million worth of student housing assets over the next 12 months to increase its market share and generate greater returns for its shareholders, on an AFFO per share accretive basis.

Upon Closing, CSL's portfolio of high-quality student housing properties will consist of the CHC Properties, CHC LP Properties, Operating Properties and 2016 Properties, making it one of the largest portfolios of its kind in Canada. The following diagram shows the expected property ownership structure between CSL and Woodbourne of wholly-owned properties:



Note:

(1) Consists of Properties where CSL will own a co-ownership interest in the Property and not 100% of the Property and the co-owned Property is not a Woodbourne Co-Ownership Property. The only Property in this category is the Ottawa Property, in which CSL will acquire an initial 25% co-ownership interest, with an obligation to acquire an additional 25% co-ownership interest later in 2017 at the same valuation.

The following table provides additional information regarding the Properties:

	City, Province	Total Beds	CSL Ownership	CSL Proportionate Beds(1)	Year Built/ Renovated	2016/17 Occupancy(2)
CHC Properties						
Kingston (Barrie) Property	Kingston, ON	18	100%	18	2009	100.0%
London Property(3)	London, ON	387	100%	387	1995/2015	99.5%
Trois-Rivières Property(4)	Trois-Rivières, QC	310	100%	310	1987	77.3%
Windsor Property	Windsor, ON	117	100%	117	1972	100.0%
		832		832		92.2%
CHC LP Properties						
Luxe I	Waterloo, ON	536	100%	536	2011	97.4%
Luxe II	Waterloo, ON	419	100%	419	2013	99.0%
Village Suites	Oshawa, ON	588	100%	588	2010	99.1%
West Village Suites	Hamilton, ON	449	100%	449	2008	98.7%
		1,992		1,992		98.5%
Operating Properties						
Fredericton Property	Fredericton, NB	126	100%	126	2008 & 2012	96.8%
Kingston (Alfred) Property(5)	Kingston, ON	69	50%	35	2011	92.8%
Kingston (Mack) Property(5)	Kingston, ON	72	50%	36	2013	100.0%
Oshawa Property (Phase 1)(5)	Oshawa, ON	260	50%	130	2014	99.6%
Oshawa Property (Phase 2)(5)	Oshawa, ON	111	50%	56	2015	100.0%
Sudbury Property	Sudbury, ON	70	100%	70	1970/2013	88.6%
		708		453		97.5%
2016 Properties						
Barrie Property(5)	Barrie, ON	360	50%	180	2016	97.5%
Montréal Property(6)	Montréal, QC	50	100%	50	2016	100.0%
Oshawa Property (Phase 3)(5)	Oshawa, ON	93	50%	47	2016	100.0%
Ottawa Property(7)	Ottawa, ON	385	25%	96	2016	100.0%
		888		373		99.0%
Total		**4,420**		**3,650**		**97.3%**

Notes:

(1) CSL proportionate beds are based on CSL's expected ownership interests in the Properties.

(2) Occupancy as of September 2016. The total percentages reflect occupancy on a weighted-average basis by number of offered beds.

(3) CSL expects to add eight additional beds through floor plan optimization to this property for occupancy in May 2017 to increase to 395 beds.

(4) Occupancy based on 260 available beds, which excludes 50 beds in units currently scheduled for significant renovation in 2017.

(5) Woodbourne Co-Ownership Properties.

(6) Acquisitions of the Montréal Property and the initial 25% co-ownership interest in the Ottawa Property are expected to close in January 2017.

(7) Information presented is for the Ottawa Property in its entirety, and is not limited to the initial 25% co-ownership interest which is intended to be acquired by CSL. The proportionate stake represents the initial 25% co-ownership interest to be initially owned by CSL. The remaining interest in the Ottawa Property is owned by a third party that is arm's length to DAQ and CHC. The acquisition of the Ottawa Property is subject to the expiry or waiver of a right of first refusal and due diligence, and may not close until January 2017. CSL will also be obligated to purchase another 25% interest in the Ottawa Property later in 2017 at the same valuation.

CSL will own and manage a high-quality and geographically diverse portfolio of purpose-built student housing assets with extensive student oriented amenities and best-in-class positioning in their operating markets. CSL's management team currently asset manages almost all of the beds that will be wholly-owned by CSL on a pro forma basis, specifically the CHC Properties and the CHC LP Properties, which have an average occupancy for the 2016/17 School Year of 96.4%, highlighting the attractiveness of the underlying assets. The newly acquired Operating Properties and 2016 Properties offer similar 2016/17 School Year occupancy figures with an average of 97.5% and 99.0%, respectively. CSL's acquisition strategy is focused on high-quality purpose-built student housing assets which are well positioned in their local markets, driven by the quality of the assets (location, facilities and amenities) and quality of the student experience they facilitate.

The weighted average age of the Properties is only 7.8 years (based on CSL's proportionate ownership), which management believes is significantly lower than the majority of the existing on-campus residences and/or multi-family residential apartment buildings in Canada. Management believes that the age of the properties will (i) minimize recurring maintenance capital expenditures, (ii) allow CSL management to freely manage potential rental price per bed based on supply/demand conditions, while not being as restricted by government imposed rental increase limitations, and (iii) position CSL's properties to students as a premium offering given the attractiveness of the properties and their higher-end amenities relative to their competitors.

The Properties are located across 12 cities which are home to some of the fastest growing and highest-quality post-secondary schools in Canada. CSL's largest portfolio exposure is in Kitchener/Waterloo, representing 26% of CSL's total portfolio bed count. The Kitchener/Waterloo market has experienced a combined student enrollment growth at the two major universities in the market of 30% over the past five years to approximately 50,000 students. CSL will be one of the largest owners/operators of purpose-built student housing in the Waterloo market with 955 beds; however, it remains well-positioned to grow, given its 955 beds will only represent approximately 2.0% of the total post-secondary student population in Kitchener/Waterloo.

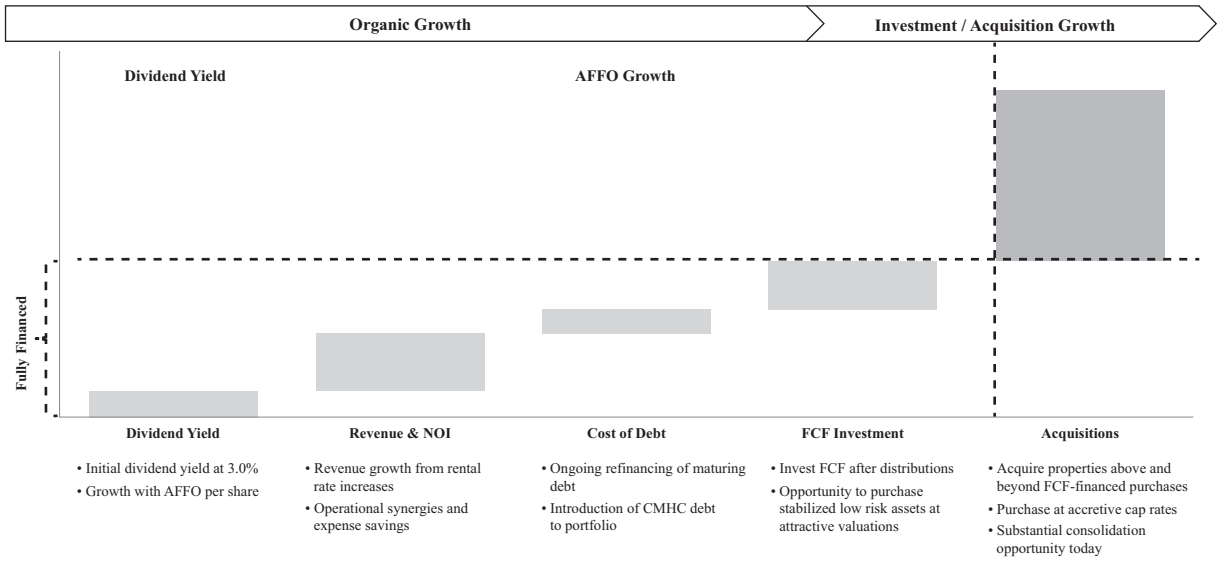
CSL will acquire its portion of the portfolio at an attractive average cap rate of 6.0%, which is higher than its appraised cap rate. Management will seek additional acquisition opportunities at similar valuation metrics. See "*Assessment and Valuation of the Properties*".

Business Strategy and Objectives of CSL

The Resulting Issuer will be created through a series of private and public company acquisitions to become one of the largest owners/operators of student housing assets in Canada. Management believes the student housing asset class is one of the most attractive long-term investment opportunities in the Canadian real estate market. The management team is one of the most experienced groups of student housing professionals in the country and has a deep understanding of the unique and specialized aspects of the student housing industry. CSL believes that it is well-positioned to be a first mover and the leading consolidator in the sector.

CSL's primary business objectives are to maximize and grow AFFO per share while enhancing the value of its portfolio in order to maximize total long-term returns for its shareholders. Management believes CSL can achieve these objectives by (i) proactively managing its Properties, and (ii) seeking to acquire and/or develop new high-quality purpose-built student housing properties across Canada in a manner that is accretive to AFFO per share.

CSL Investment Return and Growth Strategy



Management of CSL intends to focus on maintaining a high-quality product offering for its student residents and enhancing cash flows of its Properties by maximizing rental and occupancy rates, expanding the range of income-generating tenant services and controlling expenses on a local and national level through the implementation of best-practice cost control programs across the newly formed portfolio.

Management believes this is an opportune time to acquire high-quality purpose-built student housing properties given the sector's attractive long-term investment thesis combined with (i) the unique current market environment where it can be a first mover in acquiring high-quality student housing assets in value and AFFO per share accretive transactions, and (ii) the ability of management to integrate new properties into the platform and improve cash flows by introducing best practices and by realizing economies of scale.

Investment Highlights

Stable Asset Class with Compelling Market Fundamentals – Purpose-built student housing is a multi-billion dollar global investment asset class that offers investors a targeted manner in which to profit from the stable and growing post-secondary student population. The student population in Canada continues to grow at a steady pace, similar to the rest of the world, as a result of (i) the increased value assigned to a post-secondary education by local students as well as (ii) the growing trend of international student inflows due to the high-quality and low cost of post-secondary education in Canada. Although university and college enrollment has significantly increased in Canada, post-secondary schools are not developing additional "on-campus" beds, creating significant demand for an entity like CSL to supply purpose-built student housing. Additionally, there is a fundamental shift in consumer preferences to higher quality student housing, which has helped create an attractive sector of investment opportunity for institutional capital. Well managed, high-quality student housing in Canada is characterized by high occupancy levels, stable revenue per bed growth rates and high revenue per unit – all of which are factors that characterize CSL's portfolio.

Significant Growth Opportunities through Consolidation and Market Expansion – Based on DAQ and CHC management's efforts over the past nine months of aggregating approximately $364 million of assets into CSL, it is apparent to management that the purpose-built student housing market in Canada is (i) at an early stage of development relative to its global peers, and (ii) a highly fragmented market with many local developers looking to sell properties to an industry consolidator. CSL's management team plans to leverage its scale and access to capital to grow its market leadership position and become the largest consolidator of purpose-built student housing in Canada. As CSL grows, it expects to leverage its strong connections with local and national developers of purpose-built student housing assets to acquire new and attractive properties to ensure that CSL's product offering remains best-in-class throughout its value and AFFO per share accretive initiatives.

Premier Company with Best-in-Class Portfolio of Assets – The Corporation and CHC have assembled a very attractive and diverse portfolio of high-quality student housing assets. The portfolio is characterized by the following key attributes that management believes positions CSL to generate attractive long-term returns to shareholders:

- Close proximity to universities and colleges with an average distance to campus of under 0.7 km
- Situated in fast growing university and college markets
- New buildings with an average age of only 7.8 years
- Attractive amenities that cater to the student-tenant lifestyle
- Immersive student community environments

Experienced Management Team – The senior executive officers of CSL have an average of 15 years of experience across real estate investment, advisory, operations and management. Mark Hansen, the CEO, has been actively involved in the management and consolidation of the student housing sector in Canada since 2012 and in the broader real estate industry since 1992. The management team has been managing the CHC Properties and CHC LP Properties (77% of CSL's proportionate beds) for the past four years and have improved their key operating metrics (occupancy rate, rent per bed and NOI margin) since the properties were originally purchased between 2012 and 2014.

Long-Term Value Creation Strategy – Management is focused on executing its business strategy to drive long-term AFFO growth and value creation, which will be achieved through both internal and external growth initiatives.

Internal Growth: Management is focused on maintaining a high level of service and quality at its properties, which is expected to result in revenue maximization. In addition, management is focused on diversifying its revenue generating streams by offering new tenant focused services such as ATM and vending machines, as well as value enhancing initiatives such as floor plan optimization, potential year-over-year rent per bed increases, additional maintenance services to tenants and other services at its various properties. Management is also focused on establishing best practices for operating expenses, as well as realizing economies of scale at a local and national level. Lastly, management is focused on lowering its cost of debt over the next five years by leveraging its scale to attract larger pools of capital, as well as working with advisors to seek alternative sources of debt financing (such as CMHC guaranteed debt).

External Growth: Management believes there is a long-term opportunity to consolidate the student housing sector in Canada through both acquisitions of high-quality operating assets as well as by working with local developers and/or universities to tailor and finance their new building initiatives. The Corporation and CHC have brought approximately $364 million of assets together in a series of transactions to create CSL. In addition, while no agreements have been signed and as a result no assurances can be given, management has had discussions with owners of approximately $700 million of additional high-quality purpose-built student housing assets and hopes to execute on approximately $150 million of value and AFFO per share value accretive acquisitions in the next 12 months. CSL expects to have an agreement in place to purchase an additional 25% of the Ottawa Property in 2017 at the same price as for its initial 25% interest.

Optimal Capital Structure to Support Growth – CSL is expected to be well-positioned from a capital structure perspective to take advantage of the significant consolidation opportunity that exists in the Canadian purpose-built student housing sector as a result of its incremental debt capacity and a dividend payout ratio which is low relative to peers. CSL is expected to have pro-rata debt outstanding of approximately $204 million upon Closing of the Qualifying Acquisition with a weighted average effective interest rate of approximately 3.7% and a weighted average term to maturity of approximately 3.6 years. Based on the Appraised Value of CSL's proportionate share of the portfolio of student housing properties, the debt to Appraised Value of CSL is expected to be approximately 54% to 57%, which is in-line with its multi-residential public comparable companies. In tandem with CSL's conservative leverage, it is expected to provide a lower than typical distribution or dividend payout ratio of 50% of AFFO, in order to ensure there is capital available each year to execute accretive, tuck-in property acquisitions and/or manage the Resulting Issuer's balance sheet.

Attractive Valuation Metrics – Based on recent public market valuations for CSL's peers, including the Canadian multi-family residential REITs and US Student Housing REITs, the effective transaction values of $5.75 per CHC Share and $10.08 per DAQ share offer a compelling valuation.

The Student Housing Sector

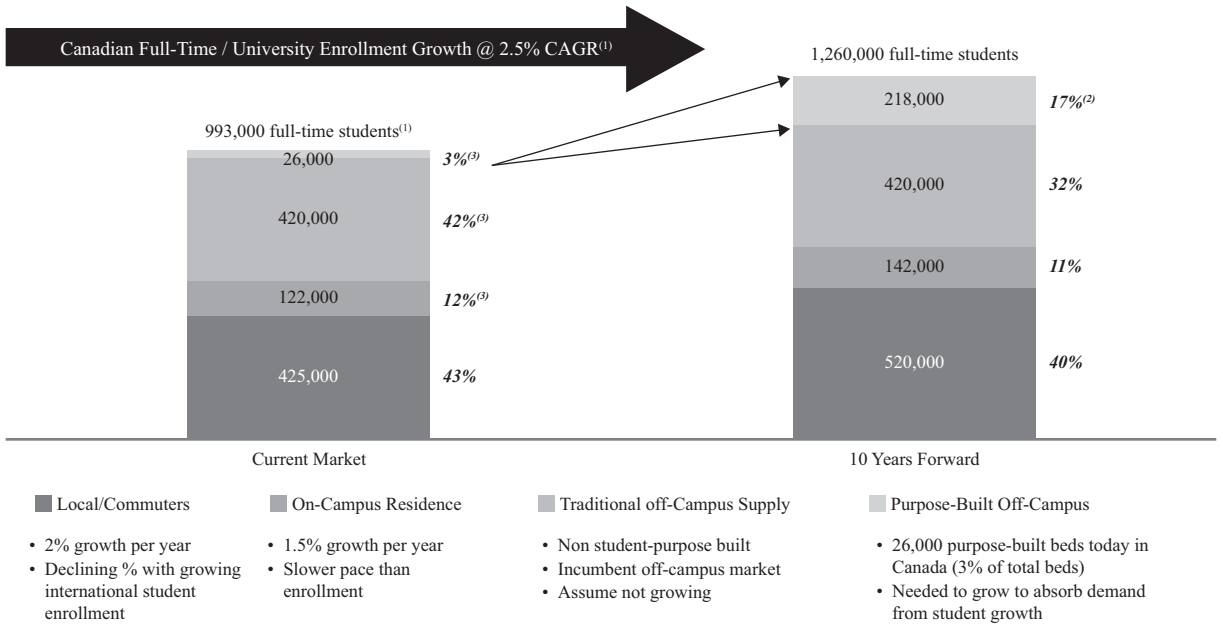
Student housing is a specialized segment of the residential real estate sector and is broadly defined to include housing designed to accommodate students enrolled in either full-time or part-time post-secondary, public and private university and college programs, including those that offer advanced degrees. Purpose-built student housing refers to housing that is specifically designed and constructed for students, accommodating the unique characteristics and desires of each tenant. While purpose-built student housing is classified as a niche of the multi-residential housing product, it is significantly different from and more specialized than traditional multi-residential real estate, which are offered to the broader pool of multi-residential tenants.

- Student housing is aimed at a particular market segment, namely those persons enrolled in post-secondary institutions, and not at the general population of tenants.
- The leasing cycle for student housing properties is defined by the academic calendar and management estimates the annual turnover is approximately 30% of beds, which requires greater annual management of the leasing process during finite leasing windows.
- Student housing properties are designed to accommodate and appeal to the collegiate lifestyle, which requires specialized common area and in-suite amenities which differ from conventional multi-residential buildings.

Global Student Housing Market: The purpose-built student housing market has grown to an estimated US$200 billion globally. The market started to emerge in the US and UK in the 1990's as universities turned to the private sector to build new facilities to support the needs of their growing student populations since the universities lacked the funds and/or space to continue to build new residences to house their students. As institutional investors became more familiar and comfortable with the asset class in the US and UK, they consolidated the sector and began to fuel the product growth and evolution. In developed markets such as the US and UK, purpose-built student housing currently accommodates 12% and 23% of all students enrolled in post-secondary education, respectively. The product offering to students has evolved over this period as well. There is still a very heavy importance placed by students on location and proximity to campus; however, the quality of the product offering and the student-oriented amenities have increased dramatically as student interests and needs have shifted over the past 20 years.

Canadian Student Housing Market: The Canadian market has not developed to the same degree as other similar university markets. Management believes that only 3% of enrolled university students in Canada live in off-campus purpose-built student housing. The underlying market environment is similar to the US, UK and other markets – student population growth and stability is comparable, yet universities have not increased their available on-campus bed capacity. Management believes that the Canadian market is over 10 years behind the US and UK markets because large scale institutional capital has not yet been made available to invest in the sector, and therefore consolidation of this highly fragmented industry and its growth has been limited. Management believes that it is entering the market at an optimal time to become a major driving force behind the development and evolution of the purpose-built student housing sector in Canada. The below graph illustrates management's view of the growing level of market demand for purpose-built student housing in Canada:

Significant Market Growth Opportunity



Notes:

(1) Source: Statistics Canada reported as of October 2016. 10-year CAGR growth from 2003/04 to 2013/14.

(2) Management estimates a global average of 17% of total student housing will be purpose-built beds in ten years. Purpose-built student housing currently comprises 12% and 23% of total available beds for students in the US and UK, respectively. See "*Purpose-Built Student Housing – Global Comparison*". Source: Savills World Research. Spotlight: World Student Housing, 2015/16.

(3) Source: Virtus Advisory. Data as of 2013, approximately 55% of students attend school outside their community in Canada.

Management believes that CSL will benefit from a number of favourable characteristics and trends currently in the Canadian student housing sector, including:

- *Continued increase in demand for student housing*. A projected continued increase in post-secondary education enrollment is expected to result in strong demand for purpose-built student housing in the future.
- *Limited on-campus housing supply*. On-campus housing supply is very limited at most Canadian post-secondary institutions and the capacity will accommodate only a small fraction of total enrollment. Additionally, government capital is focused on supporting tuition payments for students and investing in educational infrastructure as opposed to new residences. Traditional Canadian student housing options (for example, single family homes leased to students) are not purpose-built for student-tenants and, in certain markets, there are trends towards reducing student use of older heritage homes. See "*The Student Housing Sector*" for statistics on the supply of purpose-built student housing in Canada.
- *Changing student-tenant preferences*. Consumer preferences have increasingly moved away from traditional dormitory-style facilities towards purpose-built properties that are specifically designed to appeal to modern day university students and therefore contain amenities that differentiate them from traditional student housing. Given

the characteristics of CSL's Properties and their ability to meet current student preferences, the Resulting Issuer expects its Properties will have success attracting tenants in the future as it will be at the leading edge of this shift in consumer preference.

- *Fragmented ownership*. The Canadian student housing sector is characterized by fragmented ownership with a significant amount of student housing owned by small private developers/owners. CSL believes that this provides an optimal market dynamic for the Resulting Issuer, by allowing CSL to capitalize on its first mover advantage to become a leading consolidator in the industry.

Summary of Independent Appraisals

In connection with the Qualifying Acquisition, the Corporation and CHC retained the Appraisers to provide an independent estimate of the market value of each of the Properties. The Appraisals were dated between December 2015 and September 2016. Based on the Appraisals, the aggregate of the individual market values of the Properties, subject to the assumptions, limiting conditions, certifications, definitions and effective dates contained in the Appraisals, was estimated to be $436 million, while projected NOI was estimated at $23.6 million (or $342 million in market value and $18.5 million in projected NOI for CSL's proportionate share of the Properties).

To determine the full value of the Properties in the context of a large publicly-traded portfolio, Cushman & Wakefield Ltd. (appraiser for 17 of the 18 Properties) added a 5% to 10% portfolio premium to the aggregate values of its individual property appraisals which, in its professional experience, given the size, quality and nature of the portfolio and current market condition, is warranted. The resulting value of the Properties, including the portfolio premium applied to 17 of the 18 Properties, is $457 to $478 million and the Resulting Issuer's proportionate share is $358 to $375 million. See "*Assessment and Valuation of the Properties*".

Management Outlook and Growth Opportunities

CSL's fiscal year will end on December 31. Management believes that CSL will be well-positioned to grow revenue, NOI, FFO, AFFO, profitability, cash flows and number of beds through both acquisitions and new developments.

Management expects to generate proportionate NOI from the current 18 Properties (not including the additional 25% interest in the Ottawa Property expected to be purchased later in 2017) of $18.6 to $19.5 million in 2017. The creation of the Resulting Issuer in 2016, the completion of the four new 2016 Properties in September 2016 and the full year of operation of the Properties combine to generate management's outlook, which incorporates some combination of increased rental rates across the portfolio, stable occupancy rates and modest improvement in expense margins expected to be realized over the course of 2017. The aggregation of the 18 Properties has created some local and national operating efficiency opportunities that management expects to materialize; however, those cost savings are likely to be realized over an extended period of time while current operating contracts are renegotiated to reflect the Resulting Issuer's larger presence both locally and nationally.

Management believes that acquisitions are an important component to the entire growth strategy of CSL. The value and number of acquisitions will depend on the market environment, asset pricing and financing alternatives. As one of the largest consolidators in the sector with access to various financing sources, management believes it is well-positioned to acquire high-quality assets.

Management expects to use its undistributed available cash flow to support smaller, tuck-in acquisitions ($10 to $20 million in transactions annually) in certain markets where CSL will already operate. Management has had discussions with owners of approximately $700 million worth of operating purpose-built student housing properties across the country and is focused on acquiring additional assets in value accretive transactions. While no agreements have been signed and as a result no assurances can be given, management hopes to execute approximately $150 million worth of acquisitions over the next 12 months. Management will target high-quality assets and will focus operations to realize some best practice implementation and economies of scale post acquisitions.

Management anticipates its weighted average cost of debt for 2017 will be approximately 3.7%. The Corporation and CHC are in the process of finalizing the debt structure for the Properties and are considering multiple refinancing strategies to lower CSL's cost of debt and extend the term on certain outstanding first mortgage loans. Management also anticipates its

general and administration expenses at the corporate holding company (net of expenses borne at the individual property level) to be approximately $1.7 million, of which $0.2 million is expected to be non-cash costs. Management is also projecting $0.4 million of maintenance capital expenditures on the Properties above and beyond the approximately $1.1 million of repairs and maintenance already budgeted and included in the NOI projections. Management believes that CSL's current assets will generate proportionate AFFO per share of $0.58 to $0.63 in 2017 and is initially targeting a 50% dividend payout of AFFO to shareholders.

Management believes that it should be able to grow AFFO per share without accessing the public market for additional equity capital at approximately 10% per year over the next three to five years based on current operations and tuck-in acquisitions using available free cashflow. Depending on the scale, pricing and financing of additional accretive acquisitions, the growth in AFFO could be substantially higher.

The Resulting Issuer's Directors and Executive Officers

The table below sets out the names of the proposed executive officers and directors of the Resulting Issuer, their positions with the Resulting Issuer and their present principal occupations. See "*Directors and Executive Officers*" for additional information on the proposed executive officers and directors of the Resulting Issuer.

Name	Position with Resulting Issuer	Present Principal Occupation
Mark Hansen	President and Chief Executive Officer	President and Chief Executive Officer of CHC and CHC RI
Sonny Jackson	Vice President, Finance	Independent chartered accountant
Brad Williams	Vice President, Operations	Vice President, Operations of CHC
Jonathan Turnbull[(1)]	Director	Managing Director, DAQ and Head, Dundee Private Equity

Notes:

(1) For a discussion of certain arrangements with Mr. Turnbull see "*Principal Securityholders*".

DAQ is currently working on determining the composition of the CSL Board and it is expected that additional members of the CSL Board will be selected prior to Closing such that upon Closing the Board will consist of seven members. It is also expected that a Chief Financial Officer for CSL will be selected prior to Closing.

No Proceeds Raised

This prospectus is a non-offering prospectus prepared and filed in order to complete the Qualifying Acquisition. No proceeds will be raised pursuant to this prospectus.

Available Funds and Principal Uses

The following table sets forth the estimated total funds available to the Resulting Issuer for the purpose of the completion of the Qualifying Acquisition, assuming certain levels of redemptions for the Class A Restricted Voting Shares:

Available Funds and Principal Uses: (Figures in $ millions, unless stated otherwise.)	Initial Balance prior to Closing	Working Capital Adjustments[1]	Ending Balance prior to Closing	At Closing[2]	Subsequent to Closing[3]	Ending Balance
DAQ – Escrow Cash	113.0	0.2	113.2			
DAQ – Cash on Hand	0.6	(0.3)	0.3			
CHC – Cash on Hand	0.2	0.0	0.2			
Total Cash	**$113.8**	**$(0.1)**	**$113.7**			
Less : Cash for CHC LP Property Acquisitions [4]				(76.4)	—	
Less : Cash for Operating Property Acquisitions [4]				(12.2)	—	
Less : Cash for 2016 Property Acquisitions [4]				(5.5)	(6.7)	
Less : Growth Capital Expenditures[5]				—	(0.3)	
Less : Transaction Expenses and Select Accounts Payable[6]				(16.1)	(0.4)	
				$(110.2)	$(7.4)	$(117.6)
		Expected Ending Cash Balance[7]		**$ 3.5**		**$ (3.9)**

Notes:

(1) Working capital adjustments reflect management's estimated changes to cash balances between June 30, 2016 and Closing of transaction.

(2) Transactions expected to occur at Closing of the Qualifying Acquisition.

(3) Transactions expected to occur post-Closing of the Qualifying Acquisition (the Acquisitions of the Montréal Property and the Ottawa Property).

(4) Cash used to fund the Resulting Issuer's portion of the various Acquisitions not financed by first mortgage debt or newly issued equity.

(5) Cash expected to be used to finance the growth capex planned at the Trois Rivières Property and the London Property.

(6) Includes all transaction expenses and accrued accounts payable for both CHC and DAQ related to the transaction. Includes DAQ's deferred underwriting commission fee of $3.9 million from its IPO in May 2015.

(7) This balance does not agree directly to pro forma cash balance in the Pro Forma Financial Statements because certain pro forma adjustments are not included here.

The Resulting Issuer intends to spend the funds available to it for the completion of the Qualifying Acquisition as set out above.

CSL expects to draw down on the Bridge Facility following Closing to cover certain cash requirements and to refinance certain debt on the Properties.

DAQ and/or CHC may seek additional equity financing or other financing for CSL during the period between the announcement of the Qualifying Acquisition and the Closing, as required, and in which case, the balance sheets of the respective parties would be affected accordingly.

Consummation of the Arrangement requires, among other things, approval of the DAQ shareholders. In addition, as the Arrangement constitutes DAQ's Qualifying Acquisition, holders of Class A Restricted Voting Shares can elect to redeem all or a portion of their Class A Restricted Voting Shares, whether they vote for or against, or do not vote on, the Qualifying Acquisition, provided that they deposit their shares for redemption prior to the second business day before the meeting of DAQ's shareholders. A description of the redemption right will be included in the management information circular to be mailed to DAQ shareholders in connection with the meeting. It is a condition of completion of the Arrangement in DAQ's favour that DAQ have available immediately prior to the Closing a minimum cash amount, after applicable redemptions of Class A Restricted Voting Shares, of at least $87.3 million. A redeeming shareholder is entitled to receive an amount per Class A Restricted Voting Share payable in cash equal to the per share amount then on deposit in DAQ's escrow account, including interest and other amounts earned thereon less an amount equal to the total of (i) applicable taxes payable by DAQ on the interest and other amounts earned in DAQ's escrow account; and (ii) actual and direct expenses related to the

redemption. Assuming levels of redemption of Class A Restricted Voting Shares of nil, 10.0% and 19.9%, the estimated number of Common Shares to be issued to the DAQ holders of Class A Restricted Voting Shares would equal 11,230,000, 10,111,805 and 8,993,610, respectively.

Share Capital of the Resulting Issuer

The following table sets forth the consolidated capitalization of the Resulting Issuer upon completion of the Qualifying Acquisition, assuming different levels of redemptions mentioned above.

Capitalization Under Various Redemptions Scenarios: (Figures in $ millions, unless stated otherwise.)	**Base Case**	**Medium Redemptions**	**Maximum Redemptions[1]**
Available Cash	$ 113.8	$ 113.8	$ 113.8
Less: DAQ Class A Redemptions[2]	—	(11.3)	(22.5)
Available Cash for Transactions (Excluding Fees & Expenses)	$ 113.8	$ 102.5	$ 91.2
Less: Deferred Underwriter Commissions[3]	(3.9)	(3.9)	(3.9)
Available Cash for Transactions	$ 109.9	$ 98.6	$ 87.3
Less:			
Cash for Acquisitions	$ (94.1)	$ (94.1)	$ (94.1)
Cash for Capital Expenditures	(0.3)	(0.3)	(0.3)
Cash for Transaction Costs (Excluding Deferred Underwriter Commissions)	(12.2)	(12.2)	(12.2)
Total Cash Needs	(106.6)	(106.6)	(106.6)
Excess Cash or (Required Financing)	$ 3.3	$ (8.0)	$ (19.3)
Bridge Facility	—	$ 3.8	$ 3.8
Woodbourne Credit Facility	—	$ 5.3	$ 16.5
Total Bridge Financing Drawn	$ 0.0	$ 9.1	$ 20.3
Net Expected Cash[4]	**$ 3.3**	**$ 1.0**	**$ 1.0**
Expected Debt Outstanding:			
Asset Level Debt	$ 200.0	$ 200.0	$ 200.0
Bridge Facility	—	3.8	3.8
Woodbourne Credit Facility	—	5.3	16.5
Total	$ 200.0	$ 209.1	$ 220.3
Expected Common Shares Outstanding[5]	15,875,042	14,738,847	13,620,652

Notes:

(1) Assumes maximum redemption of approximately 2.2 million Class A Restricted Voting Shares of DAQ assuming $10.08 redemption price per share to have cash available for acquisitions of $87.3 million after payment of deferred underwriter's commissions.

(2) Assumes redemption of nil, approximately 1.1 and 2.2 million Class A Restricted Voting Shares of DAQ at $10.08 redemption price per shares for base case, medium and maximum redemption scenarios.

(3) $3,930,500 of deferred underwriters commission as outstanding and will be released to the underwriters only upon completion of a Qualifying Acquisition.

(4) This balance does not agree directly to pro forma cash balance in the Pro Forma Financial Statements because certain pro forma adjustments are not included here.

(5) Expected Common Shares outstanding reduced in the medium and maximum redemption scenarios as the DAQ shares outstanding at the time of the Arrangement decline by the number of Class A Restricted Voting Shares redeemed.

The Resulting Issuer intends to spend the total funds available to it on completion of the Qualifying Acquisition as set out above. There may be circumstances, where, for business reasons, a reallocation of the total funds available may be necessary. See "*Available Funds and Principal Uses*" for more information.

It is possible that the Resulting Issuer may not succeed in completing the acquisitions of one or more of the proposed Acquisition Properties, and notwithstanding any such occurrences, the Corporation, CHC and CHC Subco may still elect to complete other elements of the Qualifying Acquisition.

Selected Pro Forma Unaudited Consolidated Financial Information for the Resulting Issuer

The following table sets forth selected information from the Pro Forma Financial Statements of CSL as at June 30, 2016 after giving effect to the Qualifying Acquisition. The following selected financial data has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Pro Forma Financial Statements of CSL and the historical financial statements of each of the Corporation, CHC, CHC LP, the 50% co-ownership interest in the CHC LP Properties owned by the CHC LP Properties Co-Owner and the Operating Properties and the notes thereto, all contained elsewhere in this prospectus. See "*Pro Forma Financial Information*".

Current assets	$ 2.984 million
Total assets	$344.343 million
Liabilities	$210.044 million
Shareholders' equity	$134.299 million

Market for Securities

The Corporation's Class A Restricted Voting Shares are currently listed for trading on the TSX under the symbol "DAQ.A". The Corporation's Warrants are also currently listed for trading on the TSX under the symbol "DAQ.WT". The CHC Shares are currently listed for trading on the TSX-V under the symbol "CHC". The Closing of the Qualifying Acquisition is conditional upon, among other things, approval by the TSX.

Interest of Insiders, Promoters or Control Persons

No insider, promoter, or control person of the Corporation or its associates and affiliates (before giving effect to the Qualifying Acquisition) has any interest in CHC, the CHC LP Properties, the Operating Properties or the 2016 Properties.

No insider, promoter, or control person of CHC or its associates and affiliates (before giving effect to the Qualifying Acquisition) has any interest in DAQ, the CHC LP Properties, the Operating Properties or the 2016 Properties, except as disclosed in this prospectus.

Risk Factors

An investment in the Resulting Issuer is subject to a number of risks that should be carefully considered by an investor. There is no guarantee that an investment in the Resulting Issuer will earn any positive return in the short or long term and an investment in the Resulting Issuer is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. In reviewing this prospectus, an investor should carefully consider the matters described under the heading "*Risk Factors*".

DUNDEE ACQUISITION LTD.

Name and Incorporation

DAQ was incorporated under the OBCA on March 5, 2015. The head and registered offices of DAQ are located at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9.

Inter-corporate Relationships

The Corporation does not have any subsidiaries.

DAQ's Business and History

DAQ is a SPAC and completed its initial public offering on April 21, 2015, pursuant to which it raised gross proceeds of $112.3 million through the issuance of 11,230,000 Class A Restricted Voting Units at a price of $10.00 per Class A Restricted Voting Unit, including $12.3 million from the subsequent exercise by the underwriters of their over-allotment option for the offering for the sale of 1,230,000 Class A Restricted Voting Units at a price of $10.00 per Class A Restricted Voting Unit, and commenced trading on the TSX. Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share and one-half of a Warrant. In connection with the completion of the Qualifying Acquisition, each Class A Restricted Voting Share that is not redeemed will be automatically converted into one Class B Share, and accordingly, upon completion of the Arrangement, each whole Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of $11.50. The proceeds from DAQ's initial public offering have been deposited into escrow and will only be released upon certain conditions, including the completion of its QA.

Concurrent with the completion of DAQ's initial public offering, Dundee Corporation, acting as the sponsor of the Corporation, completed a subscription with DAQ for additional gross proceeds to the Corporation of $4.3 million through the issuance of 430,750 Class B units (including Class B Units issued at the time of the underwriters' over-allotment exercise) at an offering price of $10.00 per Class B unit. Each Class B Unit consisted of one Class B Share and one-half of a Warrant.

As a SPAC, the Corporation was formed for the purpose of effecting a Qualifying Acquisition. As such, DAQ has been focused on identifying and evaluating businesses and assets with a view to completing a Qualifying Acquisition in compliance with the rules of the TSX governing SPACs.

Subject to applicable law, none of the funds held in DAQ's escrow account will be released from the escrow account until the earliest of: (i) the closing of DAQ's Qualifying Acquisition within the permitted timeline within which it must consummate its QA under the rules of the TSX; (ii) a redemption (on the closing of a Qualifying Acquisition or on an extension of the permitted timeline) of, or an automatic redemption of, Class A Restricted Voting Shares, and (iii) the requirement of the Corporation to pay taxes on the interest or certain other amounts earned on the escrowed funds (including, if applicable, taxes arising in connection with the redemption of the Class A Restricted Voting Shares), and for payment of certain expenses.

While the escrowed funds are being held, such escrowed funds and all amounts earned thereon, subject to such obligations and applicable law, are assets of the Corporation. These escrowed funds will also be used to pay the deferred underwriting commission fee of $3,930,500, which will be payable by the Corporation to the underwriters of its initial public offering upon the closing of its QA.

After considering a number of acquisition opportunities, the management team of the Corporation determined to proceed with the Qualifying Acquisition as its QA.

Capitalization

The authorized capital of DAQ consists of an unlimited number of Class A Restricted Voting Shares and an unlimited number of Class B Shares, each without nominal or par value. As of the date of this prospectus, the Corporation has 11,230,000 Class A Restricted Voting Shares and 3,345,937 Class B Shares issued and outstanding, as well as 5,830,375 Warrants.

The Class A Restricted Voting Shares may be "restricted securities" within the meaning of such term under applicable Canadian securities laws. Prior to DAQ's required shareholders meeting in connection with a Qualifying Acquisition, holders of the Class A Restricted Voting Shares are not entitled to vote at, or receive notice of or meeting materials in connection with, meetings held only to consider the election and/or removal of directors and auditors. The holders of the Class A Restricted Voting Shares are, however, entitled to vote on and receive notice of meetings on all other matters requiring shareholder approval (including the Corporation's Qualifying Acquisition). Except for the voting right variations described above on the election and/or removal of directors and auditors prior to the closing of a Qualifying Acquisition, the voting rights of holders of Class B Shares are, with the exception of statutory class voting rights under the OBCA, otherwise identical to those applicable to the publicly held Class A Restricted Voting Shares. Upon the closing of a Qualifying Acquisition, each Class A Restricted Voting Share will, unless previously redeemed, be automatically converted into one Class B Share.

Each Warrant entitles the holder thereof to purchase one Class A Restricted Voting Share at an exercise price of $11.50, subject to anti-dilution adjustments, and is exercisable only commencing 30 days after the completion of the Corporation's Qualifying Acquisition, at which time, as the remaining Class A Restricted Voting Shares will have been automatically converted into Class B Shares, each whole Warrant will be exercisable for one Common Share following the completion of the Arrangement.

Prior Sales and Market for Securities

DAQ has not issued any shares or securities convertible into shares during the 12-month period before the date of this prospectus.

The Class A Restricted Voting Shares are listed on the TSX and trade under the symbol "DAQ.A". The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Class A Restricted Voting Shares on the TSX.

Period	High ($)	Low ($)	Volume
October 2016 (1 – 25)	9.95	9.82	676,850
September 2016	9.96	9.86	163,200
August 2016	9.99	9.82	162,451
July 2016	9.89	9.65	18,350
June 2016	9.88	9.84	6,100
May 2016	9.87	9.71	115,389
April 2016	9.87	9.80	25,901
March 2016	9.83	9.69	51,074
February 2016	9.80	9.57	192,250
January 2016	9.70	9.57	14,808
December 2015	9.76	9.65	28,500
November 2015	9.80	9.65	19,930
October 2015	9.82	9.62	200,161

Source: TMX Datalinx, Bloomberg

The Warrants are listed on the TSX and trade under the symbol "DAQ.WT". The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Warrants on the TSX.

Period	High ($)	Low ($)	Volume
October 2016 (1 – 25)	0.21	0.21	750
September 2016	0.38	0.26	59,200
August 2016	0.41	0.25	165,050
July 2016	0.25	0.25	1,600
June 2016	0.30	0.18	20,050
May 2016	0.31	0.18	40,682
April 2016	0.30	0.30	2,700
March 2016	0.30	0.28	8,250
February 2016	0.31	0.25	22,150
January 2016	0.26	0.22	28,890
December 2015	0.28	0.23	63,751
November 2015	0.27	0.23	10,000
October 2015	0.27	0.20	48,300

Source: TMX Datalinx, Bloomberg

Principal Holders of Voting Securities

As of the date of this prospectus, to the knowledge of the officers and directors of the Corporation, one entity, being Dundee Corporation, the sponsor of the Corporation, beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Class B Shares. Dundee Corporation owns, directly or indirectly, 3,272,677 Class B Shares representing approximately 97.8% of the Class B Shares (and 22.5% of all issued and outstanding shares).

Selected Financial Information for DAQ

Audited financial statements as at December 31, 2015 and for the period from inception to December 31, 2015, and unaudited interim financial statements as at and for the three and six months ended June 30, 2016 of DAQ, together with the Corporation's MD&A corresponding to these periods, are included elsewhere in this prospectus.

The following table sets forth selected financial information for the Corporation. The selected financial information has been derived from, and is qualified by, the Corporation's audited financial statements for the period from inception on March 5, 2015 to December 31, 2015 and the Corporation's unaudited interim financial statements for the six months ended June 30, 2016 appearing elsewhere in this prospectus. The following information should be read in conjunction with those financial statements and the accompanying notes, and the Corporation's MD&A corresponding to these periods which are also included elsewhere in this prospectus.

	For the six month period ended June 30, 2016 ($)	For the year ended December 31, 2015 ($)
Interest income	263,365	456,554
Net loss[(1)]	(1,648,217)	(4,866,337)
Basic and diluted earnings (loss) per share	(0.63)	(1.96)
Cash	614,681	748,597
Restricted cash and cash equivalents held in escrow	113,015,146	112,753,202
Escrowed cash per Class A Restricted Share	10.06	10.04
Total assets	113,669,518	113,507,199
Total liabilities[(2)]	114,864,886	113,054,350
Shareholders' equity (deficiency)	(1,195,368)	452,849
Shareholders' equity (deficiency) per share	(0.46)	0.18

Notes:

(1) Net loss for the six months ended June 30, 2016 includes a net unrealized loss on changes in the fair value of financial liabilities of $1,684,500 and net loss for the year ended December 31, 2015 includes a net unrealized gain on changes in the fair value of financial liabilities of $2,358,300 and transaction costs associated with DAQ's initial public offering of $6,794,191 (including underwriters' commission and deferred underwriters' commission).

(2) Total liabilities as at June 30, 2016 include Class A Restricted Voting Shares subject to redemption of $110,503,200 and deferred underwriters' compensation of $3,930,500 and total liabilities as at December 31, 2015 include Class A Restricted Voting Shares subject to redemption of $108,818,700 and deferred underwriters' compensation of $3,930,500.

Promoter

Dundee Corporation, the sponsor of the Corporation, was considered a promoter of the Corporation within the meaning of applicable securities legislation for the purposes of the Corporation's initial public offering. Dundee Corporation owns, directly or indirectly, 3,272,677 Class B Shares representing approximately 97.8% of the Class B Shares (and 22.5% of all issued and outstanding shares). Dundee Corporation also owns 215,375 warrants (3.7% of the outstanding warrants) and does not own any Class A Restricted Voting Shares.

CHC STUDENT HOUSING CORP.

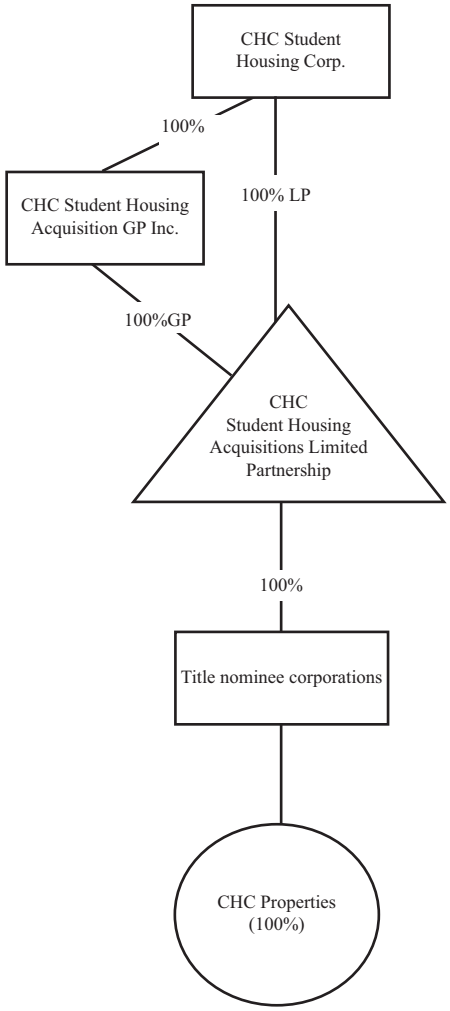
Name and Incorporation

CHC was incorporated under the OBCA on April 12, 2013. On October 30, 2014, CHC filed an amendment to its articles of incorporation to amend its share terms, including to add retraction rights to the share conditions attaching to the CHC Shares so that it would be able to qualify as a "mutual fund corporation" as defined in the Tax Act. 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 the CHC Shares on the basis of one post-consolidation common share of CHC for every 85 issued and outstanding pre-consolidation common shares of CHC (the "**CHC 2015 Share Consolidation**").

The head office of CHC is located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3 and the registered office of CHC is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1.

Intercorporate Relationships

The following chart is an illustration of the current organizational structure of CHC prior to giving effect to the Qualifying Acquisition. Ownership of the CHC Properties is held through special purpose title nominee companies.



CHC's Business and History

CHC is Canada's only publicly-listed real estate company focused on owning and managing high-quality Canadian student housing real estate properties.

Management believes that the student housing real estate sector is benefitting from compelling underlying market fundamentals. Limited supply of on-campus housing combined with strong continued enrollment growth is expected to create a supply-demand imbalance which is expected to benefit owners of student housing real estate and sustain occupancy rates and rental prices per bed at levels comparable to or greater than current levels. CHC is the first market consolidator focusing solely on student housing, which is a highly fragmented sector in Canada. Management believes that the above-mentioned attractive market dynamics make this an opportune time to invest in student housing real estate.

Following its incorporation in April 2013, on November 28, 2013, CHC completed an initial public offering as a Capital Pool Company (CPC) under the policies of the TSX-V, and the CHC Shares were listed for trading on the TSX-V on December 4, 2013. As a CPC, CHC's business was restricted under the policies of the TSX to the identification and evaluation of businesses or assets for the purpose of completing its QT under the policies of the TSX-V. On April 3, 2014, CHC completed its QT through the acquisition of the Kingston (Barrie) Property, and its listing on the TSX-V was changed to a real estate issuer.

Since completing its QT, CHC's focus has been on improving asset level operations and strategically acquiring additional high-quality student housing properties in Canada. As of the date of this prospectus, CHC has completed the acquisition of the Windsor Property (acquired September 2014), the Trois-Rivières Property (acquired October 2014) and the London Property (acquired November 2014), as described elsewhere in this prospectus.

In connection with the acquisitions of the Windsor Property and the Trois-Rivières Property, CHC completed a private placement in August 2014 for gross proceeds of $7,522,976 through the issuance (upon the exercise of subscription receipts) of 68,390,693 CHC Shares at a price of $0.11 per share (or 804,596 CHC Shares at a price of $9.35 per share after giving effect to the subsequent CHC 2015 Share Consolidation). See below table for implied prices based on the post-consolidation Common Shares of the Resulting Issuer under the Arrangement.

In connection with the acquisition of the London Property, CHC completed a private placement in November 2014 for gross proceeds of $8,261,541 through the issuance of 75,104,917 units at a price of $0.11 per unit (or 883,587 units at a price of $9.35 per unit after giving effect to the subsequent CHC 2015 Share Consolidation). Each unit consisted of one CHC Share and one common share purchase warrant of CHC, each warrant being exercisable to acquire one CHC Share at an exercise price of $0.13 per share until November 19, 2017 (or $11.05 per share after giving effect to the subsequent CHC 2015 Share Consolidation). See below table for implied prices based on the post-consolidation Common Shares of the Resulting Issuer under the Arrangement.

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 effect the CHC 2015 Share Consolidation. As a result of the CHC 2015 Share Consolidation, the number of issued and outstanding CHC Shares was reduced from 198,495,610 to 2,335,181.

CHC Share Issuance Summary:

Date	Proceeds	Offering	Issue Price	Effective Current Price[1]	Effective Post Consolidation Price[2]
Aug-14	$7,522,976	Shares	$0.11	$9.35	$16.39
Nov-14	$8,261,540	Units	$0.11	$9.35	$16.39

Notes:

(1) Pro forma the execution on February 19, 2015 of the CHC 2015 Share Consolidation of one share per 85 pre-consolidation shares.

(2) Pro forma the execution of the Consolidation under the Arrangement of 0.57044 shares per one pre-consolidation share.

On May 14, 2015, CHC filed a preliminary short form prospectus in respect of a proposed public offering with the objective of raising approximately $92.5 million to be used to acquire interests in nine high-quality student housing properties located in strategic markets throughout Ontario (including the acquisition of 50% of the CHC LP Properties). On July 8, 2015, CHC determined not to proceed with the proposed offering due to macro driven volatility within equity markets especially for real estate companies and the inability to achieve offering terms acceptable to CHC, and withdrew its preliminary short form prospectus in respect of the offering.

Since terminating its proposed public offering, CHC has been reviewing various strategic alternatives to finance its operations and business plan. This process eventually led to CHC's agreement with DAQ to proceed with the Qualifying Acquisition and Acquisitions.

CHC currently owns and manages four student housing properties in Ontario and Québec. In addition, CHC seeks to acquire purpose-built student housing properties based on CHC's stringent investment criteria, which focus on the location, valuation and quality of the asset. In evaluating an acquisition, management considers multiple factors including age, amenities, market position, overall design and proximity to campus.

Capitalization

The authorized capital of CHC consists of an unlimited number of CHC Shares, without nominal or par value. As of the date of this prospectus, 2,335,181 common shares are issued and outstanding as fully paid and non-assessable. Pro forma the Arrangement and the Consolidation under the Arrangement, the issued and outstanding CHC Shares will be consolidated into 1,332,072 Common Shares.

As of the date of this prospectus, CHC also has the following securities convertible into CHC Shares issued and outstanding: (i) 871,822 common share purchase warrants each exercisable to acquire one CHC Share at a current exercise price of $11.05 per share until November 2017; and (ii) 40,441 stock options each exercisable to acquire one CHC Share at a current exercise price of $8.50 per share until December 2018. Pro forma the Arrangement and the Consolidation, there will be 497,319 common share purchase warrants each exercisable to acquire one Resulting Issuer Share at an exercise price of $19.37 per share and 23,069 stock options outstanding each exercisable to acquire one Resulting Issuer Common Share at an exercise price of $14.90 per share.

In addition, on September 13, 2016, CHC's Board adopted a deferred share unit plan (the "**CHC DSU Plan**") and approved the grant of an aggregate of $304,000 in deferred share units (the "**CHC DSUs**") to the directors of CHC in settlement of directors' fees accrued and unpaid during 2015 and the first two quarters of 2016, for a total of 63,070 CHC DSUs. The CHC DSUs were priced at the volume weighted average price of the CHC Shares over the last five trading days preceding the grant date as of September 13, 2016, being $4.82. The CHC DSUs are currently to be settled in cash when a director ceases to be a director of CHC. However, the CHC DSUs may be amended to be settled in CHC Shares following the receipt of the approval of the TSX-V and CHC's shareholders for the DSU Plan.

The CHC Shares, warrants and stock options set forth above will remain outstanding as securities of the Resulting Issuer following Closing, but will have been subject to adjustment as a result of the Consolidation under the Arrangement. The CHC DSUs will also remain outstanding upon Closing, on a cash-settled basis until approval of the TSX and CSL's shareholders as required for the DSU Plan to be adopted as a plan of the Resulting Issuer.

Prior Sales and Market for Securities

CHC has not issued any CHC Shares or securities convertible into CHC Shares during the 12-month period before the date of this prospectus, with the exception of the CHC DSUs noted above which were priced at $4.82 per DSU.

The CHC Shares are listed on the TSX-V and trade under the symbol "CHC". The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the CHC Shares on the TSX-V.

Period	High ($)	Low ($)	Volume
October 2016 (1 – 25)	4.68	4.00	10,168
September 2016	5.00	3.91	74,673
August 2016	5.05	2.30	83,538
July 2016	2.99	2.25	5,189
June 2016	2.99	2.00	19,924
May 2016	2.49	1.30	7,272
April 2016	2.70	1.30	12,683
March 2016	2.75	2.20	10,191
February 2016	2.51	2.15	22,176
January 2016	2.55	2.25	8,811
December 2015	3.85	2.21	65,822
November 2015	4.31	4.25	2,389
October 2015	4.51	4.31	2,964

Source: TMX Datalinx, Bloomberg

Principal Holders of Voting Securities

As of the date of this prospectus, to the knowledge of the officers and directors of CHC, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding CHC Shares.

Selected Financial Information for CHC

Audited financial statements as at and for the years ended December 31, 2015 and 2014 and as at and for the period from inception on April 12, 2013 to December 31, 2013, and unaudited interim financial statements as at and for the six months ended June 30, 2016 of CHC, together with CHC's MD&A corresponding to these periods, are included elsewhere in this prospectus.

The following table sets forth selected financial information for CHC. The selected financial information has been derived from, and is qualified by, CHC's audited financial statements for the years ended December 31, 2015 and 2014, CHC's audited financial statements for the period from inception on April 12, 2013 to December 31, 2013 and CHC's unaudited interim financial statements for the six months ended June 30, 2016 appearing elsewhere in this prospectus. The following information should be read in conjunction with those financial statements and the accompanying notes, and CHC's MD&A corresponding to these periods which are also included elsewhere in this prospectus.

	For the six month period ended June 30, 2016 ($)	For the year ended December 31, 2015 ($)	For the year ended December 31, 2014 ($)	For the period from inception on April 12, 2013 to December 31, 2013 ($)
Property revenue	2,550,721	5,197,275	1,013,927	—
Net operating income[1]	1,170,851	2,278,835	532,927	—
Net income (loss) for the period[2],[3]	58,885	(9,945,796)	(2,670,410)	(324,162)
Basic and diluted earnings (loss) per share	0.03	(4.26)	(2.66)	(3.14)
Cash dividend per share	—	—	—	—
Total assets	66,056,606	66,353,022	72,715,005	4,765,275
Total liabilities	58,501,033	58,796,334	55,644,404	13,721
Shareholders' equity	7,555,573	7,556,688	17,070,601	4,751,554
Shareholders' equity per share	3.24	3.24	7.31	7.34

Notes:

(1) NOI is not a measure recognized under IFRS and does not have a standardized meaning presented by IFRS. NOI, as computed by CHC, may differ from similar computation as reported by other real estate issuers and, accordingly, may not be comparable to NOI as reported by other such issues. See "*Non-IFRS Measures*".

(2) Net loss for the year ended December 31, 2015 includes costs that management would classify as one-time in nature, including expenses incurred in connection with CHC's cancelled equity offering in June 2015 of $2,538,019. CHC successfully negotiated with certain key service providers and suppliers in relation to the offering to reduce fees for combined concessions of $765,000, which will be realized in future periods. In addition, CHC incurred an interest expense on property debt of $2,850,268 and fair value loss on investment property of $4,176,166 for the year ended December 31, 2015. The fair value loss is attributable to underperformance of assets and capital expenditures that were not completed due to the cancelled equity offering. Stock based compensation of $432,726 and the forfeiture of a property deposit of $750,000 due to the cancelled equity offering also negatively affected results for year ended December 31, 2015.

(3) Net loss for the year ended December 31, 2014 includes costs that management would classify as one-time in nature, including acquisition transaction costs incurred in connection with CHC's acquisition of the CHC Properties during the year of $1,710,354.

THE QUALIFYING ACQUISITION

Overview

Management of DAQ has selected the Qualifying Acquisition as an appropriate series of transactions for its QA.

The Corporation and CHC have entered into the Arrangement Agreement (which has been filed on SEDAR) pursuant to which they have agreed to complete the Arrangement whereby it is expected (i) the shareholders of DAQ (other than DAQ shareholders properly exercising redemption rights) will exchange their shares of DAQ for CHC Shares at a ratio of 1.75304 CHC Shares for every one share of DAQ, (ii) DAQ will thereupon become a wholly-owned subsidiary of CHC and will then be amalgamated with CHC and CHC Subco, a newly incorporated subsidiary of CHC, to form an amalgamated corporation to be named "Canadian Student Living Group Inc.", being the Resulting Issuer, and (iii) the outstanding Common Shares of the Resulting Issuer will then be consolidated on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share. In addition, pursuant to their terms and in accordance with the terms and conditions of the Arrangement Agreement, all Warrants outstanding immediately prior to the Arrangement will represent Replacement Warrants to purchase Common Shares of the Resulting Issuer at $11.50 per Common Share.

As a result of the amalgamation of DAQ and CHC following the share exchange under the Arrangement, the property of each of DAQ and CHC will become the property of the Resulting Issuer, and the Resulting Issuer will continue to be liable for the obligations of each of DAQ and CHC. The Resulting Issuer will continue to carry on the business and operations of CHC after giving effect to the Acquisitions.

As part of the Arrangement, the Resulting Issuer expects to use a portion of the available funds of the Corporation as well as newly issued shares and additional financing sources to complete the acquisition in whole or in part of the CHC LP Properties, the Operating Properties and the 2016 Properties.

Concurrently with the completion of the Arrangement, the Resulting Issuer will enter into the Woodbourne Arrangements with Woodbourne, which is managed by an institutional private real estate investment firm, through which Woodbourne is expected to invest $43.3 million (asset value) to acquire equal co-ownership interests to the Resulting Issuer in each of the Woodbourne Co-Ownership Properties at the same valuations at which the Corporation will acquire its interests. Woodbourne has also advised CSL that it expects (i) to co-invest additional capital to fund future asset acquisitions and developments, (ii) to make available its extensive expertise in real estate property development and management, (iii) the Woodbourne Lenders to provide CSL with the Woodbourne Credit Facility, and (iv) the Woodbourne Lenders to provide access post-Closing to a mezzanine debt facility to support possible third party purpose-built student housing development projects.

Qualifying Acquisition – Summary Property Acquisition Table:

Property	Category	Total Ownership (%)	Pro-Rata Share CSL (%)	Pro-Rata Share Woodbourne (%)
Kingston (Barrie) Property	The CHC Properties	100	100	—
Windsor Property	The CHC Properties	100	100	—
Trois-Rivières Property	The CHC Properties	100	100	—
London Property	The CHC Properties	100	100	—
Luxe I	The CHC LP Properties	100	100	—
Luxe II	The CHC LP Properties	100	100	—
Village Suites	The CHC LP Properties	100	100	—
West Village Suites	The CHC LP Properties	100	100	—
Fredericton Property	Operating Properties	100	100	—
Sudbury Property	Operating Properties	100	100	—
Montréal Property	2016 Properties	100	100	—
Kingston (Alfred) Property	Operating Properties	100	50	50
Kingston (Mack) Property	Operating Properties	100	50	50
Oshawa Property (Phase 1)	Operating Properties	100	50	50
Oshawa Property (Phase 2)	Operating Properties	100	50	50
Oshawa Property (Phase 3)	2016 Properties	100	50	50
Barrie Property	2016 Properties	100	50	50
Ottawa Property[(1)]	2016 Properties	50	25	—

Note:

(1) The acquisition of the Ottawa Property is subject to the expiry or waiver of a right of first refusal and due diligence, and may not close until January 2017. CSL will acquire an initial 25% co-ownership interest in the Ottawa Property and will be obligated to purchase another 25% interest in the Ottawa Property later in 2017 at the same valuation.

The Qualifying Acquisition is subject to certain conditions, including but not limited to, obtaining the approval of shareholders of DAQ, no material adverse change occurring in the affairs of DAQ or CHC until Closing, receiving all necessary regulatory and third party approvals, including TSX approval, and the concurrent completion of the Acquisitions.

In connection with the Qualifying Acquisition, the founders of DAQ, being Dundee Corporation and the independent directors of DAQ, have agreed to reduce the value of their founders' shares by 25% of what they currently own, by giving up 728,797 forfeitable Class B Shares conditional on (and at the time of) closing of the Proposed Qualifying Acquisition. This will reduce the number of Class B Shares outstanding from 3,345,937 to 2,617,140 immediately prior to the exchange of the Class B Shares for CHC Shares under the Arrangement (not including Class A Restricted Voting Shares which, unless previously redeemed, will be automatically converted into Class B Shares under the Arrangement).

Upon completion of the Qualifying Acquisition, assuming no redemptions of Class A Restricted Voting Shares of DAQ, and the completion of the acquisition of all Properties, it is expected that the Resulting Issuer will have 15,857,042 Common Shares issued and outstanding, and an additional 6,350,763 Common Shares issuable upon the exercise of warrants and options which will be issued and outstanding. For details regarding the expected share capitalization of the Resulting Issuer, see "*Capitalization of the Resulting Issuer*".

The Arrangement Agreement

Through the Arrangement Agreement, the Resulting Issuer will own 100% of the CHC Properties. The CHC Properties, their locations and number of beds are as follows:

Property	Address	Total # of Beds
Kingston (Barrie)	335 Barrie Street, Kingston, ON	18
London	673-677 Richmond Street, London, ON	387(1)
Trois-Rivières	1640 Rue Père-Marquette, Trois-Rivières, QC	310(2)
Windsor	3170/3190 Donnelley Street, Windsor, ON	117
Total		**832**

Notes:

(1) The London Property is expected to undergo additional investment in 2017 in order to expand the current bed count by an additional eight beds for a total of 395 beds in 187 units.

(2) CHC currently markets and leases only 260 beds at the Trois Rivières property, however, following capital investment post-Closing, CSL expects to lease all 310 beds. The total cost of the above referenced investments is estimated at $0.28 million and is included in management's uses of capital as part of the Qualifying Acquisition.

The Acquisition of the CHC LP Properties

Through the acquisition of the CHC LP Units (50% co-ownership interests in the CHC LP Properties) and the concurrent acquisition of the CHC LP Properties Co-Owner's 50% co-ownership interests in the CHC LP Properties, the Resulting Issuer will acquire 100% ownership of the CHC LP Properties. The CHC LP Properties, their locations, total purchase price (before standard closing adjustments and acquisition costs), and number of beds are as follows:

Property	Address	Total Purchase Price	Total # of Beds
Luxe I	333 King Street North, Waterloo, ON	—	536
Luxe II	339 King Street North, Waterloo, ON	—	419
Village Suites	1700 Simcoe Street North, Oshawa, ON	—	588
West Village Suites	1686 Main Street West, Hamilton, ON	—	449
Total		**$176,615,051**	**1,992**

The acquisition of all four of the CHC LP Properties by the Resulting Issuer is expected to be completed for total consideration of $181.3 million (including a success fee of $882,000 plus applicable taxes, and other related transaction closing costs) comprised of $80.2 million of cash, $5.4 million of stock issued at $10.08 per Resulting Issuer Common Share and the assumption of $95.8 million of debt secured by the underlying CHC LP Properties.

See "*The Acquisition of the CHC LP Properties and Related Matters*".

The Acquisition of the Operating Properties and 2016 Properties

The Operating Properties

Through the purchase of the Operating Properties, the Resulting Issuer expects to acquire a 100% interest in the Fredericton Property and Sudbury Property and a 50% interest in the Kingston (Alfred) Property, Kingston (Mack) Property, Oshawa Property (Phase 1) and Oshawa Property (Phase 2). The other 50% interest in the Kingston (Alfred) Property, Kingston (Mack) Property, Oshawa Property (Phase 1) and Oshawa Property (Phase 2) is expected to be acquired by Woodbourne under the Woodbourne Arrangements. The Operating Properties, their locations, total purchase price (before standard closing adjustments and acquisition costs) and number of beds are as follows:

Property	Address	Total Purchase Price	Total # of Beds	CSL Proportionate Beds
Fredericton	20-30 Dunns Crossing Road, Fredericton, NB	$ 5,900,000	126	126
Kingston (Alfred)	326 Alfred Street, Kingston, ON	6,400,000	69	35
Kingston (Mack)	1 Mack Street, 318 Alfred Street, and 320 Alfred Street, Kingston, ON	6,750,000	72	36
Oshawa (Phase 1)	2 Taylorwood Road, Oshawa, ON	33,750,000(1)	260	130
Oshawa (Phase 2)	2015-2019 Simcoe Street North, Oshawa, ON		111	56
Sudbury	50 Lisgar Street, Sudbury, ON	5,500,000	70	70
Total		**$58,300,000**	**708**	**453**

Note:

(1) Purchase price for both Oshawa (Phase 1) Property and Oshawa (Phase 2) Property since the properties are being sold as a single operation.

The purchase price of the Resulting Issuer's proportionate share of the Operating Properties is $34.9 million or $35.9 million inclusive of property level closing costs which the Resulting Issuer intends to finance with $13.3 million of cash on hand and approximately $22.6 million of debt secured by the underlying Operating Properties.

DAQ and/or CHC has entered into (or, in the case of the Fredericton Property, expects to enter into) Acquisition Agreements relating to each of the Operating Properties on behalf of the Resulting Issuer in connection with the proposed acquisition of the Operating Properties, all with separate and unrelated vendors, except in the case of the Oshawa and Kingston Properties, in which case the vendor of the properties is the same, and all of whom are at arm's length to DAQ and CHC. The purchase of the Operating Properties will be completed pursuant to terms of the relevant Acquisition Agreements. The Acquisition Agreements relating to the Operating Properties which are also Woodbourne Co-Ownership Properties have been assigned to Woodbourne in connection with the Woodbourne Arrangements. See "*The Properties – The Operating Properties*" and "*The Acquisition Agreements*".

The 2016 Properties

In addition to the acquisition of the Operating Properties, the Resulting Issuer expects to purchase the 2016 Properties at the close of the Qualifying Acquisition or shortly thereafter, through which the Resulting Issuer expects to acquire a (i) 100% interest in the Montréal Property, (ii) 50% interest in the Barrie Property and the Oshawa Property (Phase 3), and (iii) the initial 25% interest in the Ottawa Property. The other 50% interest in the Barrie Property and the Oshawa Property (Phase 3) are expected to be acquired by Woodbourne under the Woodbourne Arrangements. The 2016 Properties, their locations, total purchase price (before standard closing adjustments and acquisition costs) and number of beds are as follows:

Property	Address	Total Purchase Price	Total # of Beds	CSL Proportionate Beds
Montréal	1266 Pine Avenue, Montréal, QC	$ 6,000,000	50	50
Barrie	306-318 Georgian Drive, Barrie, ON	30,600,000	360	180
Oshawa (Phase 3)	2021-2023 Simcoe Street North, Oshawa, ON	9,000,000	93	47
Ottawa	45 Mann Avenue, Ottawa, ON	13,125,000(1)	385	96
Total		**$58,725,000**	**888**	**373**

Note:

(1) The Resulting Issuer expects to acquire an initial 25% interest in the Ottawa Property. Total purchase price presented for the Ottawa Property is for the initial 25% co-ownership interest, with an additional consulting fee of $250,000 to be paid to a third party by the Resulting Issuer in Common Shares at

closing. The acquisition of the Ottawa Property is subject to the expiry or waiver of a right of first refusal and due diligence, and may not close until January 2017. CSL will be obligated to purchase another 25% interest in the Ottawa Property later in 2017 at the same valuation.

The total purchase price of the Resulting Issuer's proportionate share of the 2016 Properties is approximately $39.2 million, or approximately $40.1 million inclusive of a consulting fee of $250,000 payable in Common Shares and all other property level closing costs which the Resulting Issuer intends to finance with approximately $13.0 million of cash on hand and approximately $26.8 million of debt secured by the underlying 2016 Properties.

DAQ has entered into (or in the case of the Ottawa Property, expects to enter into) Acquisition Agreements relating to the 2016 Properties on behalf of the Resulting Issuer in connection with the proposed acquisition of the 2016 Properties, each with separate and unrelated vendors, and all of whom are at arm's length to DAQ and CHC. The purchase of these 2016 Properties is expected to be completed pursuant to terms of the relevant Acquisition Agreements. The Acquisition Agreements relating to the 2016 Properties which are also Woodbourne Co-Ownership Properties have been assigned to Woodbourne in connection with the Woodbourne Arrangements. See "*The Properties – The 2016 Properties*" and "*The Acquisition Agreements*".

Aggregate Acquisitions:

The aggregate proportionate all-in purchase price of the various Acquisitions being executed by the Resulting Issuer is approximately $258.4 million, which is expected to be financed by approximately $106.5 million of cash-on-hand, approximately $6.5 million of newly issued shares of CSL at $10.08 per share and approximately $145.2 million of debt (secured by the individual properties). The weighted average implied purchase price cap rate for the Acquisitions, based on the Appraisals, is 6.0%.

CSL Proportionate Ownership Statistics:

(Figures in $ thousands, unless stated otherwise.)

Property	Ownership	Beds	Purchase Price	Total Estimated Closing Costs	All-In Estimated Purchase Price[1]	Appraisal NOI[2]	Implied Cap Rate[3]
CHC LP Properties	100%	1,992	$176,615	$4,732	$181,347	$10,286	5.8%
Operating Properties							
Fredericton	100%	126	5,900	132	6,032	419	7.1%
Sudbury	100%	70	5,500	217	5,717	331	6.0%
Kingston (Alfred)	50%	35	3,200	140	3,340	185	5.8%
Kingston (Mack)	50%	36	3,375	136	3,511	213	6.3%
Oshawa (Phase 1 & 2)	50%	186	16,875	454	17,329	1,063	6.3%
2016 Properties							
Montréal	100%	50	6,000	116	6,116	350	5.8%
Barrie	50%	180	15,300	339	15,639	984	6.4%
Oshawa (Phase 3)	50%	47	4,500	115	4,615	326	7.2%
Ottawa[4]	25%	96	13,375	332	13,707	762	5.7%
Total		2,818	$250,640	$6,713	$257,353	$14,919	6.0%

Notes:

(1) All-in estimated purchase prices include additional property level estimated closing costs including land transfer taxes, appraisals, building condition reports, environmental site assessments, legal, audit and other fees or related transaction costs.

(2) Forward-twelve-month NOI from independent appraisals dated between December 2015 to September 2016. See *"Assessment and Valuation of the Properties"*.

(3) Cap rate is calculated by dividing appraisal forward-twelve-month NOI of each property by the property's purchase price (excluding closing costs).

(4) The acquisition of the Ottawa Property is subject to the expiry or waiver of a right of first refusal and due diligence, and may not close until January 2017. CSL will be obligated to purchase another 25% interest in the Ottawa Property later in 2017 at the same valuation.

THE ACQUISITION OF THE CHC LP PROPERTIES AND RELATED MATTERS

The CHC LP Properties are co-owned by CHC LP and the CHC LP Properties Co-Owner, each of which owns 50% co-ownership interests in each of the CHC LP Properties. For details regarding the CHC LP Properties, see "*The Properties – The CHC LP Properties*".

Under the Arrangement, the Resulting Issuer will acquire all of the CHC LP Units from the limited partners of CHC LP, a limited partnership formed under the laws of the Province of Ontario on April 10, 2012 for the purpose of acquiring its 50% co-ownership interests in the CHC LP Properties, and will thereby acquire 50% co-ownership interests in the CHC LP Properties. The Resulting Issuer will concurrently acquire the CHC LP Properties Co-Owner's 50% co-ownership interests in the CHC LP Properties, and will as a result own 100% of the CHC LP Properties.

In connection with the acquisition of the CHC LP Units, DAQ and CHC have entered into lock-up agreements (the "**Lock-Up Agreements**") with the limited partners of CHC LP holding 100% of the CHC LP Units pursuant to which they have agreed to sell all of the CHC LP Units pursuant to the Arrangement, the purchase price for which will be satisfied by $35.1 million in cash and $5.4 million in Common Shares (537,590 shares at a price of $10.08 per share) for an aggregate equity acquisition cost of $40.5 million. The Resulting Issuer also expects to assume approximately $47.8 million of CHC LP's portion of the existing mortgages on the CHC LP Properties, for a total consideration of approximately $88.3 million.

In connection with the acquisition of the CHC LP Properties Co-Owner's 50% co-ownership interests in the CHC LP Properties, DAQ has entered into an Acquisition Agreement with the CHC LP Properties Co-Owner pursuant to which the CHC LP Properties Co-Owner has agreed to sell its 50% co-ownership interests in the CHC LP Properties to the Resulting Issuer for an aggregate purchase price of $88.2 million. It is expected that the Resulting Issuer will satisfy approximately $48.0 million of this amount through the assumption of the CHC LP Properties Co-Owner's portion of the existing mortgages on the CHC LP Properties, leaving a balance of approximately $40.2 million to be paid from the funds available to it upon completion of the Arrangement. In addition, under the terms of the Acquisition Agreement with the CHC LP Properties Co-Owner, the Resulting Issuer will be required to pay a success fee of $882,000, plus applicable taxes, to CHC LP General Partner, a portion of which will be used to satisfy a promote fee payable by the CHC LP Properties Co-Owner in connection with the sale of its 50% interest in the CHC LP Properties.

In light of the proposed acquisition of the CHC LP Properties, the Corporation considers it to be desirable to internalize the asset management of the CHC LP Properties, which are currently externally managed by CHC LP Management, so that the CHC LP Properties will be managed by CSL. Consequently, the Corporation has entered into an agreement with CHC RI and its subsidiaries CHC LP Management and CHC LP General Partner, which will enable it to internalize the management of the CHC LP Properties through: (a) the termination of the asset management agreements between CHC LP Management and CHC LP and CHC LP Properties Co-Owner as co-owners of the CHC LP Properties relating to the asset management of the CHC LP Properties by CHC LP Management (the "**Management Agreements**"), thereby terminating management fees which would otherwise be payable to CHC LP Management by CSL as the owner of the CHC LP Properties following their acquisition by CSL; and (b) the replacement of CHC LP General Partner as the general partner of CHC LP with a wholly-owned subsidiary of CSL, thereby terminating a promote fee which would otherwise be payable to CHC LP General Partner by CSL as the sole limited partner of CHC LP following the completion of the Arrangement. The aggregate net purchase price for the CHC LP Management Internalization will be $800,961 and will be satisfied through the issuance of 79,460 Common Shares at a price of $10.08 per Common Share.

The CHC LP Management Internalization is a "related party transaction" in respect of CHC and CSL as defined in MI 61-101. CHC RI, which owns all of the outstanding shares of CHC LP General Partner and also owns 75% of the outstanding shares of, and controls, CHC LP Management, is owned by Mark Hansen, who is President and CEO of CHC and will also be President and CEO of CSL, and Craig Smith, a director of CHC. Messrs. Hansen and Smith are the sole directors of CHC RI and CHC LP General Partner, and Mr. Hansen is President of CHC RI. Since Messrs. Hansen and Smith are both Related Parties of CHC and Mr. Hansen will be a Related Party of CSL as a result of their relationships noted above, the completion of the CHC LP Management Internalization byCHC and/or CSL with CHC RI, CHC LP Management and CHC LP General Partner would constitute a related party transaction in respect of CHC and/or CSL pursuant to MI 61-101. In completing the CHC LP Management Internalization, CHC and CSL intend to rely on the exemption from the formal valuation requirement of MI 61-101 under Section 5.5(a) of MI 61-101 and the exemption from the minority shareholder approval requirement of MI 61-101 under Section 5.7(1)(a) of MI 61-101 as neither the fair market value of the CHC LP Management Internalization nor the consideration to be paid for the CHC LP Management Internalization will exceed 25% of the market capitalization of either CHC or CSL. In addition, however, the CHC LP Management Internalization was agreed to between DAQ on behalf of the Resulting Issuer and CHC RI, CHC LP Management and CHC LP General Partner, and the decision to proceed with the CHC LP Management Internalization and the terms for doing so were determined by negotiation between Messrs. Hansen and Smith on behalf of CHC RI, CHC LP Management and CHC LP General Partner, and by DAQ on behalf of the Resulting Issuer. CHC RI, CHC LP Management and CHC LP General Partner, as well as Messrs. Hansen and Smith, are all arm's length parties, and are not Related Parties, to DAQ.

THE ACQUISITION AGREEMENTS

The Acquisition Agreements are subject to typical conditions of closing for transactions of such type, including satisfactory conclusion of the purchaser's due diligence in respect of all of the Operating Properties and 2016 Properties. The due diligence condition has now been waived in respect of all of the Operating Properties and 2016 Properties other than the Ottawa Property and the Fredericton Property. The Acquisition Agreements contain representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm's length (including, among other things, representations and warranties as to organization and status, power and authorization, certain financial information, tax matters, environmental matters, non-contravention of constating documents, applicable laws and contract, no approvals to be obtained other than those to be obtained by closing and no litigation). Such representations and warranties will generally survive for a period of six to 12 months from closing of the applicable Acquisition.

Pursuant to each of the Acquisition Agreements, DAQ has the right to terminate the agreement for the failure to meet certain conditions, which conditions include, among other things, the truth and accuracy of the representations and warranties given by the vendor contained therein, the performance by such vendor of its terms, covenants and conditions contained therein, the receipt of all necessary consents and regulatory approvals, the delivery of title in fee simple to the respective property or properties, free and clear of all mortgages, liens, charges, encumbrances, restrictions and leases except for the permitted encumbrances, and those encumbrances the vendor's solicitor has undertaken to discharge, the entering into of certain leases for the applicable Operating Property or 2016 Property, that no outstanding notice from any governmental authority as to any defects in the construction of the buildings or any non-compliance with any applicable building restriction, by-laws or other regulations or ordinances or that no work order or active file is outstanding except as otherwise set out therein. In addition, CHC has the right to terminate an Acquisition Agreement if there is substantial damage to the Operating Property or 2016 Property subject to such Acquisition Agreement.

Certain of the Acquisition Agreements contain ongoing obligations from the Property vendors, including minimum rental guarantees and/or environmental site assessment abatement. The Acquisition Agreement for the Sudbury property contains a 100% commercial rental guarantee for the five years following the acquisition as well as an environmental site assessment abatement guarantee and two-year vendor financing at 4.00%. The Acquisition Agreements for the Barrie Property and the Oshawa Property (Phase 3) contain income guarantees, where the vendor will enter into a head lease for the number of unleased bedrooms that is greater than four – representing a 99% and 96% guaranteed occupancy rate, respectively. Furthermore, the Acquisition Agreement for the Montréal Property provides that the vendor will enter into a head lease which guarantees 95% occupancy. Additionally, the University of Ottawa has provided a 90% and 95% income guarantee for the first two years, respectively, for the Ottawa Property.

The Acquisition Agreements contain typical indemnification provisions including indemnities from the vendors in favour of DAQ for the obligations of the vendors' under assumed contracts, leases and mortgages, as and where applicable, with respect to the period prior to closing of the applicable acquisition, and reciprocal indemnities from DAQ in favour of the vendors for DAQ's obligations contained under such assumed contracts, leases and mortgages, as and where applicable, with respect to the period following closing of the applicable acquisition.

Only the Resulting Issuer will be entitled to bring a claim or action for misrepresentation or breach of contract under the Acquisition Agreements and shareholders of the Resulting Issuer do not and will not have any contractual rights under the Acquisition Agreements.

The purchase of each of the Operating Properties and the 2016 Properties is subject to the receipt of all required regulatory approvals, including any required approvals of the TSX and/or the TSX-V.

None of the Acquisitions of the Operating Properties and the 2016 Properties are conditional on any of the other acquisitions. However, all of the Acquisitions are conditional on the completion of the Arrangement and, in certain cases, financing.

The Acquisition Agreements relating to the Woodbourne Co-Ownership Properties, which are subject to the Woodbourne Arrangements, have been or will be assigned to Woodbourne in order to effect the Woodbourne Arrangements. Under the terms of these assignments, Woodbourne is in turn obligated, on or before the closing of the applicable property acquisition, to assign to DAQ or the Resulting Issuer an undivided 50% interest in and to each of the Acquisition Agreements which have been assigned to Woodbourne upon payment or credit against the applicable purchase price by DAQ or the Resulting Issuer of 50% of any deposit paid by Woodbourne in respect of the property.

If either Woodbourne or DAQ or the Resulting Issuer are unable to satisfy any of the conditions of closing set out in the applicable Acquisition Agreement and the applicable vendor is not willing to waive such non-satisfaction, then DAQ or the Resulting Issuer or Woodbourne, as the case may be, may proceed to complete the acquisition on its own behalf and without any liability or obligation to, or consent of, the other party. In the event that DAQ or the Resulting Issuer are unable to proceed with an acquisition and Woodbourne completes the property acquisition on its own, the Resulting Issuer will have a call option to purchase 50% of the property for one year following the acquisition of the property by Woodbourne, at a price of cost plus 2.5% per annum if during the first three months or appraised value thereafter.

THE WOODBOURNE ARRANGEMENTS

Concurrently with the completion of the Arrangement, the Resulting Issuer is expected to enter into the Woodbourne Arrangements as contemplated by a memorandum of understanding entered into between DAQ and an affiliate of Woodbourne. Woodbourne's proportionate share of the acquisition of certain of the Operating Properties and 2016 Properties under the Woodbourne Arrangements is $43.3 million (asset value) (including property land closing costs).

The Woodbourne Co-Owners Agreements

In connection with the acquisition of Woodbourne's co-ownership interests in the Woodbourne Co-Ownership Properties, certain subsidiaries of the Resulting Issuer and Woodbourne (the "**Co-Owners**") are expected to enter into the Woodbourne Co-Owners Agreements. The material terms of the Woodbourne Co-Owners Agreements are expected to be as follows, although the agreements are still being finalized and these terms are subject to change:

Decision Making: Generally, all material decisions with respect to the management and control of the Woodbourne Co-Ownership Properties require unanimous approval of the Co-Owners. Decisions are generally to be effected by a Co-Owners' committee consisting of one representative of each Co-Owner. For a matter involving a party who is not at arm's length to a Co-Owner or a matter where a Co-Owner is in default, the other Co-Owner is generally entitled to decide on the matter alone.

Financial Matters: Each Co-Owner is responsible for paying its proportion of all expenses attributable to the Woodbourne Co-Ownership Properties, which shall first be satisfied from the gross revenues from the applicable property. Each Co-Owner shall be entitled to receive monthly distributions equal to its proportion of net cash flow arising from or accruing out of the applicable Woodbourne Co-Ownership Property. The net cash flow of a property in a period is its gross revenue for the period less the sum of operating expenses, leasehold incentive expenditures, reserves, Financing (as defined herein) payments and other payments made by the Co-Owners during such period. The Co-Owners are permitted to enter into a financing in respect of the applicable property (a "**Financing**"), the obligations under which are secured by their respective co-ownership interests in such property; however, the loan-to-value ratio of a Financing for such property cannot exceed 70%.

Indemnification: Each Co-Owner is responsible for its proportion of the debts, liabilities, obligations, duties, agreements and expenses ("**Liabilities**") arising from or incurred in connection with the applicable Woodbourne Co-Ownership Property. Each Co-Owner has agreed to indemnify the other Co-Owner in respect of its proportion of all Liabilities. Recourse with respect to any monetary obligation of an indemnifying Co-Owner shall be had only as against the indemnifying Co-Owner's co-ownership interest in the Woodbourne Co-Ownership Property.

In addition, in the event that a Co-Owner or its affiliates provide any guarantees in respect of a Financing, then each Co-Owner (the "**Indemnifying Party**") shall indemnify the other Co-Owner and its affiliates (the "**Indemnified Party**") from the Indemnified Party's proportion of all damages incurred by the Indemnified Party as a result of the lender enforcing the guarantee of the Indemnified Party and recovering from the Indemnified Party an amount in excess of the Indemnified Party's proportionate share of the total amount payable to such lender. For purposes of the foregoing indemnification, recourse of the Indemnified Party against the Indemnifying Party shall not be limited to the Indemnifying Party's co-ownership interest in the applicable Woodbourne Co-Ownership Property.

Shortfall Loans: If a Co-Owner does not pay any amount required to be paid by it pursuant to a Woodbourne Co-Owners Agreement or as required by the related asset management agreement or property management agreement, the other Co-Owner may advance the shortfall amount, which shall be deemed to be a demand loan bearing interest at the rate of prime plus 10% calculated daily and compounded monthly made by the advancing Co-Owner to the non-advancing

Co-Owner. The demand loan is to be secured by a charge on the non-advancing Co-Owner's co-ownership interest in the applicable Woodbourne Co-Ownership Property. In addition, the advancing Co-Owner is entitled to receive on account of the repayment of such loan, all distributions of net cash flow otherwise payable to the non-advancing Co-Owner.

Transfers: No Co-Owner may dispose, directly or indirectly, of all or any part of its co-ownership interest in the applicable Woodbourne Co-Ownership Property, including by way of a change of control, except with the consent of the other Co-Owner or pursuant to the specific provisions of the applicable Woodbourne Co-Owners Agreement (e.g., transfers to affiliates). Notwithstanding the foregoing, the Resulting Issuer will not generally be considered to have effected an unapproved disposition by way of a change of control where the Resulting Issuer undergoes a change of control where the person that acquires control is a comparable or more creditworthy entity with comparable or better capitalization and experience in commercial and/or residential real estate. Any contravention of the foregoing provision will be a default under the applicable Co-Owners Agreement and entitle the non-defaulting Co-Owner to the remedies noted under the heading "*Default*" below.

Right of First Offer: At any time following the earlier to occur of a change of control of the other Co-Owner and the third anniversary of the effective date of the applicable Co-Owners Agreement, a Co-Owner (the "**Exiting Co-Owner**") may sell all, but not less than all, of its co-ownership interest in the applicable Woodbourne Co-Ownership Property to an arm's length third party, provided that it has first made an offer to sell all of its co-ownership interest to the other Co-Owner. The non-Exiting Co-Owner may request that the fair market value of the Woodbourne Co-Ownership Property be determined by an independent appraiser, following which the offer price to the non-Exiting Co-Owner will be increased or decreased, as applicable, to match such fair market value. The non-Exiting Co-Owner may accept the offer from the Exiting Co-Owner within 60 days from the later of (i) the date the offer notice is provided and (ii) the date the fair market value is determined (the "**Offer Period**"), following which, subject to certain exceptions, the completion of such purchase and sale will take place within 30 days following the expiry of the Offer Period. If (i) the non-Exiting Co-Owner fails to accept the offer within the Offer Period or provides written notice that it does not wish to accept the offer, or (ii) the completion of the purchase and sale as between the Exiting Co-Owner and non-Exiting Co-Owner is not completed during the specified time (other than due to the fault or omission of the Existing Co-Owner), then the Exiting Co-Owner may effect a sale of the entire Woodbourne Co-Ownership Property to a third party at a price of not less than 95% of the price for the whole of the property (as determined in accordance with the foregoing) and otherwise on terms and conditions substantially the same as those provided in the offer notice, and in any event no more favourable to the third party than as set out in the offer notice (other than a due diligence condition and a financing condition in favour of the third party and market closing conditions) (a "**Third Party Sale**"). Except in certain circumstances, including a change of control of the non-Exiting Co-Owner, an Exiting Co-Owner may exercise this right only once in any 12-month period.

Separate Mortgages of a Co-Owner's Interest: In addition to a Financing, each Co-Owner may independently mortgage its ownership interest pursuant to the procedure set forth in the applicable Woodbourne Co-Owners Agreement so long as, among other things, the total of the principal amount of all separate mortgages by a Co-Owner plus its proportion of any Financing does not exceed 80% of the fair market value of such Co-Owner's co-ownership interest.

Default: When a Co-Owner is in default under the provisions of the applicable Woodbourne Co-Owners Agreement, the non-defaulting Co-Owner is entitled to, among other things (i) purchase the defaulting Co-Owner's co-ownership interest at the greater of (a) the defaulting Co-Owner's proportion of outstanding Financings and (b) a 10% discount to the fair market value of such interest as determined by an independent appraiser or (ii) arrange for the sale of the entire applicable Woodbourne Co-Ownership Property at up to a 10% discount to the fair market value of the defaulting Co-Owner's co-ownership interest in the property as determined by an independent appraiser (and for which the defaulting Co-Owner will receive for its co-ownership interest, its proportion of such amount, less costs of sale and amounts in default owed to the non-defaulting Co-Owner). Each Woodbourne Co-Owners Agreement contains customary default provisions. In addition a default by a Co-Owner under one Woodbourne Co-Owners Agreement triggers a default by that Co-Owner under all other Woodbourne Co-Owners Agreements. Similarly, the failure of the Resulting Issuer to make a payment under the Woodbourne Credit Agreement triggers a default by the Co-Owner of the Resulting Issuer under each Woodbourne Co-Owners Agreement.

Major Disputes: In the event of a dispute between the Co-Owners relating to a material decision with respect to the applicable Woodbourne Co-Ownership Property, if the Co-Owners are unable to resolve the dispute, then either Co-Owner may affect the sale of the entire property as a Third Party Sale.

Other Business of Co-Owners: Each Woodbourne Co-Owners Agreement expressly reserves for each Co-Owner the right to conduct any business or activity without any accountability to the other Co-Owner, even if such activity or business may compete with the operation of the applicable Woodboune Co-Ownership Property.

The Woodbourne Credit Agreement

Concurrently with the completion of the Arrangement, the Woodbourne Lenders are expected to provide the Resulting Issuer with the Woodbourne Credit Facility pursuant to the terms and conditions contained in the Woodbourne Credit Agreement. The material terms of the Woodbourne Credit Agreement are expected to be as follows, although the agreement is still being finalized and these terms are subject to change:

Facility: The Woodbourne Lenders are expected to provide to the Resulting Issuer, on a several basis, the Woodbourne Credit Facility in an aggregate principal amount of up to $25,000,000, with interest accruing daily at a rate of 12% per annum and being payable quarterly in arrears on the last business day of each calendar quarter. The Woodbourne Credit Facility may be used exclusively to fund up to 100% of the costs incurred by affiliates of the Resulting Issuer in acquiring the Woodbourne Co-Ownership Properties. Drawdowns will be available in a minimum amount of $1,000,000 and integral multiples of $500,000 in excess thereof, and may only be made if, after giving effect to such drawdown and the acquisition of any Woodbourne Co-Ownership Property to be funded pursuant to the drawdown (including any debt assumed or incurred in connection therewith), the loan-to-value ratio is less than 75%. It is expected that the Woodbourne Credit Facility will include certain financial covenants and reporting obligations of the Resulting Issuer.

Repayment: The Resulting Issuer shall be required to repay the principal amount of each advance under the Woodbourne Credit Facility, together with all accrued and unpaid interest thereon, no later than on the date of the first anniversary of such advance. The Resulting Issuer shall be required to apply the net proceeds realized from any disposition of a Woodbourne Co-Ownership Property and any net proceeds from any financing or re-financing of a Woodbourne Co-Ownership Property as a prepayment of advances made under the Woodbourne Credit Facility. The Resulting Issuer, in its discretion, may pre-repay without penalty any advance drawn after 90 days following the drawdown date. Any amounts so prepaid may not be re-borrowed.

Security Documents: As security for all advances made under the Woodbourne Credit Facility, the Resulting Issuer and/or its subsidiaries shall be required to deliver guarantees, securities pledge agreements, general security agreements, assignments of material contracts, environmental indemnities and warranties, charges/mortgages of land and assignment of rents and leases all in favour of the Woodbourne Lenders on terms and conditions customary for facilities of this nature, as applicable.

Negative Covenants: The Woodbourne Credit Agreement contains restrictive covenants customary for facilities of this nature, including restrictions on the Resulting Issuer and its subsidiaries, subject to certain exceptions, with respect to mergers and amalgamations, disposing of assets, incurring additional encumbrances (other than certain permitted encumbrances), entering into non-arm's length transactions, incurring additional debt (other than certain permitted debt), making certain investments, changing the nature of the business, changes of name and jurisdiction of organization, entering into, amending or terminating material agreements, repurchasing and redeeming securities, making distributions, entering into management agreements, changing accounting or financial reporting practices, repaying inter-company debt and making payments out of the ordinary course of business.

Events of Defaults: The occurrence of certain events (subject to the expiry of any applicable cure periods) constitute a default under the Woodbourne Credit Agreement or any loan document, including in the event that the Resulting Issuer fails to pay any principal or interest on any advance when due, any obligor defaults in observing any covenant or condition under the Woodbourne Credit Agreement, any obligor fails to pay any principal or interest on any debt outstanding when due (subject to applicable grace periods), any person or group of persons acting jointly or in concert acquires effective control of the Resulting Issuer, any obligor does not pay its debts as they become due or becomes insolvent or bankrupt, any judgment or series of judgments above a certain monetary threshold have been rendered against one or more obligors and enforcement proceedings have commenced, any representation or warranty made by the Resulting Issuer, any subsidiary or any guarantor in any loan document is materially incorrect when made, the Resulting Issuer or any guarantor is the subject of any environmental claim pertaining to hazardous materials, the obligations of the Resulting Issuer or any guarantor of the Woodbourne Credit Agreement or any loan documents cease to be a legal, valid and binding obligations of such party, any material agreement to which any of the Resulting Issuer or any guarantor is a party is terminated other than in accordance with its terms or any of the Resulting Issuer or guarantor is in breach of any material provision of such material agreement, the Resulting Issuer or any guarantor has not delivered the relevant security documents, or a material adverse change occurs in respect of the Resulting Issuer or any guarantor. Any such default will entitle the Woodbourne Lenders to declare any advances made to the Resulting Issuer to be immediately due and payable and/or declare that the commitments of the Woodbourne Lenders under the Woodbourne Credit Facility be cancelled.

THE PROPERTIES

The CHC Properties

Upon the completion of the Arrangement, the Resulting Issuer will own the CHC Properties. Certain historical financial results for the CHC Properties are consolidated in the financial statements of CHC included elsewhere in this prospectus.

The London Property

The London Property is a student housing property located at 673-677 Richmond Street in London, Ontario, approximately 1.3 km from Western University ("**Western**"). The property consists of one 17-storey building, which was renovated in 2015. The building currently contains 387 beds in 187 units; an additional eight beds are expected to be configured in May 2017, increasing the bed count to 395 beds across 187 units. The property is presently 99.5% leased as of September 2016 at an average monthly rent of $766 per bed for the 2016/17 School Year. The London Property was acquired by CHC in November 2014 at a price of $55,000,000.

Management 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 Ontario government is making university and college more accessible to students through the Ontario Student Assistance Program ("**OSAP**"), which management believes will further boost enrollment in the future; for the 2017/18 academic year, grants under the OSAP will make average tuition free for more than 150,000 eligible low- and middle-income students, and will reduce costs for other students as well.

The London Property is located at the corner of Richmond Street and Mill Street within walking distance to Western and in the heart of the student entertainment district. The London Transit bus stop is located directly across the street from the London Property, which delivers students to the front gates of Western. The property has a furnished 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 stone countertops.

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 100%. CSL continues to consider operational changes to further improve NOI growth including the upcoming reconfiguration of certain units to add more beds and additional cost savings programs such as installing some cogeneration assets to cut down the dependence on high-priced electricity.

Management has been in numerous discussions over the past year with local developers to acquire additional high-quality purpose-built student housing properties in the London market. Valuation expectations of vendors have been higher than in other attractive markets which have kept CHC from making additional acquisitions in London. There are attractive economies of scale/community growth opportunities in London to consider; however, management plans to remain selective and may consider acquisitions only if the valuation is attractive to shareholders of CSL.

The Windsor Property

The Windsor Property is a mid-rise student housing property located at 3170 and 3190 Donnelly Street in Windsor, Ontario, approximately 0.5 km from the University of Windsor. The property consists of one 7-storey building and one 8-storey building with a total of 87 units and 117 beds. The property is presently 100% leased as of September 2016 at an average monthly rent of $583 per bed for the 2016/17 School Year. The Windsor Property was acquired by CHC in September 2014 at a price of $5,900,000.

Management believes the Windsor student housing market 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 CSL with the opportunity to capitalize on its current position.

Similar to other properties in Ontario, this property will benefit from changes to OSAP for the 2017/18 academic year (please refer to details in "*The Properties – The CHC Properties – The London Property*").

The Windsor property is located at the corner of Donnelly and Mill Street in Windsor, Ontario, within walking distance from the University of Windsor. The building offers modern amenities that are attractive to students, including card-controlled access to rooms, video surveillance, underground parking, storage facilities, on-site laundry facilities, full-sized kitchen with refrigerator and oven/range and a dining/living room combination.

Management has been in discussions with other purpose-built student housing developers in Windsor and believes there is an attractive opportunity to acquire additional high-quality properties in the market to realize economies of scale and create a larger local student community environment.

The Trois-Rivières Property

The Trois-Rivières Property is a purpose-built student housing property located at 1620-1720 Rue du Pere-Marquette in Trois-Rivières, Québec, directly beside the Université du Québec à Trois-Rivières. 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 recently spent $113,450 upgrading one of the buildings (30 beds) to meet the high-quality standards it wishes to deliver to students. Post upgrade, CHC was able to secure all leases of the newly refurbished beds at a premium price per month of $446 compared to $328 per month for the un-renovated beds. Currently, CSL is operating only ten buildings and 260 beds. CSL is budgeting to spend a further $250,000 to upgrade the remaining buildings/beds to the current new standard and expects to have the full 310 beds online for the 2017/18 school year. The property is presently 77% leased (based on the current 260 offered beds) as of September 2016 at an average monthly rent of $391 per bed for the 2016/17 School Year (assuming total 310 beds, which includes the newly renovated beds). The Trois-Rivières Property was acquired by CHC on October 10, 2014 at a price of $5,500,000.

Université du Québec Trois-Rivières has only 6% or 484 students of the total 7,814 currently enrolled at the university that can be accommodated by on-campus residence facilities. Management believes the demand for high-quality student housing is as strong in Trois-Rivières as any market in Canada. The Trois-Rivières Property is located adjacent to the campus. Since management started renovating the properties, the buildings are now equipped with common rooms, laundry rooms, storage units and on-site parking for its tenants and units also contain furnished beds, desks and chairs.

Management purchased the Trois-Rivières property following discussions with the University of Québec, which was looking for a new operator to invest in the strategically located assets. Given the results to date on CHC's upgrade, management believes there may be additional opportunities in the market to consolidate and realize economies of scale by acquiring additional assets.

The Kingston (Barrie) Property

The Kingston (Barrie) Property is a low-rise purpose-built student housing property located at 355 Barrie Street in Kingston, Ontario, approximately 1.0 km away from Queen's University ("**Queen's**"). The property consists of 12 units, with one to two bedrooms per unit, totaling 18 beds. The property is presently 100% leased as of September 2016 at an average monthly rate of $931 per bed for the 2016/17 School Year. The Kingston (Barrie) Property was acquired by CHC on April 3, 2014 at a price of $2,500,000.

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 Kingston (Barrie) 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 Kingston (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.

Similar to other properties in Ontario, this property will benefit from changes to OSAP for the 2017/18 academic year (please refer to details in "*The Properties – The CHC Properties – The London Property*").

The Kingston (Barrie) Property is located at the corner of Barrie and Queen Street in Downtown Kingston, Ontario, within walking distance from Queen's. The Kingston (Barrie) Property supports the growing demand for higher-quality student living, as it contains 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.

Management understands the Kingston student housing market and CSL expects to acquire two additional assets in Kingston (see "*The Kingston Properties*", described hereinafter). While no agreements have been signed and as a result no assurances can be given, management is in discussions with a local developer to acquire additional operating assets in the Kingston market and to invest in a large scale new high-quality development, subject to the Woodbourne Arrangements. CSL may sell 50% of the Kingston (Barrie) Property to Woodbourne under the Woodbourne Arrangements to help realize maximum operating efficiencies in the local Kingston market.

The CHC LP Properties

Upon the completion of the acquisition of the CHC LP Properties, the Resulting Issuer will own 100% of the four CHC LP Properties currently co-owned by CHC LP and the CHC LP Properties Co-Owner. Certain historical financial results for the CHC LP Properties are included in the financial statements of CHC LP and of the 50% co-ownership interest in the CHC LP Properties being acquired from the CHC LP Properties Co-Owner included elsewhere in this prospectus. Each of CHC LP and the CHC LP Properties Co-Owner owns a 50% co-ownership interest in the CHC LP Properties and the financial statements included in this prospectus are audited financial statements as at and for the year ended December 31, 2015, audited financial statements as at and for the year ended December 31, 2014, audited financial statements as at and for the year ended December 31, 2013, and unaudited interim financial statements as at and for the six months ended June 30, 2016 for each of CHC LP and for the separate 50% co-ownership interest in the CHC LP Properties to be acquired from the CHC LP Properties Co-Owner. The effective aggregated purchase price for all four of the CHC LP Properties is $176,615,051, subject to standard closing adjustments and excluding acquisition costs, which the Resulting Issuer intends to satisfy through assumed mortgages on the property for approximately 54% of the purchase price and the balance through the funds available to it upon completion of the Arrangement.

Based on the recently completed appraisals for the CHC LP Properties and their forward NOIs, the aggregate purchase price for all properties is a 7.9% discount to the aggregate of their individual appraised values and an effective cap rate of 5.8%.

The Luxe (Waterloo) Properties

Luxe I is a purpose-built student housing property located at 333 King Street North in Waterloo, Ontario, approximately 0.4 km from Wilfred Laurier University and 1.1 km from the University of Waterloo. The property consists of one modern 17-storey building constructed in 2011 with 536 beds in 126 fully furnished units. The property is presently 97% leased as of September 2016 at an average monthly rent of $625 per bed for the 2016/17 School Year. Luxe I was acquired by CHC LP and CHC LP Properties Co-Owner on February 25, 2013 at a price of $49,000,000.

Luxe II is a purpose-built student housing property located at 339 King Street North in Waterloo, Ontario, adjacent to Luxe I. The property consists of one modern 21-storey building built in 2013 with 419 beds in 80 fully furnished units. The property is presently 99% leased as of September 2016 at an average monthly rent of $625 per bed for the 2016/17 School Year. Luxe II was acquired by CHC LP and CHC LP Properties Co-Owner on February 25, 2013 at a price of $36,000,000.

Management believes the two properties are situated in a top-tier market, given that Wilfred Laurier University and University of Waterloo are considered two of the best and fastest growing universities in Canada. Wilfred Laurier University has approximately 16,000 students, while University of Waterloo has approximately 33,500 students; from 2010 to 2015, the universities have realized an increase in student enrollment of 13% and 18%, respectively. The significant increase in student population presents robust demand for off-campus student housing, especially since the two universities can only provide on-campus accommodations for approximately 18% of their total student population.

Kitchener/Waterloo is the most developed purpose-built student housing market in Canada. Local developers have been attracted to the scale of the combined universities (over 50,000 captive students) and their growth. The Luxe properties are two of the most attractive full amenitized buildings in the market.

Luxe I and Luxe II are within walking distance to Wilfred Laurier University and University of Waterloo. The Luxe Properties also occupy a position at the central part of the City of Waterloo. More specifically, the buildings are located along the west side of King Street North and a short distance south of Columbia Street. The apartment suites are leased completely furnished with beds, desks, wardrobe closets, sofas, tables and flat screen televisions. Additionally, the building contains exercise facilities, game rooms, study rooms, conference/board rooms, a computer center, a theatre room, a rooftop patio with a fire pit and tanning beds. Management has operated the Luxe I and Luxe II on behalf of their previous owners since 2013 and has been able to improve occupancy rates, rent per bed and NOI margins over the past few years at the properties.

The management team is aware of several purpose-built student housing assets which could potentially be acquired in the Kitchener/Waterloo market including sizeable acquisitions that could help management achieve greater local economies of scale than currently realized with these two properties. There can be no assurance, however, and no agreements are currently in place regarding future acquisitions and there can be no certainty such agreements will be entered into.

Village Suites

Village Suites is a LEED Gold certified purpose-built student housing property located at 1700 Simcoe Street North in Oshawa, Ontario, approximately 0.5 km from the University of Ontario Institute of Technology ("**UOIT**") and Durham College. The property consists of one modern 6-storey building and one modern 4-storey building both built in 2010 with a total of 588 beds in 133 units and 4,160 sq. ft. of ancillary ground floor commercial space. The property is presently 99% leased as of September 2016 at an average monthly rent of $549 per bed for the 2016/17 School Year. Village Suites was acquired by CHC LP and CHC LP Properties Co-Owner on April 27, 2012 at a price of $41,500,000.

Management believes the Oshawa student housing market is attractive given the rapidly growing student enrollment combined with limited accommodation options available both on-campus and off-campus. Post-secondary enrollment at UOIT and Durham College has increased by 44% to over 20,000 full-time students from 2010 to 2015. In a recent joint UOIT and Durham College Master Plan, the two post-secondary schools are working together to invest in infrastructure to support their combined projected growth to over 28,000 students in the next ten to 15 years. Despite rapid student enrollment growth, on-campus student housing can only service 8% of total undergraduate enrollment.

Similar to other properties in Ontario, Village Suites and other CSL properties in the area will benefit from changes to OSAP for the 2017/18 academic year (please refer to details in "*The Properties – The CHC Properties – The London Property*").

Village Suites is located west of Simcoe Street North, south of Conlin Road and north of Taunton Road, within walking distance of UOIT, Durham College and many retail amenities. The building features a media room, fitness center, yoga rooms, study rooms and free Wi-Fi for its tenants. Management has operated this property since 2012. The apartment suites are furnished with kitchen appliances. The building currently has solar panels on the roof in order to become more energy efficient, while simultaneously minimizing the property level utility expense.

There is a low supply of purpose-built student housing in Oshawa. CSL is acquiring, subject to the Woodbourne Arrangements, the Oshawa Properties, which are located 0.4 km from VSO. Management believes that the integration of Village Suites and the Oshawa Properties, as well as any other future investments in the market, will likely help the Resulting Issuer realize some future economies of scale at a local level.

The local government has in place tax incentives which will help local developers build purpose-built student housing close to the university; therefore management expects future development and expansion in the area.

West Village Suites

West Village Suites is a LEED Platinum certified purpose-built student housing property located at 1686 Main Street West in Hamilton, Ontario, approximately 1.0 km from McMaster University ("**McMaster**"). The property consists of one modern 9-storey building built in 2008 with 449 beds in 107 units and 12,340 sq. ft. of ancillary ground floor commercial space. The property is presently 99% leased as of September 2016 at an average monthly rent of $617 per bed for the 2016/17 School Year. West Village Suites was acquired by CHC LP and CHC LP Properties Co-Owner in April 2012 at a price of $37,500,000.

Management believes that Hamilton is an attractive student housing market with growth opportunities driven by a lack of on-campus accommodations and increasing McMaster enrollment which is now over 26,000 students up from 24,500 in 2011. McMaster's 300 acre campus offers tremendous opportunity to grow its student population; however, McMaster can only accommodate 10% of its student living population on-campus and on-campus beds have declined by 7% since 2010. West Village Suites is the only purpose-built privately owned student housing serving the university, and management believes it has established itself as the "go-to" off-campus housing in the area.

Similar to other properties in Ontario, this property and potential acquisitions will benefit from changes to OSAP for the 2017/18 academic year (please refer to details in "*The Properties – The CHC Properties – The London Property*").

West Village Suites is located north of Main Street West, east of Osler drive and west of Cootes Drive. Along with its close proximity to campus, the property is situated within walking distance of the Hamilton transit bus service. West Village Suites offers amenities attractive to students, including generously sized suites, a media room, fitness center, yoga rooms, study rooms, free Wi-Fi and convenient electric locks to each individual suite. Management has operated this property since 2012, and has realized increased occupancy rates and margin expansion since it took over the property. Management has also installed solar panels on the roof in order to become more energy efficient, while simultaneously minimizing the property level utility expense.

Management has established a recognizable brand in the market that will fuel the demand for future occupancy. Management believes there will be attractive development opportunities in the future given the demand for purpose-built housing to date and continued growth of McMaster.

The Operating Properties

Through the purchase of the Operating Properties, the Resulting Issuer expects to acquire a 100% interest in the Fredericton Property and Sudbury Property and a 50% interest in the Kingston (Alfred) Property, Kingston (Mack) Property, Oshawa Property (Phase 1) and Oshawa Property (Phase 2). The other 50% interest in the Kingston (Alfred) Property, Kingston (Mack) Property, Oshawa Property (Phase 1) and Oshawa Property (Phase 2) is expected to be acquired by Woodbourne under the Woodbourne Arrangements.

The Fredericton Property

DAQ is currently negotiating and expects to enter into an Acquisition Agreement with an arm's length vendor to acquire the Fredericton Property, which is a student housing property located at 20-30 Dunns Crossing Road in Fredericton, New Brunswick, approximately 0.7 km from the University of New Brunswick ("**UNB**") and St. Thomas University ("**St. Thomas**"). The property consists of two buildings with 126 beds in 32 units having a mix of 3- and 4-bedroom partially furnished units, which were newly built in 2012. The property is presently 97% leased as of September 2016 at an average monthly rent of $500 per bed for the 2016/17 School Year.

Management believes the Fredericton market is attractive for student housing given the current university enrollment, their available facilities, recent demographic trends, as well as recent generous initiatives that have been implemented by the New Brunswick government to help further drive enrollment at provincially sponsored universities such as UNB and St. Thomas. Of the 11,500 students at UNB and St. Thomas, university-managed residences can only support 21% of undergraduates, creating an attractive market for purpose-built student housing facilities, which management believes has not developed to the same degree as other smaller university towns.

The New Brunswick government recently launched a new initiative, starting in September 2016, to cover tuition fees for full-time university or college students who come from a household making less than $60,000 per year. The program would be available immediately to almost 25% of current students and is expected to help boost post-secondary enrollment in the province in the near-term. This will fuel demand for additional off-campus purpose-built student housing assets and the Resulting Issuer will be able to leverage its first mover advantage.

The Fredericton Property is located within walking distance of the UNB and St. Thomas campuses and is the closest to the universities of the student-oriented properties on Dunns Crossing Road, which is a major bus route into downtown Fredericton. The facility is located directly behind Rigby Hall, one of St. Thomas' residences and offers fully furnished apartments with secure entry and monitored CCTV, rent inclusive of all utilities, free high-speed internet and flat screen television, free parking, in-apartment washer/dryers, weekly maid service and outdoor common areas for barbecues and socializing.

Demand for high-quality purpose-built student housing combined with the anticipated growth in student enrollment has created an interesting opportunity for the Resulting Issuer to pursue additional investment opportunities in Fredericton in the near term. While no agreements have been signed and as a result no assurances can be given, the management team is aware of two additional high-quality properties in the Fredericton market that are potentially available to purchase, which, if acquired, would be expected to help the Resulting Issuer realize local economies of scale in the Fredericton market, as well as create a larger student community environment for Fredericton.

The purchase price of the property is $5,900,000 (subject to standard closing adjustments and excluding acquisition costs), which based on a recently completed asset appraisal for the property is a 5% discount to appraised value and an effective 7.1% cap rate based on the appraisal's forward NOI.

Audited financial statements as at and for the year ended December 31, 2015, unaudited financial statements as at and for the year ended December 31, 2014, and unaudited interim financial statements as at and for the six months ended June 30, 2016 of the Fredericton Property are included elsewhere in this prospectus.

The Kingston Properties

DAQ has entered into two Acquisition Agreements with two different arm's length vendors dated as of August 24, 2016 to acquire the Kingston (Alfred) Property and the Kingston (Mack) Property, subject to the Woodbourne Arrangements. The Kingston (Alfred) Property is a purpose-built student housing property located at 326 Alfred Street in Kingston, Ontario, and the adjacent Kingston (Mack) Property is a purpose-built student housing complex including three properties located at 1 Mack Street, 318 Alfred Street and 320 Alfred Street in Kingston, Ontario. The properties are approximately 0.6 km from Queen's.

The Acquisition Agreements in respect of the Kingston Properties have been assigned to Woodbourne in connection with the Woodbourne Arrangements. See "*The Acquisition Agreements*".

The Kingston (Alfred) Property consists of four 4-storey stacked townhouse buildings with 69 beds in 18 condominium units having a mix of 3- and 4-bedroom fully furnished units, which were newly built in 2014. The property is presently 93% leased as of September 2016 at an average monthly rent of $706 per bed for the 2016/17 School Year.

The Kingston (Mack) Property consists of a four 4-storey stacked townhouse with 55 beds in 15 fully furnished units having a mix of 3- and 4-bedroom fully furnished units, which were built in 2013, an apartment building at 318 Alfred Street with ten beds in a mix of 1- and 2-bedroom units and a Victorian house at 320 Alfred Street with seven beds in 2- and 5-bedroom units. This complex of three separate properties is presently 100% leased as of September 2016 at an average monthly rent of $747 per bed for the 2016/17 School Year.

As outlined in more detail in "*The CHC Properties – The Kingston (Barrie) Property*", management believes the Kingston market is an attractive market for purpose-built student housing.

The Kingston Properties are adjacent to each other and are managed as a single operation, which allows management to capitalize on cost-cutting measures, such as sharing employees across the two properties. Both Kingston Properties are currently party to the Queen's Landlord Agreement, which allows landlords to receive termination rights and other benefits,

including branding and cheaper marketing with Queen's for renting to their students. The town-house style buildings offer tenants high-end stainless steel appliances, washers/dryers, weekly maid service and many units offer roof top patios with built-in gas lines for barbecues.

The management team is planning to manage their entire Kingston portfolio (including the Kingston (Barrie) Property that is part of the CHC Properties) in an integrated manner and hopes to invest in an attractive development opportunity close to the Alfred and Mack properties with a high-quality experienced development group.

The purchase price for 100% ownership interest of the Kingston (Alfred) Property is $6,400,000, subject to standard closing adjustments and excluding acquisition costs. The purchase price for 100% ownership interest of the Kingston (Mack) Property is $6,750,000, subject to standard closing adjustments and excluding acquisition costs. Based on the recently completed appraisals for the individual Kingston Properties and their forward NOIs, the aggregate purchase price is a 9.3% discount to appraised value and the effective cap rate is over 6.0%. Management believes the integration of all three properties in Kingston, as well as any other future investments in the market, will likely help the Resulting Issuer realize strong economies of scale at a local level.

With respect to the Kingston (Alfred) Property, DAQ and CHC are continuing to review certain environmental matters relating to the property and, in particular, whether there are environmental conditions at the property which exceed applicable environmental standards. In the event that conditions are found to exist which result in remediation and/or mitigation work having to be conducted on the property, the vendor has agreed to share equally in the costs of such work to a maximum of $120,000 (with the purchaser(s) being solely responsible for the costs of any work in excess of $120,000).

Audited financial statements as at and for the year ended December 31, 2015, unaudited financial statements as at and for the year ended December 31, 2014, and unaudited interim financial statements as at and for the six months ended June 30, 2016 of the Kingston (Alfred) Property are included elsewhere in this prospectus.

Audited financial statements as at and for the year ended December 31, 2015, unaudited financial statements as at and for the year ended December 31, 2014, and unaudited interim financial statements as at and for the six months ended June 30, 2016 of the Kingston (Mack) Property are included elsewhere in this prospectus.

The Oshawa Properties

DAQ has entered into an Acquisition Agreement with an arm's length vendor dated as of August 24, 2016 to acquire the Oshawa Property (Phase 1) and the Oshawa Property (Phase 2), subject to the Woodbourne Arrangements. The Oshawa Property (Phase 1) is a purpose-built student housing property located at 2 Taylorwood Road in Oshawa, Ontario, and the Oshawa Property (Phase 2) is a purpose-built student housing property adjacent to Phase 1 and located at 2015-2019 Simcoe Street North in Oshawa, Ontario. Both properties are located across the street from the UOIT and Durham College. DAQ has also entered into an Acquisition Agreement to acquire, subject to the Woodbourne Arrangements, the adjacent Phase 3 (the Oshawa Property (Phase 3)) on completion of the Qualifying Acquisition.

The Acquisition Agreements in respect of the Oshawa Properties have been assigned to Woodbourne in connection with the Woodbourne Arrangements. See "*The Acquisition Agreements*".

The Oshawa Property (Phase 1) consists of four 4-storey stacked townhouse buildings with 260 beds in 58 fully furnished condominium units having a mix of 3-, 4- and 5-bedroom units which were newly built in 2014. The property is presently 100% leased as of September 2016 at an average monthly rent of $680 per bed for the 2016/17 School Year.

The Oshawa Property (Phase 2) consists of two 4-storey stacked townhouse buildings with 111 beds in 23 units fully furnished having a mix of 3- and 5-bedroom units which were newly built in 2015. The property is presently 100% leased as of September 2016 at an average monthly rent of $680 per bed for the 2016/17 School Year.

As outlined in more detail in "*The CHC LP Properties – The Village Suites Oshawa Property*" management believes the Oshawa student housing market is attractive given the rapidly growing student enrollment combined with limited on and off-campus accommodation options available.

The Oshawa Properties are situated across the street or 0.1 km away from UOIT and offer modern amenities catering to students, including fully furnished units, private bedrooms, private in-suite washrooms, full-sized kitchen with granite countertops and island, full-sized refrigerators, ovens, dishwashers, microwaves, in-suite washer/dryers and balconies.

Management already has experience and local expertise in the Oshawa market since it currently manages Village Suites Oshawa which is only 0.4 km away from the Oshawa Properties. Economies of scale on a local level should be realized as the Resulting Issuer will own four properties after acquiring the three phases of Taylorwood properties and Village Suites Oshawa.

The purchase price for 100% ownership interest of both the Oshawa Property (Phase 1) and the Oshawa Property (Phase 2) is $23,652,291 and $10,097,709, respectively, subject to standard closing adjustments and excluding acquisition costs, for a combined purchase price of $33,750,000. Based on the recently completed appraisals for the individual Oshawa Property and their forward NOIs, the aggregate purchase price represents a 12.8% discount to appraised value and the effective cap rate is 6.3%. Management believes the 2016 Property addition, the Oshawa Property (Phase 3) will benefit from its in-market economies of scale given that it is adjacent to the Oshawa Properties (Phase 1 and Phase 2) and the plans to manage all three properties as a single operation.

Audited financial statements as at and for the year ended December 31, 2015, audited financial statements as at and for the period from inception on September 1, 2014 to December 31, 2014, and unaudited interim financial statements as at and for the six months ended June 30, 2016 of the Oshawa Property (Phase 1) are included elsewhere in this prospectus.

Audited financial statements as at and for the period from inception on September 1, 2015 to December 31, 2015, and unaudited interim financial statements as at and for the six months ended June 30, 2016 of the Oshawa Property (Phase 2) are included elsewhere in this prospectus.

The Sudbury Property

CHC has entered into an Acquisition Agreement with an arm's length vendor dated as of February 11, 2014, as amended, to acquire the Sudbury Property. The property is situated at 50 Lisgar Street in downtown Sudbury, across the street from the city's main bus terminal and bus service to Laurentian University ("**Laurentian**"), less than 0.4 km away from Laurentian University's School of Architecture and approximately 4.5 km from Laurentian's main Sudbury Campus. The Sudbury Property is a newly converted and repositioned student housing property, being a 6-storey former office building originally constructed around 1970 that was converted in 2013 and repositioned to a student residence with ancillary ground floor commercial space. The building is comprised of 70 beds in 50 student apartments and is presently 89% leased as of September 2016 at an average monthly rent of $590 per bed for the 2016/17 School Year.

Management expects the student housing market in Sudbury to continue growing, based on increasing local university and college enrollment. Laurentian has grown by 8% to 6,884 students from 2010 to 2015. Other colleges in proximity include Collège Boréal and Cambrian College at 12,000 full-time and part-time students combined. Current on-campus bed capacity services 24% of undergraduates at Laurentian University, 9% at Collège Boréal and 17% at Cambrian College, creating opportunity for off-campus student housing to service demand. The Sudbury Property is located downtown near all the restaurants, bars, movie theatres, etc. which management believes is attractive to students in the Sudbury market relative to the traditional housing options available near the Sudbury campus as the local bus transit service to downtown ends regular daily service at approximately 10:30 pm. Similar to other properties in Ontario, this property will also benefit from changes to OSAP for the 2017/18 academic year.

The Sudbury Property offers proximity to key attractions as well as amenities including utilities, private bedrooms, shared washrooms, full-sized kitchens, full-sized refrigerators, oven range, dishwashers, bike racks and laundry facilities.

Management believes there is a potential opportunity to acquire and/or develop additional student housing assets in Sudbury, as comparable properties in the downtown corridor are limited and the interest held by the student population to rent attractive, high-end beds is growing. Management hopes to acquire additional properties in the market over time to realize local economies of scale and develop a strong student community environment in Sudbury.

The purchase price for the Sudbury Property is $5,500,000, subject to standard closing adjustments and excluding acquisition costs. Based on the recently completed appraisal on the property and its forward NOI, CSL is acquiring the Sudbury Property at an effective appraised cap rate of 6.0%.

Under the Acquisition Agreement, the vendor has agreed to provide the Resulting Issuer with an income guarantee on gross monthly rental income from the residential component of the Sudbury Property based on 95% occupancy for a period

of six months after the closing date. In addition, the vendor has agreed to enter into a head lease for any commercial space which is vacant on closing for a period of five years. Closing of the acquisition of the Sudbury Property is subject to, among other things, the vendor's receipt of a record of site condition to be issued for the property. It is expected that the record of site condition will be issued in the fourth quarter of 2016.

Audited financial statements as at and for the years ended April 30, 2016 and April 30, 2015, audited financial statements as at and for the 8-month period from September 1, 2013 (date of commencement of business) to April 30, 2014 are included elsewhere in this prospectus.

The 2016 Properties

Through the purchase of the 2016 Properties, the Resulting Issuer expects to acquire (i) a 100% interest in the Montréal Property, (ii) a 50% interest in Barrie Property and the Oshawa Property (Phase 3) and (iii) an initial 25% interest in the Ottawa Property (with an obligation to acquire another 25% interest in the Ottawa Property later in 2017 at the same valuation). The other 50% interest in the Barrie Property and the Oshawa Property (Phase 3) are expected to be acquired by Woodbourne under the Woodbourne Arrangements. The Acquisition Agreements in respect of the Barrie Property and the Oshawa Property (Phase 3) have been assigned to Woodbourne in connection with the Woodbourne Arrangements. See "*The Acquisition Agreements*".

Barrie Property

DAQ has entered into an Acquisition Agreement with an arm's length vendor dated August 24, 2016 to acquire, subject to the Woodbourne Arrangements, the Barrie Property, which is a purpose-built student housing property located at 306-318 Georgian Drive in Barrie, Ontario, less than 1.0 km from Georgian College – Barrie Campus. The property consists of five 4-storey townhouse buildings as Phase 1 which have 360 beds in 72 fully-furnished 5-bedroom units. The property opened as scheduled for the 2016/17 School Year and is presently 98% leased as of September 2016 at an average monthly rent of $603 per bed for the 2016/17 School Year. The developer is contemplating a second phase at the property which would include two additional 13-storey towers as well.

Management believes Barrie is an attractive market for student housing, given the increasing student enrollment in the area coupled by the lack of on-campus bed capacity to serve the growing undergraduate student base. Georgian College is recognized as one of the fastest growing colleges in Ontario, with 30% full-time enrollment growth from 2010 to 2015. Currently, of the 11,000 full-time students at the college, on-campus bed capacity only services approximately 7% of total enrollment. Similar to other properties in Ontario, this property will also benefit from changes to OSAP for the 2017/18 academic year. Please refer to details in "*The Operating Properties – The Kingston Properties*" section.

The Barrie Property is located within walking distance from the college. The property's neighborhood is serviced by Barrie Transit; directly in front of the property, there are two bus routes and a bus stop which lead straight to Georgian College, and access to the downtown core and student entertainment district. Each unit is fully furnished, featuring a living room, open kitchen with a breakfast bar, fridge, stove, microwave and dishwasher as well as en-suite bathrooms and in-suite washer/dryer.

The enrollment growth at the Barrie campus of Georgian College combined with the high-quality product of the Barrie Property drove occupancy up very quickly at the property and has positioned the Barrie Property well for the foreseeable future. Management believes there could be potential additional acquisition/development opportunities in Barrie which, if completed, would move CSL to having a strong local presence and begin to realize local economies of scale.

The purchase price for the property is $30,600,000, subject to standard closing adjustments and excluding acquisition costs. Based on the recently completed appraisal on the property and its forward NOI, the purchase price is a 15% discount to the appraised value and the effective cap rate of the acquisition is 6.4%.

Under the Acquisition Agreement, the vendor has agreed to provide the Resulting Issuer with an income guarantee on gross monthly rental income from the residential component of the Barrie Property based on 95% occupancy for a period of 24 months after the closing date. There can be no assurance that such guarantee, if called on, will be collectible.

The Barrie Property was only recently completed and commenced full operation in September 2016. Accordingly, no financial statements of the Barrie Property are included in this prospectus.

Oshawa Property (Phase 3)

DAQ has entered into an Acquisition Agreement with an arm's length vendor dated August 24, 2016 to acquire, subject to the Woodbourne Arrangements, the Oshawa Property (Phase 3), which is a purpose-built student housing property located at 2021-2023 Simcoe Street North in Oshawa, Ontario, across the street from UOIT and Durham College. The property consists of two 4-storey stacked townhouse buildings with 93 beds in 19 units having a mix of one 3-bedroom unit and 18 5-bedroom units which was completed and opened for occupancy in September 2016 and is adjacent to the Oshawa Properties. The property is presently 100% leased as of September 2016 at an average monthly rent of $765 per bed for the 2016/17 School Year.

Please refer to "*The Properties – The Operating Properties – The Oshawa Properties*" for details on the market, enrollment growth and investment opportunities. The Oshawa Property (Phase 3) is an extension of the Oshawa Property (Phase 1) and Oshawa Property (Phase 2), and has a similar value proposition, including amenities, proximity to campus and property management.

The purchase price for the property is $9,000,000, subject to standard closing adjustments and excluding acquisition costs. Based on the recently completed appraisal on the property and its forward NOI, the purchase price is a 24% discount to the appraised value and the effective cap rate of the acquisition is 7.2%.

The Oshawa Property (Phase 3) was only recently completed and commenced operation in September 2016. Accordingly, no financial statements of the Oshawa Property (Phase 3) are included in this prospectus.

Montréal Property

CHC has entered into an Acquisition Agreement with an arm's length vendor dated October 12, 2016 to acquire the Montréal Property, which is a purpose-built student housing property located at 1266 Avenue des Pins in Montréal, Québec, approximately 0.1 km from McGill University ("**McGill**"). The property was previously operated as a McGill-owned faculty building. The property consists of one building with 50 beds in 14 units having a mix of 1-, 2-, 3-, 4- and 5-bedroom units which was recently converted, redeveloped and newly renovated for occupancy in September 2016 and is presently 100% leased as of September 2016 at an average monthly rent of $775 per bed for the 2016/17 School Year.

Montréal is the largest city in Québec and student enrollment for Montréal-based universities including McGill, Concordia University and University of Montréal exceeds 120,000 full and part-time students. McGill is the primary targeted school for the Montréal Property given its proximity. McGill has increased its enrollment by 12% over five years as of 2015 and currently has approximately 30,000 full-time students enrolled at the school. McGill is widely recognized around the world as one of the leading Canadian universities and has enjoyed tremendous international student enrollment growth relative to its Canadian peers. Enrollment growth continues; however, McGill on-campus residences can only support 10% of total enrollment, which creates a unique opportunity for off-campus student housing to support demand.

Montréal is considered an attractive city for undergraduate students, having one of the highest concentrations of high-tech jobs in North America, along with San Francisco, Seattle and Boston. In addition to being within walking distance to McGill, the Montréal Property is located in one of the most vibrant sectors of the metropolis, within close proximity to major shopping centres, shops on Rue Sainte-Catherine, restaurants, cafes, other entertainment and churches. The Montréal Property is newly repurposed with modernized features including fully furnished units, private bedrooms, shared kitchen equipped with full-sized refrigerator, over/range, dishwasher, microwave with balconies and dining/living room areas finished with radiant heated floors.

While no agreements have been signed and as a result no assurances can be given, management is in discussion with developers to potentially acquire additional similar properties in close proximity to McGill and the Montréal Property to expand the Resulting Issuer's portfolio in Montréal, which would allow economies of scale and an attractive student community environment to be realized.

The purchase price for the property is $6,000,000, subject to standard closing adjustments and excluding acquisition costs. Based on the recently completed appraisal on the property and its forward NOI, the purchase price is a 5% discount to the appraised value and the effective cap rate of the acquisition is 5.8%.

The Montréal Property was only recently converted, redeveloped and commenced operation in September 2016. Accordingly, no financial statements of the Montréal Property are included in this prospectus.

Ottawa Property

DAQ is currently negotiating and expects to enter into an Acquisition Agreement with a vendor to acquire a 25% co-ownership interest in the Ottawa Property, which is a purpose-built student housing property located at 45 Mann Avenue in Ottawa, Ontario, adjacent to the University of Ottawa sports complex and 0.2 km from campus. 50% of the Ottawa Property is indirectly co-owned by a limited partnership managed by CHC Realty Development Corp., a corporation owned by Mark Hansen, President and CEO of CHC, and Craig Smith, a director of CHC, while the remaining interest in the property is owned by an arm's length third party. The acquisition of the Ottawa Property is subject to due diligence and a right of first refusal in favour of a third party.

In connection with the expected acquisition of its 25% co-ownership interest in the Ottawa Property, it is expected that CSL will be obligated to acquire an additional 25% co-ownership interest in the property later in 2017 at the same valuation.

The property consists of one apartment building with 385 beds in 120 fully-furnished units having a mix of 1-, 2-, 3- and 4-bedroom units. The property is 100% leased as of September 2016 at an average monthly rent of $919 per bed for the 2016/17 School Year. The University of Ottawa has been engaged as the property manager and will oversee the leasing activities and the day-to-day operations of the asset.

Ottawa is an attractive market for student housing given its significant population and student enrollment growth. Of the 36,000 students at the University of Ottawa which has grown by 15% from 2010 to 2015, on-campus residences can only support 10% of enrollment.

Units are fully-furnished, including separate bedrooms with private washrooms, double beds, air conditioning, utilities as well as in-unit full kitchen including dishwasher, stainless steel appliances, in-unit laundry, 43-inch television with data connection and Wi-Fi. The property has other amenities that improve the quality of student life, including a fitness center, study spaces, computer lounges, controlled access, games room, social lounges, available parking, bike storage and a courtyard.

The Ottawa Property currently has a License and Services Agreement effective October 8, 2015 with the University of Ottawa, whereby the university will manage and operate the property as a student residence as well as offer certain services including promotion, marketing and other leasing related functions. As management considers potential development and/or acquisition opportunities in Ottawa, it can benefit from an existing relationship with the University of Ottawa.

Similar to other properties in Ontario, this property will also benefit from changes to OSAP for the 2017/18 academic year. Please see "*The Operating Properties – The Kingston Properties*".

The expected purchase price for 25% of the property is $13,125,000, subject to standard closing adjustments and excluding acquisition costs. Based on the recently completed appraisal on the property and its forward NOI, the purchase price is a 9.5% discount to the appraised value and the effective cap rate of the acquisition is 5.8%.

The Ottawa Property was only recently completed and commenced operation in September 2016. Accordingly, no financial statements of the Ottawa Property are included in this prospectus.

ASSESSMENT AND VALUATION OF THE PROPERTIES

Appraisals

The following is a summary of the Appraisals. This summary does not purport to be complete and is subject to, and qualified on its entirety by reference to, the terms of the Appraisals. The Appraisal prepared by Altus Group Limited referenced below and a Portfolio Appraisal Summary Report prepared by Cushman & Wakefield Ltd. relating to other Appraisals noted below will be filed with the Canadian securities regulatory authorities.

The Corporation and CHC retained Cushman & Wakefield Ltd. and Altus Group Limited (collectively, the "**Appraisers**") to provide an independent estimate of the market value of each of the CHC Properties, CHC LP Properties, Operating Properties and the 2016 Properties (the "**Appraisals**"). The Appraisers were not given any limiting instructions. The Appraisals have been prepared in conformity with the Canadian Uniform Standards of Professional Appraisals Practice

as adopted by the Appraisals Institute of Canada. The Appraisals Institute of Canada defines market value as "the most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus". According to the Appraisals Institute of Canada, implicit in this definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. Income-producing investment properties are typically bought and sold in the market on the basis of in-place net rental income, combined with expectations as to future rental growth and property appreciation. In recognizing the certain nature of in-place cash flows (Direct Capitalization), as well as anticipated income growth (Discounted Cash Flow), an appraiser typically also examines comparative sales in the market (Direct Comparison). These valuation approaches are reconciled to a final value conclusion.

The Appraisals were assessed as at dates ranging from December 31, 2015 to September 1, 2016. Based on the individual property appraisals, the aggregate of the individual market values of the Properties, subject to the assumptions, limiting conditions, certifications, definitions and effective dates contained in the Appraisals, was estimated to be $435.5 million. The proportionate value of the assets owned by the Resulting Issuer is $341.6 million prior to application of any portfolio premium.

To determine the full value of the Properties (excluding the Fredericton Property), both as they currently exist and on an 'as completed' basis, in the context of a publicly-traded company, Cushman & Wakefield Ltd. added a portfolio premium to the aggregate value of the Properties (excluding the Fredericton Property) which, in the Appraiser's professional experience, given the size, location and quality of these properties, the general shortage of good quality, off-campus residences across many markets in Canada, and the recent investor interest in this asset class, the above-noted Properties would constitute an appealing portfolio to a number of potential buyers. To accurately determine the full value of these properties as a portfolio, a portfolio premium of between 5% and 10% over the total of all the individual values should be applied, resulting in an overall portfolio value of these 18 student residences of between $456,965,000 and $478,430,000 as illustrated hereinafter under "*Independent Valuations*". This reflects the subject portfolio characteristics concerning geographic diversity, size and economies of scale given current market dynamics. CSL's proportional market value of the resulting portfolio of Properties is between $358,370,000 and $375,140,000. The following table summarizes the appraised value of each of the CHC Properties, CHC LP Properties, Operating Properties and 2016 Properties.

Independent Valuations				CSL Portfolio of Properties		
Property	Estimated Market Value	Effective Date	Projected NOI[1]	CSL Proportionate Ownership Interest	CSL Proportionate Estimated Market Value	CSL Proportionate Projected NOI[1]
CHC Properties						
Kingston (Barrie) Property	$ 2,600,000	Dec. 31, 2015	$ 157,425	100%	$ 2,600,000	$ 157,425
London Property	53,500,000	Dec. 31, 2015	2,674,724	100%	53,500,000	2,674,724
Trois-Rivières Property	5,500,000	Dec. 31, 2015	374,410	100%	5,500,000	374,410
Windsor Property	5,400,000	Dec. 31, 2015	376,723	100%	5,400,000	376,723
CHC LP Properties						
Luxe I & II	101,700,000	Jun. 30, 2016	5,337,228	100%	101,700,000	5,337,228
Village Suites	45,800,000	Jun. 30, 2016	2,517,727	100%	45,800,000	2,517,727
West Village Suites	44,200,000	Jun. 30, 2016	2,430,903	100%	44,200,000	2,430,903
Operating Properties						
Fredericton Property[2]	6,200,000	Apr. 14, 2016	418,995	100%	6,200,000	418,995
Kingston (Alfred) Property	6,700,000	Mar. 31, 2016	369,484	50%	3,350,000	184,742
Kingston (Mack) Property	7,800,000	Mar. 31, 2016	426,367	50%	3,900,000	213,184
Oshawa Property (Phase 1 & 2)	38,700,000	Mar. 31, 2016	2,126,147	50%	19,350,000	1,063,074
Sudbury Property	5,500,000	Mar. 31, 2016	331,394	100%	5,500,000	331,394
2016 Properties						
Barrie Property	35,800,000	Sept. 1, 2016	1,967,251	50%	17,900,000	983,626
Montréal Property	6,300,000	Sept. 1, 2016	350,297	100%	6,300,000	350,297
Oshawa Property (Phase 3)	11,800,000	Sept. 1, 2016	651,006	50%	5,900,000	325,503
Ottawa Property[3]	58,000,000	Sept. 1, 2016	3,046,728	25%	14,500,000	761,682
Total	**$435,500,000**		**$23,556,809**		**$341,600,000**	**$18,501,636**
Portfolio Premium Range of 5% to 10%[2]	**$21,465,000 to $42,930,000**				**$16,770,000 to $33,540,000**	
Implied Portfolio Value[4]	**$467,697,500**				**$366,755,000**	

Notes:

(1) Based on appraisal reports from Altus Group Limited and Cushman & Wakefield Ltd., effective dates ranging from December 31, 2015 to September 1, 2016.

(2) Excluding individual appraisal value of the Fredericton Property assessed by Altus Group Limited.

(3) Initial 25% co-ownership interest in the Ottawa Property only.

(4) Based on portfolio premium mid-point of 7.5%.

The Appraisers visited the Properties to assess location and physical characteristics and estimated the highest and best use for each property. The Appraisals states that appropriate valuation parameters were employed, having due regard to the income characteristics, current market conditions and prevailing economic and industry information. In determining the approximate market value of the Properties, the Appraisers relied on operating and financial data provided by CHC and other property vendors, including leases and projected NOI. The Appraisers believe that the Appraisals give appropriate consideration to projected NOI for the property in terms of occupancy, rental rates, operating expenses, and provisions for required capital improvements.

The Appraisals are subject to the extraordinary assumption by Cushman Wakefield Ltd. that there are cosmetic improvements which can increase the Trois-Rivières Property's appeal and marketability assuming a total renovation cost of $301,500, which, if not true, could alter its opinions and conclusions.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value. It is not a precise measure of value, but is based on a subjective comparison of related activity taking place in the real estate market. The Appraisals are based on various assumptions of future expectations and while the relevant Appraiser's internal forecasts of NOI for the property is considered by such Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

A publicly traded real estate company will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Common Shares may trade at a premium or a discount to the values implied by the Appraisals.

Building Condition Assessments

Building condition assessment reports ("**BCA Reports**") were prepared for each of the CHC Properties, CHC LP Properties, Operating Properties and 2016 Properties by independent engineering firms between March 2014 to September 2016 for the purpose of assessing and documenting the existing condition of each building and major building operating components and systems, The assessments of the Properties also identified and quantified any major defects in construction, materials or systems which might significantly affect the value of any of the Properties or the continued operation thereof. Such reports were prepared for each of the Properties based on a review of available construction documents and reports, visual reviews by professional engineers and technicians (including life safety, site conditions, building conditions, building systems, and interior finishes and furnishings) to observe and document existing conditions as well as interviews with property management and maintenance personnel. Beyond the required regular maintenance on the various components of the Properties, the BCA Reports assessed both work required to be completed immediately and work recommended to be completed during the subsequent ten years in order to maintain the building in an appropriate condition. The BCA Reports have identified possible capital expenditures of approximately $110.30 per bed on average annually for the Properties covered by the reports over the next ten years.

During the 12 months following Closing, management has budgeted approximately $120.00 per bed for capital expenditure reserve which is in line with expectations for average annual maintenance capital expenditures going forward. The Resulting Issuer intends to fund all maintenance capital expenditures with cash flow from operations.

Environmental Site Assessments

Each of the CHC Properties, CHC LP Properties, Operating Properties and 2016 Properties has been the subject of certain Phase I environmental site assessments ("**Phase I ESAs**") prepared by independent environmental consultants, except for the Sudbury Property and the Kingston (Alfred) Property requiring Phase II ESAs, defined herein. The most recent Phase I ESAs were prepared between February 2014 and September 2016 in respect of the CHC Properties, during June 2016 in respect of the CHC LP Properties Operating Properties, and during September 2016 and October 2016 in respect of the 2016 Properties. The Phase I ESAs were completed in accordance with Canadian Standards Association requirements, including a review of published geological maps and reports, a review of reasonable accessible historical and regulatory records to the site and adjacent properties, interviews, and visual site reconnaissance. The Phase I ESAs were conducted to document site conditions on the day of site reconnaissance and, if possible, to identify former or current practices at the site that may represent issues of potential environmental concern. A Phase I ESA cannot confirm the presence or absence of contaminants at the site; this can only be confirmed through a program of intrusive test and analysis of soil and groundwater.

Further to the findings and recommendations in the Phase I ESAs, Phase II environmental investigations ("**Phase II ESA**") were conducted on two of the Properties, being the Sudbury Property and the Kingston (Alfred) Property. A Phase II ESA involves intrusive soil and/or groundwater sampling and analysis. The purpose of a Phase II ESA is to investigate the nature and extent of adverse environmental impact identified by the relevant Phase I ESA, to determine the potential risk to human health and the environment, and, if required, to develop a remedial action plan. With respect to the Sudbury property, a record of site condition is being obtained by the vendor of the Sudbury Property and is a condition to closing for the purchase of the Sudbury Property. With respect to the Kingston (Alfred) Property, DAQ and CHC are continuing to review the results of the Phase II ESA on that property in connection with the transaction.

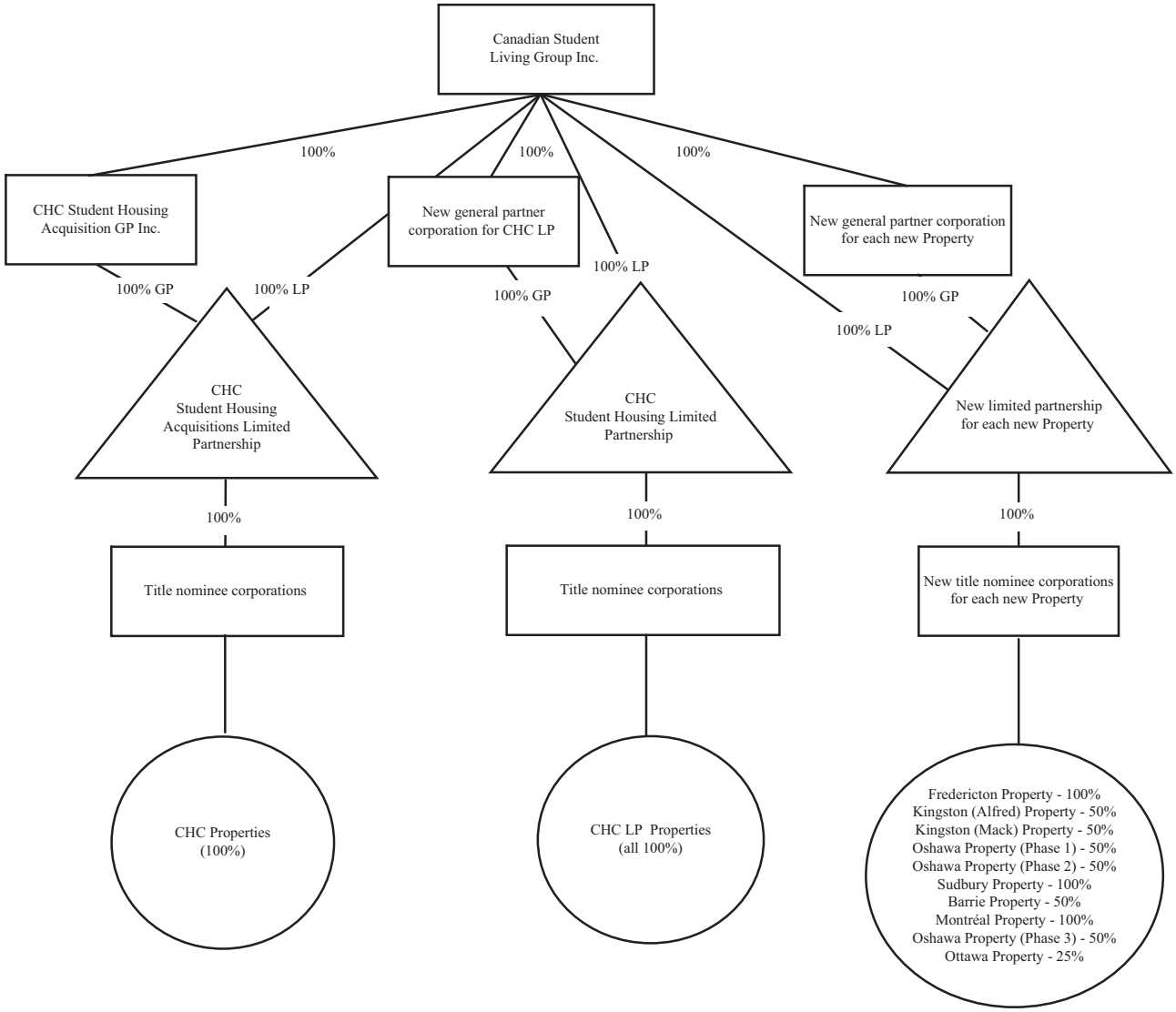
Management of DAQ and CHC are not aware of any non-compliance with environmental laws at any of the Properties that they believe would have a material adverse effect on the Resulting Issuer at this point. Management of DAQ and CHC are not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties that would materially adversely affect the Resulting Issuer.

THE RESULTING ISSUER

Following the completion of the Qualifying Acquisition, the Corporation, CHC and a newly incorporated subsidiary will have been amalgamated to form the Resulting Issuer. The name of the Resulting Issuer will be "Canadian Student Living Group Inc.". As a result of the Arrangement, the property of each of the Corporation and CHC will become the property of the Resulting Issuer, and the Resulting Issuer will continue to be liable for the obligations of each of the Corporation and CHC. The authorized share capital structure of the Resulting Issuer will be the same as the authorized share capital of CHC. The Resulting Issuer will continue to carry on the business and operations of CHC, after giving effect to the Acquisitions.

Intercorporate Relationships

The following chart is an illustration of the organizational structure of the Resulting Issuer after giving effect to the Qualifying Acquisition but before giving effect to the Woodbourne Arrangements:



The Resulting Issuer's Properties

Overview

Upon closing of the Arrangement and the Acquisitions, CSL expects to manage and own an interest in 18 properties with over 4,400 student housing beds, consisting of the CHC Properties currently owned by CHC, the CHC LP Properties co-

owned by CHC LP and the CHC LP Properties Co-Owner, the Operating Properties and the 2016 Properties, making it one of the largest portfolios of student housing assets in Canada. The portfolio will span 12 cities across Canada with an average proximity to universities and colleges of approximately 0.7 km. CSL's proportionate interest in the properties will exceed 3,600 beds and it will own 100% of properties having almost 3,100 beds. The following table provides information regarding the Properties:

	City, Province	Total Beds	CSL Ownership	CSL Proportionate Beds[1]	Year Built/Renovated	2016/17 Occupancy[2]
CHC Properties						
Kingston (Barrie) Property	Kingston, ON	18	100%	18	2009	100.0%
London Property[3]	London, ON	387	100%	387	1995/2015	99.5%
Trois-Rivières Property[4]	Trois-Rivières, QC	310	100%	310	1987	77.3%
Windsor Property	Windsor, ON	117	100%	117	1972	100.0%
		832		832		92.2%
CHC LP Properties						
Luxe I	Waterloo, ON	536	100%	536	2011	97.4%
Luxe II	Waterloo, ON	419	100%	419	2013	99.0%
Village Suites	Oshawa, ON	588	100%	588	2010	99.1%
West Village Suites	Hamilton, ON	449	100%	449	2008	98.7%
		1,992		1,992		98.5%
Operating Properties						
Fredericton Property	Fredericton, NB	126	100%	126	2008 & 2012	96.8%
Kingston (Alfred) Property[5]	Kingston, ON	69	50%	35	2011	92.8%
Kingston (Mack) Property[5]	Kingston, ON	72	50%	36	2013	100.0%
Oshawa Property (Phase 1)[5]	Oshawa, ON	260	50%	130	2014	99.6%
Oshawa Property (Phase 2)[5]	Oshawa, ON	111	50%	56	2015	100.0%
Sudbury Property	Sudbury, ON	70	100%	70	1970/2013	88.6%
		708		453		97.5%
2016 Properties						
Barrie Property[5]	Barrie, ON	360	50%	180	2016	97.5%
Montréal Property[6]	Montréal, QC	50	100%	50	2016	100.0%
Oshawa Property (Phase 3)[5]	Oshawa, ON	93	50%	47	2016	100.0%
Ottawa Property[7]	Ottawa, ON	385	25%	96	2016	100.0%
		888		373		99.0%
Total		**4,420**		**3,650**		**97.3%**

Notes:

(1) CSL proportionate beds are based on CSL's expected pro forma ownership interests in the Properties.

(2) Occupancy rate as of September 2016. The total percentages reflect occupancy rate on a weighted-average basis by number of offered beds at each respective Property.

(3) CSL expects to add eight additional beds through floor plan optimization to the London Property for occupancy in May 2017 to increase to a total of 395 beds post planned renovations.

(4) Occupancy rate is based on 260 available/offered beds, which excludes 50 beds in units currently scheduled for renovation in 2017.

(5) Woodbourne Co-Ownership Properties.

(6) Acquisitions of the Montréal Property and the initial interest in the Ottawa Property are expected to close in January 2017.

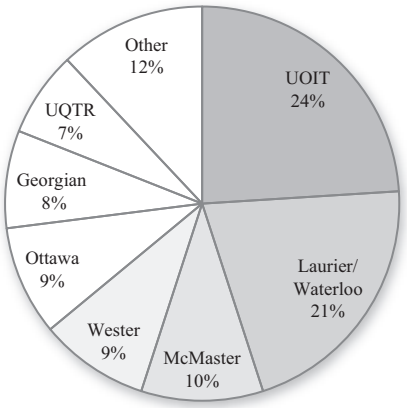
(7) Information presented is for the Ottawa Property in its entirety, and is not limited to the initial 25% co-ownership interest which is intended to be acquired by the Resulting Issuer. CSL will be obligated to purchase another 25% interest in the Ottawa Property later in 2017 at the same valuation.

Map of Properties

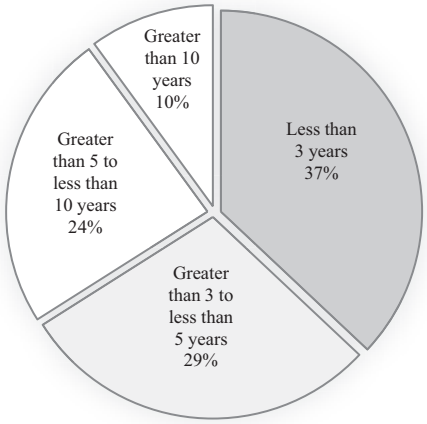
Geographic Composition and Age

The Properties consist of a diversified mix of student housing properties located in nine cities in Ontario, two cities in Québec, and one city in New Brunswick. Furthermore, over 90% of the Properties (by number of beds) will have been built or substantially renovated within the last ten years. The following charts provide information regarding the geographic composition and age of the Properties, as well as the bed composition of the Properties.

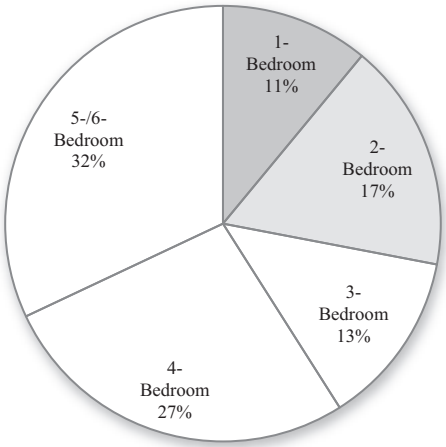
University Composition of the Properties[(1)]



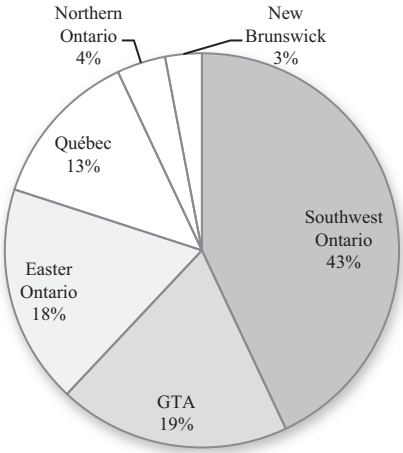
Age of the Properties (From Construction or Substantial Renovation)



Bed Composition of the Properties



Geographic Diversification of the Properties



(1) Other includes Queen's University, University of New Brunswick / St. Thomas University, University of Windsor, Laurentian University and McGill University.

Post-Secondary Institution Exposure

Management believes that the Properties are strategically located in close proximity to universities having some of the highest enrollment growth rates in Ontario. Upon closing of the Qualifying Acquisition, approximately 54% of CSL's portfolio (by number of beds) will be located in the top ten markets in Ontario, ranked by total enrollment growth from 2010 to 2015.

The Properties are located in close proximity to 13 of the largest and highest-growth post-secondary institutions in Canada, while also spanning across 12 of Canada's most attractive markets for student housing investment. The post-secondary institutions represented by the Properties have, on average, exhibited a substantial 5-year enrollment growth of 24%, while the existing CSL beds at those institutions represent, on average, only 2% of that enrollment. These favourable supply-demand dynamics are expected to create significant opportunities for CSL within these markets.

Post-Secondary Institution	City, Province	2015 Full-Time Enrollment[1]	5-year Enrollment Growth	Ranking for Enrollment Growth[1]	CSL Proportionate Beds[2]	CSL Beds as % of Enrollment
Wilfrid Laurier University	Waterloo, ON	16,045	13%	9	955[3]	1.9%
University of Waterloo	Waterloo, ON	33,523	18%	6	955[3]	1.9%
UOIT	Oshawa, ON	9,146	49%	1	820[4]	4.1%
Durham College	Oshawa, ON	11,000	40%	n/a	820[4]	4.1%
McMaster University	Hamilton, ON	26,483	8%	15	449	1.7%
Western University	London, ON	34,443	11%	13	387	1.1%
UQTR	Trois-Rivières, QC	7,814	15%	n/a	310	4.0%
Georgian College	Barrie, ON	11,000	30%	n/a	180	1.6%
University of New Brunswick	Fredericton, NB	8,927	(5%)	n/a	126[5]	1.1%
St. Thomas University	Fredericton, NB	2,500	85%	n/a	126[5]	1.1%
University of Windsor	Windsor, ON	14,028	8%	14	117	0.8%
University of Ottawa	Ottawa, ON	35,924	15%	8	96	0.3%
Queen's University	Kingston, ON	22,475	20%	5	89	0.4%
Laurentian University	Sudbury, ON	6,884	8%	16	70	1.0%
McGill University	Montréal, QC	30,175	12%	n/a	50	0.2%
Total / Weighted Average[6]		**270,367**	**24%**			

Source: Common University Data Ontario and Universities Canada.

Notes:

(1) As of 2015 (including affiliated colleges). Enrollment growth is from the period of 2010 to 2015. Rankings by growth of institutions in Ontario.

(2) Information presented is shown at the % ownership interest for the Resulting Issuer.

(3) University of Waterloo and Wilfrid Laurier University source the same properties due to proximity to each respective university.

(4) UOIT and Durham College source the same properties due to proximity to each respective university.

(5) University of New Brunswick and St. Thomas University source the same properties due to proximity to each respective university.

(6) Weighted average reflects 5-year enrollment growth weighted by the number of beds.

INVESTMENT HIGHLIGHTS

Stable Asset Class with Compelling Market Fundamentals

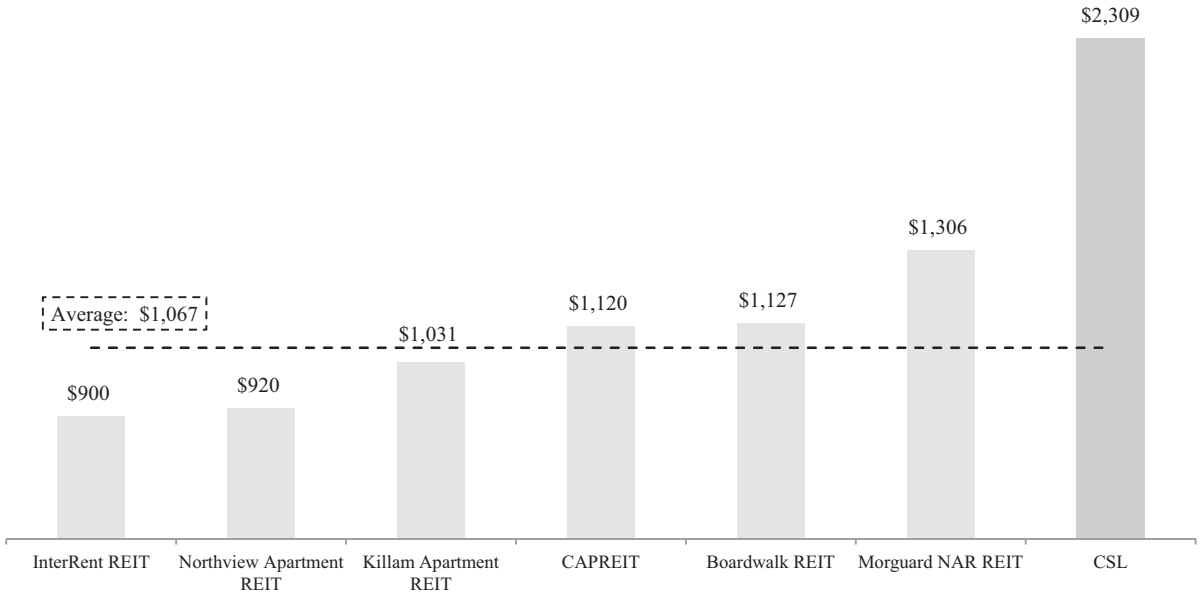
The Resulting Issuer will be the only publicly-listed pure-play student housing company in Canada, providing a unique opportunity to invest in the attractive student housing real estate sector. Management believes that there are compelling underlying market fundamentals supporting investment in student housing, which include:

(i) Limited on-campus supply: there is insufficient supply of on-campus student housing properties in Canada with the average on-campus accommodation providing supply for only 13% of the total full time enrollment at the top 10 post-secondary institutions in Canada;

(ii) Enrollment growth fueling demand: the long-term enrollment growth of post-secondary institutions is driving demand for student accommodation, with enrollment as a percentage of 18 to 24 year old population expected to increase from 41% in 2012 to 49% in 2020. Over the last 20 years, Canada has experienced enrollment growth at a compound annual growth rate of approximately 2.0%, with enrollment increases each year, demonstrating that the asset class is recession resistant; and

(iii) High revenue per unit: student housing exhibits significantly higher revenue per unit as a result of "by the bed" lease terms and optimal unit configurations which increase the number of beds per unit and overall square footage. Upon completion of the Acquisitions, the Resulting Issuer's portfolio is expected to generate monthly revenue of $2,309 per unit (for the 2016/17 School Year) compared to the CMHC average of $949 for traditional multi-residential properties as well as the public multi-residential average of $1,067.

Traditional Multi-Residential vs. CSL – Revenue per Unit



Notes:

(1) The expected monthly revenue of $2,309 per unit for CSL's portfolio is a simple average of revenue per expected occupied unit during the 2016/17 School Year.

(2) Sources: *Canada Mortgage and Housing Corporation – Rental Markets Report: Canada Highlights (Spring 2015) and company publicly filed financial statements.*

(iv) High occupancy rates: management believes that due to the favourable supply-demand dynamic in the student housing sector, occupancy rates will remain at attractive levels for the foreseeable future. Management's expected occupancy for the entire portfolio, including the 2016 Properties, is expected to be 97.3% for the 2016/17 School Year. Management also believes that historical occupancy rates within student housing real estate have been comparable to or greater than those in multi-residential real estate;

(v) Increased focus on quality: students and parents are increasingly focused on asset quality with high-quality assets often including upgrades to safety features, privacy and connectivity. This dynamic is creating a demand for higher quality student housing properties, as well as a need for greenfield development of purpose-built properties, in close proximity to post-secondary campuses;

(vi) Fragmented ownership: current ownership in the Canadian student housing sector is highly fragmented, and the Resulting Issuer will be the first market consolidator focusing solely on student housing; and

(vii) Stable revenue per unit: student housing fundamentals are inherently defensive with an established track record of stable and predictable growth. This has been witnessed in the US student housing market which has had 44 consecutive quarters with same store revenue growth.

US Student Housing – Historical Quarterly Revenue Growth

Source: SNL Financial and Goldman Sachs Global Investment Research.

The lack of high-quality supply in the sector, coupled with increasing demand driven by enrollment rates, is creating favorable market dynamic for student housing real estate. The Properties are well-positioned to benefit from this increase in demand, while also providing the required quality that students and parents are increasingly focused on.

Significant Growth Opportunities through Market Expansion and Consolidation

The Resulting Issuer's first mover advantage, anticipated ability to access capital and experienced management team will position it favourably for market consolidation within a highly fragmented sector, characterized by numerous small, private owners who are not utilizing best-in-class management practices and unable to achieve local and national economies of scale in operations. Management believes that the Canadian student housing market will undergo industry growth and consolidation driven by institutional capital investment similar to international, matured markets such as the US and the UK.

- *Accretive purpose-built student housing acquisitions*. Canadian student housing is a highly fragmented real estate sector. CHC is, and the Resulting Issuer will be, the only publicly-listed company in the sector. CHC's current portfolio is comprised of 832 student beds in the four CHC Properties in Ontario and Québec. Upon completion of the Arrangement and the Acquisitions, the Resulting Issuer will own an interest in 4,420 student housing beds in 18 high-quality properties, making it one of the largest and highest-quality portfolios of student housing real estate in Canada and supporting its position as the first consolidator in the student housing sector in Canada.

  Management currently has an identified acquisition pipeline of approximately $700 million of purpose-built student housing assets which meet CSL's stringent investment criteria. While no agreements have been signed and as

a result no assurances can be given, management believes certain of these assets can be acquired at valuations similar to the assets being acquired pursuant to the Arrangement and the Acquisitions and in aggregate will generate cash flow and value accretion for CSL shareholders.

- *The Canadian student housing market is underdeveloped by comparison to the US and UK markets with a significant market expansion opportunity*. Management believes that the Canadian student housing market will undergo industry consolidation similar to international markets such as the US and the UK. Prior to undergoing consolidation, valuations for student housing assets in these markets were lower when compared to traditional multi-residential assets. Institutional investors identified that the sector was poised to grow significantly and allocated capital to both consolidate ownership and develop the market for purpose-built student housing, which now constitutes between 12% and 23% of student accommodation in US and UK markets, respectively, compared to only 3% in Canada. As a result of this changing dynamic, early investors were able to make outsized returns through attractive cash yields and improved valuations, which in turn attracted more institutional capital driving valuations even higher. Today, valuations for purpose-built student housing are largely in line with traditional multi-residential real estate.

Purpose-Built Student Housing – Global Comparison[(1)(2)]

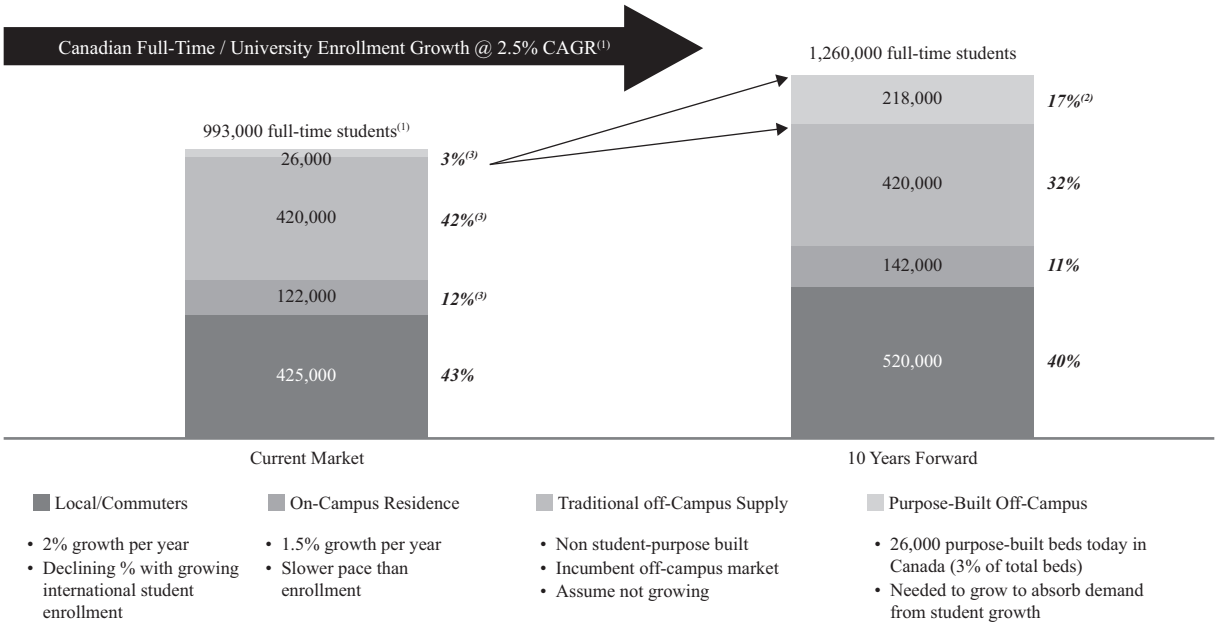
	Number of Beds	% of Students
USA	2,400,000	12%
UK	524,000	23%
France	375,000	16%
Germany	259,000	10%
Spain	90,000	6%
Australia	90,000	7%
Canada[(2)]	**26,000**	**3%**

(1) Savills: Spotlight – World Student Housing 2015/2016.

(2) Management estimate of off-campus purpose-built student housing supply in Canada.

In the US, publicly listed REITs quickly grew to own 23% of the market and in the UK, ownership of 86% of total beds was quickly consolidated to seven companies. The Canadian market exhibits similarly strong market fundamentals, with robust, consistent student enrollment growth and a lack of new on-campus student housing developments due to funding constraints at Canadian post-secondary institutions. This growing demand for student accommodations creates a lucrative opportunity to undertake a consolidation and market growth strategy in Canada, similar to the US and UK. Management believes CSL is favourably positioned to capitalize on this emerging dynamic in the student housing sector in Canada.

Significant Market Growth Opportunity



Notes:

(1) Source: Statistics Canada reported as of October 2016. 10-year CAGR growth from 2003/04 to 2013/14.

(2) Management estimates a global average of 17% of total student housing will be purpose-built beds in ten years. Purpose-built student housing currently comprises 12% and 23% of total available beds for students in the US and UK, respectively. See "*Purpose-Built Student Housing – Global Comparison*". Source: Savills World Research. Spotlight: World Student Housing, 2015/16.

(3) Virtus Advisory. Data as of 2013, approximately 55% of students attend school outside their community in Canada.

Premier Company with Best-in-Class Portfolio of Assets

CHC has focused, and the Resulting Issuer will focus, on acquiring and owning student housing properties that serve post-secondary institutions demonstrating attractive full-time enrollment growth in order to ensure a high degree of housing demand. The majority of beds contained within the Properties are located adjacent to universities that consistently rank in the top ten in terms of full-time enrollment growth between 2008 and 2015 in Ontario: University of Ontario Institute of Technology (5-year full-time enrollment growth of 49%, which ranks 1st among Ontario universities), Wilfrid Laurier University (5-year growth of 13%, ranking 9th in Ontario) and University of Waterloo (5-year growth of 18%, ranking 6th in Ontario). See "*The Resulting Issuer – Post-Secondary Institution Exposure*".

The Resulting Issuer will seek to acquire and own properties that are generally located within a 1.0 km radius of the post-secondary institutions, with 16 of the 18 Properties located within 1.0 km. The weighted average (by beds) proximity to campus for the Properties is approximately 0.7 km. The Sudbury Property is located outside of this radius but has been acquired for other strategic reasons, most notably for its location in the downtown corridor, which is considered to be the student entertainment district, and its close proximity to public transit which provides direct access to the university campus. The property is also located less than 0.4 km away from Laurentian University's School of Architecture which is located off the main campus.

	City, Province	University	Proximity (km)
CHC Properties			
Kingston (Barrie) Property	Kingston, ON	Queen's University	1.0
London Property	London, ON	Western University	1.3
Trois-Rivières Property	Trois-Rivières, QC	Université du Québec à Trois-Rivières	0.0
Windsor Property	Windsor, ON	University of Windsor	0.5
CHC LP Properties			
West Village Suites	Hamilton, ON	McMaster University	1.0
Village Suites	Oshawa, ON	University of Ontario Institute of Technology	0.5
Luxe I & II	Waterloo, ON	University of Waterloo & Wilfrid Laurier University	0.4
Operating Properties			
Fredericton Property	Fredericton, NB	University of New Brunswick & St. Thomas University	0.7
Kingston (Alfred) Property	Kingston, ON	Queen's University	0.6
Kingston (Mack) Property	Kingston, ON	Queen's University	0.6
Oshawa Property (Phase 1)	Oshawa, ON	University of Ontario Institute of Technology	0.1
Oshawa Property (Phase 2)	Oshawa, ON	University of Ontario Institute of Technology	0.1
Sudbury Property	Sudbury, ON	Laurentian University	4.5
2016 Properties			
Barrie Property	Barrie, ON	Georgian College	1.0
Montréal Property	Montréal, QC	McGill University	0.1
Oshawa Property (Phase 3)	Oshawa, ON	University of Ontario Institute of Technology	0.1
Ottawa Property	Ottawa, ON	University of Ottawa	0.2
Weighted Average[1]			**0.7**

Note:

(1) Weighted average based on number of beds.

Management believes that the Properties are among the most appealing in their respective markets. 13 of the 18 Properties (approximately 66% of beds) have been constructed or substantially renovated within the past five years. Management intends to renovate and reposition the Trois-Rivières Property in the near term in order to further drive occupancy and rental rate increases. The weighted average age of the Properties is 7.8 years compared to a weighted average age of approximately 44 years for traditional multi-residential properties in Canada and a weighted average age of approximately 48 years for on-campus student housing.

Traditional Multi-Residential Properties vs. CSL – Age

Source: Statistics Canada. Pre-1920 to 2011 weighted average age based on renter households and E&Y report as of April 2012.

Notes:

(1) Statistics Canada. Pre-1920 to 2011 weighted average age based on renter households.

(2) E&Y report as of April 2012.

The Properties cater to the lifestyle needs of students by offering: (i) an attractive bed to bath ratio (including private/in-suite washrooms in some units); (ii) internet connectivity; (iii) furnished suites, full kitchens equipped with modern appliances; (iv) ample parking; and (v) a wide array of amenities including game rooms, theatre rooms, exercise facilities, group study rooms and lounging areas. As opposed to merely providing living accommodations, the Resulting Issuer will strive to offer students with a lifestyle, community experience and safe environment designed to appeal to the modern day post-secondary students.

	Utilities Included	On-Site Mgmt	Suite/Bed Furnished	Free Wi-Fi	Security	In-Suite Laundry	Weekly Suite Cleaning
CHC Properties							
Kingston (Barrie) Property	No	Yes	No	No	No	Yes	Yes
London Property	No	Yes	No	No	Yes	Yes	No
Trois-Rivieres Property	Yes	Yes	Partial	Yes	Partial	No	No
Windsor Property	Yes	Yes	No	Partial	No	No	No
CHC LP Properties							
Luxe I	No	Yes	Yes	No	Yes	No	No
Luxe II	No	Yes	Yes	No	Yes	No	No
Village Suites	Yes	Yes	Partial	Yes	Yes	No	No
West Village Suites	Yes	Yes	Partial	Yes	Yes	No	No
Operating Properties							
Fredericton Property	Yes	Yes	Partial	Yes	No	Yes	Yes
Kingston (Alfred) Property	No	Yes	No	No	Yes	Yes	Yes
Kingston (Mack) Property	No	Yes	No	No	Yes	Yes	Yes
Oshawa Property (Phase 1)	No	Yes	Yes	Yes	Yes	Yes	Yes
Oshawa Property (Phase 2)	No	Yes	Yes	Yes	Yes	Yes	Yes
Sudbury Property	Yes	No	No	No	No	No	No
2016 Properties							
Barrie Property	No	Yes	Yes	Yes	Yes	Yes	Yes
Montréal Property	No	No	Yes	Yes	No	Yes	No
Oshawa Property (Phase 3)	No	Yes	Yes	Yes	Yes	Yes	Yes
Ottawa Property	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Experienced Management Team

The senior executive officers of CSL have an average of 15 years of experience across real estate investment, advisory, operations and management. Mark Hansen, the President and CEO of CHC, has over 20 years of experience in the real estate industry, including ten years within the multi-residential real estate sector. Mr. Hansen is a co-founder, director and President of CHC RI, a market leader in Canadian student housing. Through CHC RI, he has been actively involved in the consolidation of the Canadian student housing sector since 2012 which uniquely positions him to lead CSL and execute on its long-term strategy.

Since completing CHC's Qualifying Transaction in April 2014, management has acquired the four CHC Properties. The CHC Properties represent a high-quality, purpose-built student housing portfolio spanning across four markets and are comprised of 832 beds. Since acquiring the CHC Properties, management has been directly responsible for their operation, including the execution of significant value-add initiatives such as the conversion of multi-residential/condominium space into student housing space, floor plan optimization and in-suite and common area renovations catering to the requirements of student residents, see *"Case Study – London Property"*. Additionally, in April 2012, Mark Hansen and Craig Smith formed CHC LP, a private limited partnership which co-owns the four purpose-built CHC LP Properties comprising 1,992 beds and spanning three markets. Since inception of CHC LP, Mark Hansen has been leading the management of the CHC LP Properties across all functional areas of asset and property management. Collectively, over the last four years, senior management has acquired and managed both the CHC Properties and the CHC LP Properties, which aggregate 2,824 beds and will represent over 75% of the total beds of CSL. Through its extensive experience in these markets, senior management has gained

significant local expertise and established strong, long-term relationships with local developers providing access to a pipeline of potential future growth opportunities.

Furthermore, since acquiring the CHC Properties and CHC LP Properties, management has remained focused on improving operations and building strong student communities catering exclusively to the needs of modern student tenants. Management has demonstrated its ability to improve key operating metrics including occupancy rate, which increased from 85% to 97%, NOI margin, which improved by 3.5% and monthly rents, which have increased by approximately $47 per bed. Through its successful track record, senior management has gained a positive reputation as a thought leader in the Canadian student housing space.

Senior management's extensive experience and relationships with a broad network of real estate industry owners, developers and service professionals across Canada will allow it to continue to successfully manage properties within existing and new markets, while also executing on CSL's long-term consolidation/acquisition strategy.

Case Study – London Property

The London Property, which was acquired by CHC on November 19, 2014, is a traditional multi-residential building occupied primarily by students at Western. Given its proximity to the university and the existing student tenant base, CHC viewed this property as an attractive opportunity for repositioning and value-enhancing initiatives.

At the time of acquisition, the property had 367 beds in 187 apartments with a residential occupancy of 87.6%. The property also had 12,642 sq. ft. of ancillary ground floor commercial space, which was fully occupied. As part of its repositioning strategy, CHC immediately commenced work to increase the number of beds at the property through the reconfiguration of floor plans and construction of additional bedrooms from underutilized common area and office space which has increased the bed count to 387 beds at present. Management intends to complete additional renovations upon unit turnover and expects to further increase the number of beds by up to 10%, with a 2% increase in 2017.

CHC has also taken over property management for the London Property and has initiated a new target-marketing campaign with a focus on attracting post-secondary institution students in the surrounding area. CHC has also begun a lease standardization process in order to change all leases to 12-month terms and to streamline all lease commencement dates to either May 1 or September 1, which is expected to provide greater sustainability to the marketing and leasing of the units. Finally, since acquiring the property, CHC has undertaken a review of property revenues and expenses, and has tripled parking revenues, while reducing a number of expenses.

Case Study – CHC LP Properties

CHC's management team has a successful track record in optimizing property operations and increasing value through strategic management practices. CHC had initially acquired the Hamilton and Oshawa properties in April 2012.

The Village Suites Oshawa property was acquired in April 2012 as management saw the potential in the asset and the fact that UOIT was the fastest growing University in the country. Initially, all of the leases in the property consisted of 8-month leases which ran from September to April resulting in increased vacancy during the summer months with only an average occupancy of 84% in the first year. By September 2013, management was able to increase occupancy in the property to over 95% and had converted all leases to 12-month leases with parental guarantors. In addition, the building had approximately 4,000 sq. ft. that was vacant that management converted to commercial use, which now includes a smoothie/grab and go food shop and a major coffee and food chain that has been extremely well received by the residents.

Management has been able to continue to increase the NOI margins at the property while increasing occupancy rate over the past three years. As of September 2016, the property enjoys over a 99% occupancy rate.

Between the four CHC LP Properties and four CHC Properties, management has been able to improve portfolio occupancy from 85% to 97% while improving the NOI margin collectively by 3.5% and has improved monthly rents per bed by approximately $47.

Long-Term Value Creation Strategy

Management believes that CSL will be well-positioned to continue to grow revenue, NOI, FFO, AFFO, profitability, cash flows and the number of beds by both acquisitions and new developments, as well as operating efficiency improvements.

Due to the fact that student housing real estate generally experiences a higher degree of tenant turnover, Management of the Corporation and CHC believe the Resulting Issuer will be able to increase rental prices at a higher pace compared to traditional multi-residential real estate. In addition to annual rental rate increases, it is expected the Resulting Issuer will achieve additional revenue growth through value-enhancing initiatives on its Properties which will focus on increasing the number of beds per unit through floor plan optimization, and on increasing ancillary property revenues such as parking. In addition, through active management, it is expected that the Resulting Issuer will leverage its large local and national footprint to improve operating efficiencies and utilize preventative maintenance measures aimed at increasing profitability of its assets. Such measures include active dialogue with tenants throughout their lease term, anticipating lease expirations in order to minimize vacancy and marketing/leasing costs related to leasing vacant units. Furthermore, management intends to ensure preventative maintenance programs are in place focusing on building control and monitored security systems, roofing and parking facilities, in order to minimize long term capital expenditures.

The Resulting Issuer will have a well-defined, long-term growth strategy, supported by multiple sources of cash flow growth, including: (i) annual rental rate increases; (ii) value-enhancing initiatives focused on increasing revenues; (iii) operating improvements and preventative maintenance programs; (iv) access to attractive debt financing; (v) acquisitions of accretive purpose-built student housing properties; and (vi) development opportunities.

Internal Growth

- *Annual rental rate increases*. Management believes the Resulting Issuer will be able to achieve attractive annual rental rate growth on its portfolio of Properties due to underlying supply/demand dynamics combined with the fact that student housing real estate generally experiences a higher degree of tenant turnover compared to traditional multi-residential real estate.
- *Value-enhancing initiatives focused on increasing revenues*. Management believes the Resulting Issuer will be able to realize additional revenue growth through value-enhancing initiatives on its Properties which are focused on increasing the number of beds per unit through floor plan optimization, and on increasing ancillary property revenues such as parking. For an example of how CHC has successfully executed on such value-enhancing initiatives, see "*Case Study – London Property*".
- *Operating expense reductions*. Management believes that CSL will be able to maximize NOI margins through developing and implementing best practices on both a local, asset-specific basis as well as across the national platform. CSL's scale in key local markets will allow management to maximize operating efficiencies with respect to local management and third-party contractors, such as landscaping, snow removal and building cleaning services. As CSL continues to build out its national platform, expense reductions related to portfolio-wide service providers, such as internet, security, insurance and utilities, will be achievable. Management believes that establishing an efficient expense management program will create cash flow growth within the existing portfolio as well as increase cash flow accretion on future acquisitions.
- *Access to attractive debt financing*. Management believes that, assuming market conditions remain similar to current levels, it should be able to reduce its average cost of debt as it looks to refinance some of its older first mortgages as they mature over the next few years. In addition, Management of the Corporation and CHC believe that continued growth of institutional investor understanding and support for the sector will help drive long-term interest in its secured debt which should help improve borrowing spreads. Lastly, the Corporation and CHC are working with advisors and directly with CMHC to potentially increase their focus and support for the student housing sector which could help improve the Resulting Issuer access even more attractive financing to support its growth initiatives over the long-term.

External Growth

- *Accretive acquisitions of purpose-built student housing*. Management believes there are currently 26,000 purpose-built student housing beds in Canada. Over the past 9 months, the Management of the Corporation and CHC have been in discussions with various developers and owners about acquiring their currently operating properties. The Qualifying Acquisition totals approximately $364 million of assets. However, management has initiated and pursued discussions with additional owners of approximately $700 million worth of additional assets during this entire Qualifying Acquisition process. Management believes that CSL will be well-positioned after the closing of the Qualifying Acquisition to pursue a substantial number of acquisitions of high-quality purpose-built student hous-

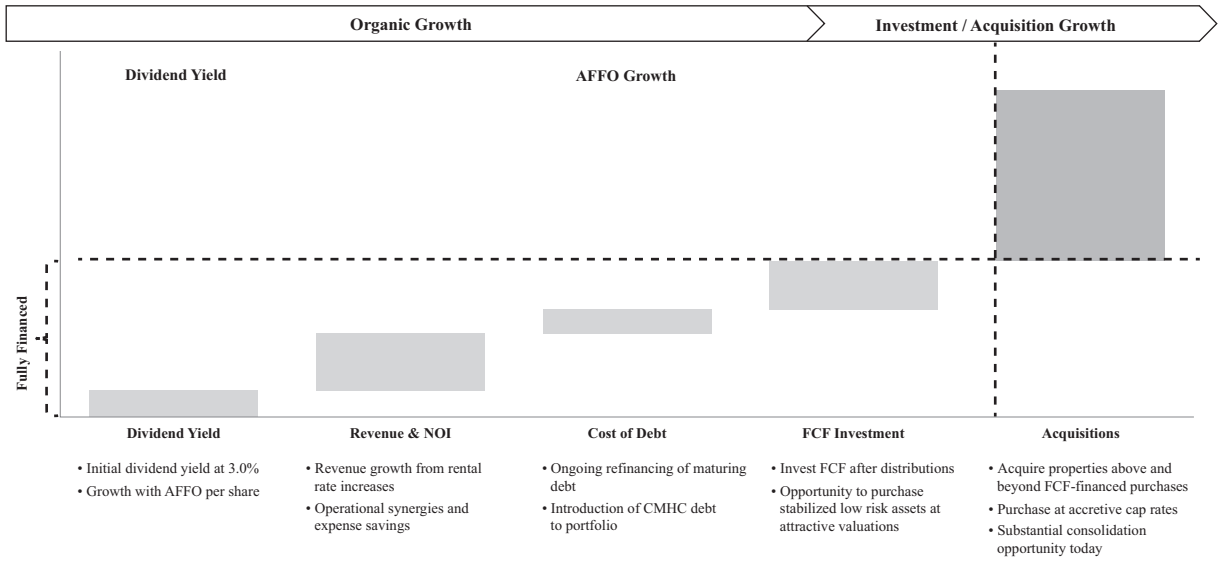
ing. CSL's sector focus, knowledge, public currency, scale of operations and access to capital make it a logical acquirer of developed student housing assets across Canada. While no agreements have been signed and as a result no assurances can be given, management believes that, based on the current market environment, it will be successful in acquiring assets at similar valuation metrics to the current Acquisitions which would be accretive to its shareholders. The Resulting Issuer will also seek to form relationships with various post-secondary institutions that may look to outsource certain of their student housing initiatives.

- *Development opportunities*. Given the current shortage of high-quality, purpose-built student housing properties in Canada relative to the rest of the world, as well as the expected continued growth in student enrollment, management believes there will be a considerable number of development opportunities over the next 10 years in purpose-built student housing across Canada. CSL's position as the market leader with access to capital and industry best knowledge should allow it to help developers build attractive, high-quality buildings to support the expected demand. Management believes it will initially seek to work with local developers to help them develop their property concepts (leveraging CSL's knowledge of student buying habits and interests) and help them with their financing of the property build with the expectation of receiving certain rights and options such as a right of first offer or refusal to purchase the property upon completion. As the Corporation's asset base grows over time, the Corporation may look to increase its role in the development of new properties with local partners and/or post-secondary institutions.

Future Growth

- Low payout ratio to support future growth. It is intended for the Resulting Issuer to pay stable and growing monthly cash dividends, initially expected to provide shareholders with an annual yield of approximately 3.0% based on an AFFO payout ratio of 50.0%. The low payout ratio will enable the Resulting Issuer to meet its internal funding needs, while still being able to support its acquisition growth objectives. Management and the Board of CSL intend to review the dividend on an ongoing basis to provide an attractive yield for investors but also maintain its ability to make future accretive acquisitions.
- Access to public capital markets. The Resulting Issuer will be the first publicly traded student housing pure play in Canada which is expected to provide the Resulting Issuer with the financial support to become the primary consolidator of the fragmented Canadian student housing market and allow the Resulting Issuer to gain the first mover advantage in the sector.
- Strategic partnerships with capital providers. The Resulting Issuer will enter into a strategic relationship with Woodbourne, which is managed by an institutional private real estate investment firm, and which is expected to provide significant upfront equity capital and ongoing benefits to the Resulting Issuer. Woodbourne is expected to bring its expertise in institutional capital markets, asset and property management, and development as well as future access to capital which will all serve to benefit the Resulting Issuer.

CSL Investment Return and Growth Strategy



Optimal Capital Structure to Support Growth

The Resulting Issuer will be well-positioned from a capital structure perspective in order to take advantage of the significant consolidation opportunity that exists within the Canadian student housing market. Management expects to maintain a conservative long-term leverage level which is in-line with comparable public companies. The Corporation is expected to have pro-rata debt outstanding of $203.9 million at the closing of the Qualifying Acquisition and the subsequent closing of the Montréal Property and Ottawa Property acquisitions. Based on the Appraised Value of CSL's pro rata share of the portfolio of student housing properties of $366.8 million, the debt to Appraised Value of the Resulting Issuer is expected to be approximately 54% to 57% which is in-line with its multi-residential public comparable companies. Immediately following the Arrangement and the Acquisitions, approximately 80% of CSL's debt will be fixed interest rate debt, bearing interest at a weighted average rate of 3.7% per annum, with a weighted average term to maturity of approximately 3.6 years.

The expected AFFO payout ratio of 50% will be one of the lowest amongst public company peers, providing excess retained cash flow in order to drive further investment into various growth opportunities.

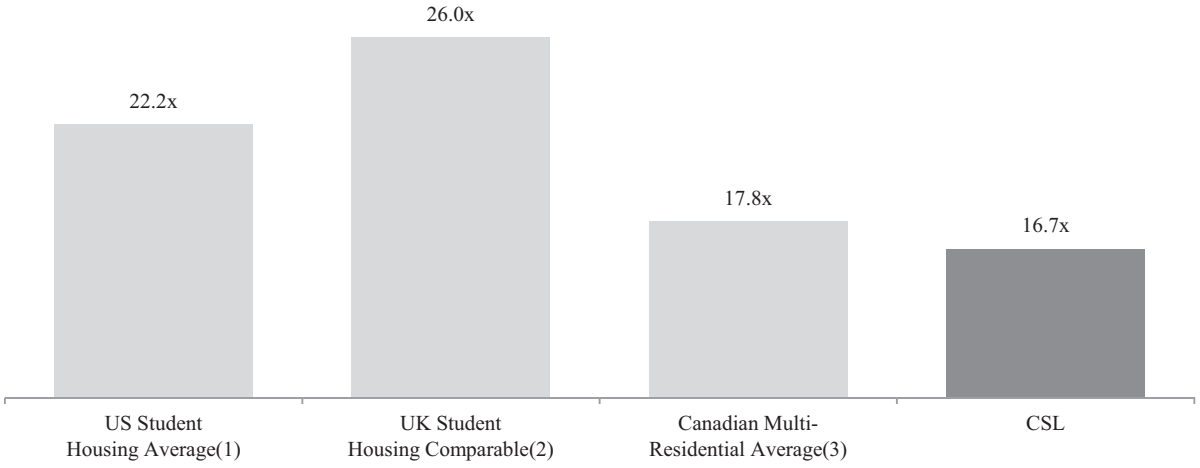
Management is in discussions about and finalizing the Bridge Facility to seek to ensure that it has access to debt capital to fund potential transaction expenses.

The Woodbourne Lenders are also expected to provide the Resulting Issuer with the Woodbourne Credit Facility, providing management with additional capital sources and flexibility for future acquisitions. Woodbourne also intends to co-invest further capital into future acquisitions and developments, while making available its extensive expertise in real estate property development and management to the long-term relationship with the Resulting Issuer for the benefit of all participants.

Attractive Valuation Metrics

The Resulting Issuer will be attractively valued at a favorable AFFO multiple compared to its US and UK student housing peers as well as its Canadian multi-residential peers. At closing the 16.7x AFFO multiple will be at a 5.5x and 9.3x discount to its US and UK student housing peers and at a 1.1x discount to its Canadian multi-residential peers:

Valuation Comparison to Peers



Source: Bloomberg, ThomsonOne and SNL Financial. Data as of September 30, 2016.

Notes:

(1) Comprised of American Campus Communities and Education Realty Trust

(2) Comprised of Unite Group Plc; based on Bloomberg estimate.

(3) Comprised of InterRent REIT, Killam Apartment REIT, CAPREIT and Boardwalk REIT.

THE STUDENT HOUSING SECTOR

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 four-year universities and college programs, including those that offer advanced degrees.

Overall, the student housing sector has certain unique characteristics that distinguish it from other segments of residential real estate. First, student housing is aimed at a particular market segment, namely those individuals enrolled in post-secondary institutions, and not at the general population of renters. Second, the leasing cycle for student housing properties is defined by the academic calendar, which results in a finite leasing window and relatively low month-to-month turnover following the start of the academic year. Finally, student housing properties are designed to accommodate and appeal to the collegiate lifestyle, which requires specialized common area and in-suite amenities which differ from those in conventional multi-residential buildings.

There are two major types of student housing properties: on-campus and off-campus. On-campus housing is generally owned and operated by educational institutions and is located on school property near or adjacent to classroom buildings and other campus facilities. Off-campus housing is generally owned and operated by private investors and is located within close proximity to the campus.

Purpose-built student housing refers to off-campus housing that is specifically designed and constructed as student housing with a view towards accommodating the unique characteristics of the student-tenant. While purpose-built student housing is classified as a niche of the multi-residential housing product, it is significantly different from and more specialized than traditional multi-residential housing products, which are offered to the broader pool of multi- residential renters. Key features of purpose-built student housing that differentiate such properties from traditional multi-residential apartments include:

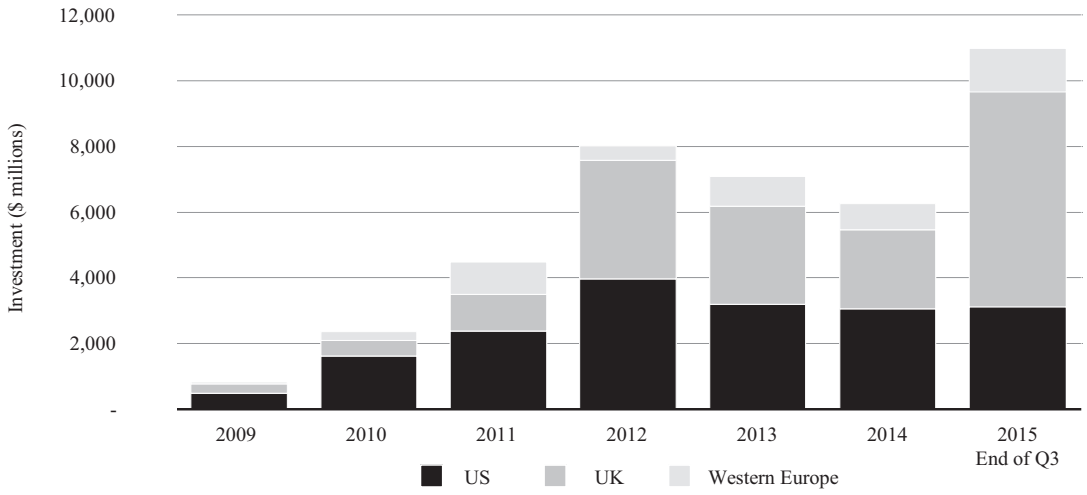
- Distinct design layouts based on single-occupancy bedrooms in two to five bedroom floor plans, with low bed-to-bathroom ratios (1:1 ratio with private en-suite bathrooms in newer models), arranged around a central kitchen and dining/living area;
- Lease terms are typically “by the bed” (as opposed to “by the unit” in traditional multi-residential);
- Parental guarantor requirement;
- Fully furnished units in many properties;
- Bundled pricing (typically including utilities, cable and internet);
- Enhanced security features, including state of the art key fobbed access to all entrances, suites and bedrooms, and staffed front desks where available;
- Condominium style student focused amenities (study areas, game rooms, fitness centers, lounge areas, movie theatres); and
- Active residence life and academic and personal student support programs.

The Global Student Housing Sector

The student housing sector first emerged in the early 1990’s in the US, with the first off-campus purpose-built student housing residence opening in 1992. As post-secondary enrollment continued to rise, fueled by significant inflows of international students, institutional investment in the student housing market began to increase, fueling the continued growth, development and institutionalization of the sector. On the back of the driving force of institutional capital, the global student housing sector has grown to an estimated size of US$200 billion, according to JLL’s Global Student Housing report.

Favourable student housing market fundamentals, characterized by limited supply and excess demand, have attracted institutional investment and caused significant transactional activity in the mature markets. As is evident from the illustration below, the vast majority of institutional investment flowing into the student housing sector has been concentrated in the two most mature student housing markets, the US and the UK. Global investment in the student housing sector increased from $0.8 billion to $11.0 billion between 2009 and 2015, respectively.

Historical Global Investments in Student Housing[1]



Source: Real Capital Analytics

Notes:

(1) Deals greater than $7.5 million

The US Student Housing Sector

The US has been a global leader in private, purpose-built student housing since the early 1990's, at which time the sector started to experience dramatic change driven by significant increases in student enrollment as well as a shift in the demands of student-tenants. This led to the development of new, higher-quality student housing properties with private student rooms in purpose-built residences and a wide array of amenities that catered to the collegiate lifestyle.

US universities continue to have limited on-campus capacity to accommodate the growing student population, creating opportunities for private investors, developers and operators. Publicly-listed student housing REITs have taken advantage of these opportunities and by 2011, public REITs accounted for 23% of student housing ownership in the US, according to JLL's Global Student Housing Report. The two largest public student housing companies in the US are listed below.

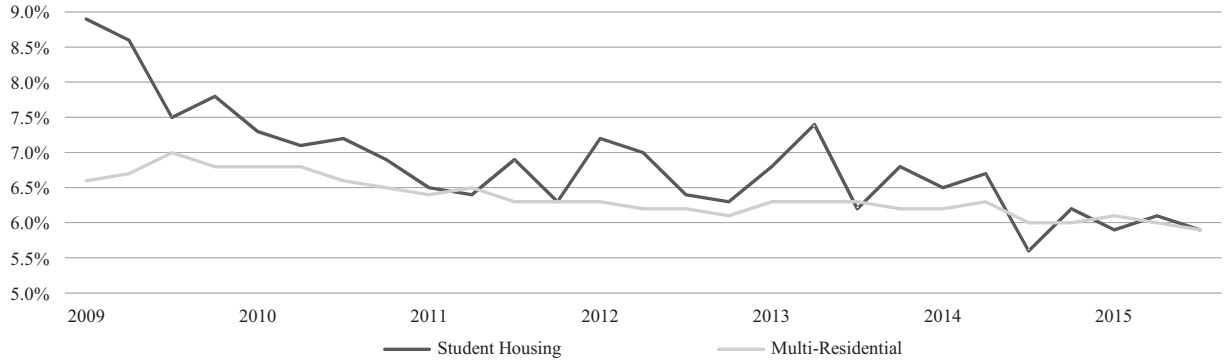
Company	Market Cap[1]	EV[1]	Number of Beds	Major Markets
American Campus Communities	$6,637	$9,103	87,471	Texas, California
Education Realty Trust	3,151	3,489	184,096	Kentucky, Georgia

Note: Market Data and financial information based on closing price as at September 30, 2016

(1) In millions

Within less mature student housing markets, such as Canada, the sector continues to be attractively valued compared to its multi-residential alternative. There continues to be a significant gap between Canadian multi-residential cap rates and student housing cap rates, with the latter generally exhibiting levels of 100bps to 200bps higher than multi-residential. A similar trend occurred in the US, prior to the consolidation of the student housing sector.

Historical US Cap Rates



Source: Real Capital Analytics

Despite the increased valuations and yield compression of the US student housing market, Canadian institutional investors are still attracted to the asset class. On January 4, 2016, CPPIB and The Scion Group formed a joint venture, Scion Student Communities LP, to acquire University House Communities Group (UHC), for total consideration of approximately US$1.4B, including the cost to complete current development projects from InvenTrust Properties Corp. The portfolio is comprised of approximately 13,000 beds located on 21 university campuses across the US. The joint venture is expected to continue to pursue additional opportunities to acquire high-quality student housing assets, primarily in Tier 1 university markets in the US.

The UK Student Housing Sector

The UK student housing sector expanded rapidly during the 1990's as universities began to partner with private investors in order increase the quantity and quality of student housing. Ownership in the UK student housing sector is more consolidated than the US, with 86% of beds owned by only seven companies. The largest public student housing companies in the UK include:

Company	Market Cap[(1)]	EV[(1)]	Number of Beds	Major Market
Unite Group PLC	£1,409	£1,963	49,000	London, Sheffield
Empiric Student Property PLC	581	572	7,396	Liverpool, Leeds
GCP Student Living PLC	381	443	2,000	London, Egham

Note: Market Data and financial information based on closing price as at September 30, 2016

(1) In millions.

The UK student housing market has experienced significant expansion over the last decade and for the first three quarters of 2015 led all countries in global investment. Over that period, $6.5 billion was invested in the UK, compared with only $3.0 billion into the US. These record volumes in the UK were primarily fueled by large, institutional acquisitions, including the following:

Property / Portfolio	Beds	Price	Purchaser
Brandeaux / Liberty Living Portfolio	16,748	£1,100,000,000	Canada Pension Plan Investment Board
The Nido Portfolio	2,521	600,000,000	Greystar Real Estate Partners
Woodbourne Portfolio	5,867	540,000,000	Greystar Real Estate Partners
Pure Student Living Portfolio	2,150	532,000,000	LetterOne Treasury Services
Student Castle Portfolio	2,153	330,000,000	CPPIB Liberty Living
Ahli United Bank Portfolio	2,100	271,000,000	Unite UK Student Accommodation Fund
Assam Place	346	110,000,000	Greystar Real Estate Partners
Paul Street	456	108,600,000	Apache Capital
Union Portfolio	839	83,000,000	LetterOne Treasury Services
ISL	347	70,000,000	Round Hill Capital

Source: Cushman & Wakefield – UK Student Accomodation Report 2015/16.

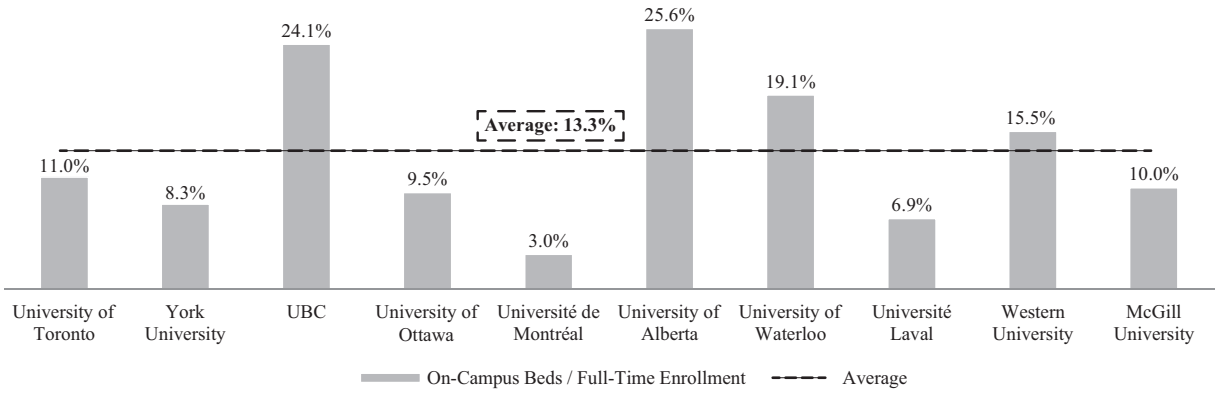
Opportunities in the UK student housing market have attracted large Canadian institutional investors. On March 6, 2015, the Canada Pension Plan Investment Board (CPPIB) announced that it had purchased Liberty Living, one of the UK's largest providers of student housing, for approximately £1.1 billion ($2.1 billion). Liberty Living's portfolio is comprised of 40 student housing residences with nearly 17,000 rooms, located in 17 of the largest university cities and towns in the UK.

The Canadian Student Housing Sector

Management believes that the Resulting Issuer will benefit from a number of favourable characteristics and trends in the Canadian student housing sector that mirror those in other more developed markets, including:

- *Limited housing supply*. Purpose-built student housing is an attractive alternative for students who do not live at home with parents and are unable to find accommodation in on-campus residences. Campus housing supply is very limited at most Canadian post-secondary institutions, where the capacity will only allow for a fraction of the total enrollment. On-campus development is limited at post-secondary institutions due to financial constraints of the educational institutions. Based on information made publicly available for the top 10 post-secondary institutions in Canada (based on full-time enrollment), the average available on-campus accommodation as a percentage of enrollment is only 13%, which is in-line with the post-secondary institutions that are in close proximity to the Properties.

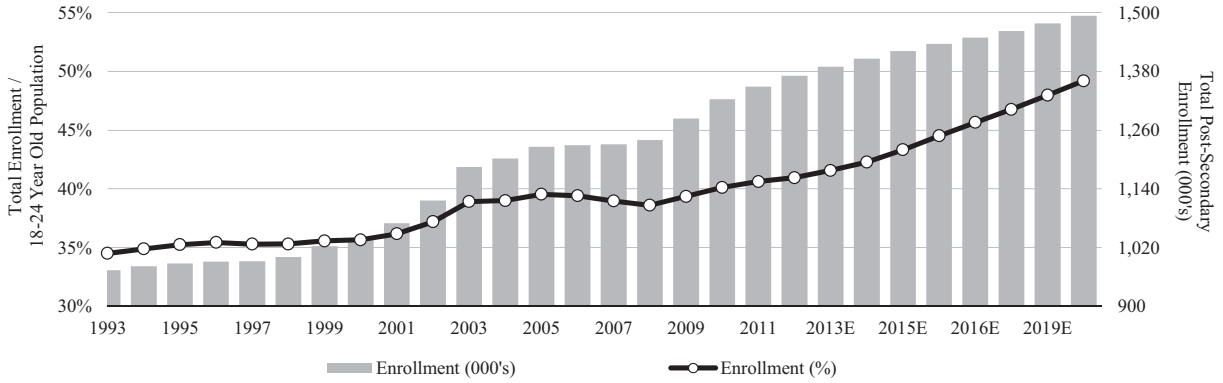
Student Housing Supply at the Top 10 Largest Canadian Post-Secondary Institutions



Source: Statistics Canada, University Websites, Employment and Social Development Canada, Association of Universities and Colleges of Canada and Canadian Bureau for International Education ("CBIE").

- *Continued increase in demand for student housing*. Management believes a projected continued increase in post-secondary education enrollment will result in strong demand for purpose-built student housing in the future. According to Employment and Social Development Canada, post-secondary education enrollment as a percentage of the 18 to 24 age group population increased dramatically from 35% in 1993 to 41% into 2012, and is forecasted to continue to increase over the next five years, reaching 49% in 2020. Over the last 20 years, Canada has experienced enrollment growth at a compounded annual growth rate (CAGR) of approximately 2.0%, with enrollment increases each year, demonstrating the recession resistant nature of the asset class.

Canadian Post-Secondary Enrollment



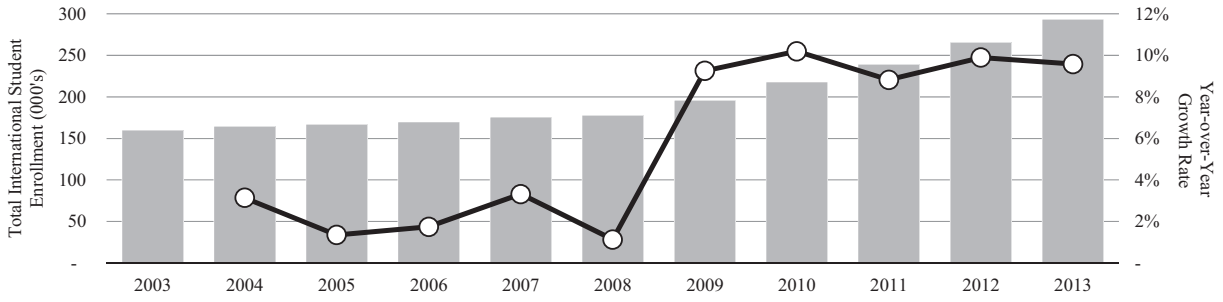
Source: Statistics Canada, Employment and Social Development Canada and Association of Universities and Colleges of Canada.

The increase in post-secondary enrollment has been driven primarily by growth in both domestic enrollment and in the number of international students attending post-secondary institutions in Canada.

The domestic enrollment growth is due partly to the increased percentage of high school graduates who attend post-secondary institutions. In 1993, the percentage of high school graduates who attended post-secondary institutions was 32%, compared to 38% in 2012. It is expected that 46% of high school graduates will attend post-secondary institutions by 2020.

Management believes that international students are an important source of demand for student housing and trends point to continued growth in the international student population. Attracting foreign students to Canadian post-secondary institutions has garnered increased attention in recent years as both governments and institutions capture the economic benefits that these students provide. Between 2003 and 2014, the number of international students in Canada increased by 114%, representing an 11-year compounded annual growth rate of 6.7%. In 2014, the Federal Government announced a new International Education Strategy with the goal of more than doubling the international student and researcher population by 2022.

International Post-Secondary Students in Canada



Source: Canadian Bureau for International Education.

- *Fragmented Ownership*. The Canadian student housing sector is characterized by fragmented ownership with a significant amount of student housing owned by small private owners. Management believes that the Resulting Issuer can act as the leading consolidator in the sector, providing liquidity to these private owners. They also believe the current Canadian student housing sector is presenting similar opportunities that the U.S. and U.K. student housing sectors did back when they were less mature. In each of those markets, the initial student housing consolidator was able to build significant scale over a relatively short period of time while providing investors with attractive returns.
- *Potential for University Partnerships*. Management believes that Canadian post-secondary institutions recognize that building and operating student housing is not their core competency and that private operators may be able to manage student housing in a more cost effective manner without adversely affecting the experience of the student-tenant. In addition, government funding restrictions may have also forced institutions to reduce non-core invest-

ments, which may result in further decreases in the availability of on-campus accommodations as a percentage of the total student population. Management believes that, as a leader in student housing in Canada, the Resulting Issuer will be well-positioned to work alongside post-secondary institutions to address on-campus housing requirements.

- *Changing Student-Tenant Preferences*. Traditional student housing options generally consisted of shared rooms, communal bathroom facilities, unfurnished suites and extremely limited amenities. Consumer preference has increasingly moved away from these traditional dormitory-style facilities and instead favours purpose-built properties which are specifically designed to appeal to modern day university students. The amenities that differentiate high-quality, purpose-built student housing from traditional student housing include those focused on academics (individual and group study areas, internet connectivity, printing capabilities), entertainment (games rooms, theatre rooms, lounging areas), privacy (individual bedrooms, private washrooms), security (key fobbed access to all entrances, suites and bedrooms, staffed front desks, closed-circuit cameras), convenience (fully furnished suites, walking distance to campus), health (exercise facilities) and accessibility (parking). Given the high-quality of the Properties and ability to meet these preferences, management believes that the Resulting Issuer will be at the leading edge of this shift in consumer preference.

All of the foregoing characteristics and trends lead management of the Corporation and CHC to believe that there are significant investment opportunities in the Canadian student housing sector, and that the Resulting Issuer will be well-positioned to take advantage of these opportunities with its first mover advantage.

PRO FORMA FINANCIAL INFORMATION

The following table sets forth selected information from the Pro Forma Financial Statements of CSL as at June 30, 2016 after giving effect to the Qualifying Acquisition assuming no redemptions of Class A Restricted Voting Shares and all prerequisites. The following selected financial data has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Pro Forma Financial Statements and the historical financial statements of each of the Corporation, CHC, CHC LP, the 50% co-ownership interest in the CHC LP Properties owned by the CHC Properties Co-Owner and the Operating Properties and the notes thereto, all contained elsewhere in this prospectus.

Current assets	$ 2.984 million
Total assets	$344.343 million
Liabilities	$210.044 million
Shareholders' equity	$134.299 million

See *"Management Outlook and Growth Opportunities"*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following MD&A of the pro forma financial position and results of operations of the Resulting Issuer constitutes management's review of the factors that would have affected CSL's operating performance for the year ended December 31, 2015 and the six-month interim period June 30, 2016 and its financial position as at June 30, 2016 on a pro forma basis assuming the completion of the Qualifying Acquisition. The assumptions for the pro forma financial position and results of operations of CSL for these periods do not assume any redemption of any Class A Restricted Voting Shares of DAQ nor the operation of the 2016 Properties, as the 2016 Properties became operational at the start of the 2016/17 School Year in September 2016. This MD&A is dated and has been prepared with information available as of October 14, 2016.

This MD&A should be read in conjunction with the pro forma consolidated financial statements of the Resulting Issuer as at and for the year ended December 31, 2015 and the six-month interim period ended June 30, 2016 (the "**Pro Forma Financial Statements**"). See "*Pro Forma Financial Information*". This MD&A should also be read in conjunction with the historical financial statements of each of the Corporation, CHC, CHC LP, the 50% co-ownership interest in the CHC LP Properties and the Operating Properties, including the notes thereto, all contained elsewhere in this prospectus. The Pro Forma Financial Statements have been prepared in accordance with IFRS.

Certain statements contained in this MD&A include forward-looking information within the meaning of applicable securities laws. See "*Forward-Looking Statements*".

CSL intends to use certain non-IFRS measures as key performance indicators, including NOI, FFO and AFFO. We believe these non-IFRS measures provide useful supplemental information to both management and investors in measuring the financial performance of the Resulting Issuer. See "*Non-IFRS Measures*".

Resulting Issuer Overview

The Resulting Issuer is expected to be formed under the Qualifying Acquisition through the amalgamation of the Corporation, CHC and CHC Subco. The name of the Resulting Issuer will be "Canadian Student Living Group Inc." As a result of the Arrangement, the property of each of the Corporation and CHC will become the property of CSL, and CSL will continue to be liable for the obligations of each of the Corporation and CHC. CSL will continue to carry on the business and operations of CHC, after giving effect to the Acquisitions. See "*The Resulting Issuer*".

Upon closing of the Arrangement and the Acquisitions, CSL expects to own interests in 4,420 student housing beds in 18 high-quality properties, consisting of the CHC Properties, the CHC LP Properties, the Operating Properties and the 2016 Properties, making it one of the largest portfolios of its kind in Canada. See "*The Resulting Issuer*" and "*The Properties*".

Summary of Selected Financial and Operational Information

The selected financial information set out below relating to the pro forma financial position of CSL is based on and derived from the Pro Forma Financial Statements:

Statement of Financial Position Data	As at June 30, 2016 ($)
Cash	$ 1.736 million
Investment properties	$336.670 million
Total assets	$344.343 million
Mortgages payable, current	$ 27.722 million
Mortgages payable, non-current	$172.417 million
Total liabilities	$210.044 million

The selected financial information set out below relating to the pro forma financial results of CSL is based on and derived from the Pro Forma Financial Statements:

Statement of Comprehensive Income Data	Year Ended December 31, 2015 ($)	Six Months Ended June 30, 2016 ($)
Property revenues	$ 23.434 million	$ 12.008 million
Property operating expenses	$ 10.221 million	$ 5.121 million
NOI	$ 13.213 million	$ 6.887 million
General and administrative expense	$ 2.887 million	$ 1.105 million
Acquisition transaction costs	$ 2.54 million	$ (0.754 million)
Other income	$ 1.082 million	$ 0.610 million
Interest expense	$ 8.535 million	$ 4.295 million
Income tax expense	—	$ 1.139 million
Fair value adjustment of investment properties (gain)/loss	$ (0.620 million)	$(20.942 million)
Stock based compensation	$ 0.433 million	$ (0.034 million)
Other expenses	$ 11.718 million	—
Net income (loss)	$(11.198 million)	$ 22.688 million
Net income (loss) per share – basic and diluted	$ (0.71), $(0.71)	$ 1.43, $1.02
Basic shares outstanding	15.857 million	15.857 million
Diluted shares outstanding	15.857 million	22.207 million

Overall Performance

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 and other sundry revenues. The commercial tenant revenues include rent earned pursuant to lease agreements and may include property taxes, operating costs and other recoveries. Pro forma property revenues for the year ended December 31, 2015 were $23.434 million. Pro forma property revenues for the six months ended June 30, 2016 were $12.008 million. All of CSL's residential leases are expected to be for a term of one year or less. Commercial revenue will be recognized on a straight-line basis over the term of the lease.

Property Operating Expenses

Pro forma property operating expenses for the year ended December 31, 2015 were $10.221 million. For the six months ended June 30, 2016, *pro forma* property operating expenses were $5.121 million.

Property operating expenses consist primarily of property taxes, utilities, wages of onsite property staff, internet and telecom, repairs and maintenance and third party property management fees. Only costs relating to the commercial space are recoverable from tenants. Monitoring and controlling property level costs will be an important component of the Resulting Issuer's business.

Net Operating Income

Pro forma NOI for the year ended December 31, 2015 was $13.213 million. Pro forma NOI for the six months ended June 30, 2016 was $6.887 million.

General and Administrative Expenses

General and administrative expenses relate to head office and public company costs. Head office costs include rent, corporate marketing and compensation. Public company costs include audit, legal and filing costs related to CSL's listing on the TSX. General and administrative expenses also include the costs related to the completion of the Qualifying Acquisition.

Pro forma general and administrative expenses for the year ended December 31, 2015 were $2.887 million. Pro forma general and administrative expenses for the six months ended June 30, 2016 were $1.105 million.

Other Income

Pro forma other income for the year ended December 31, 2015 was $1.082 million and for the six months ended June 30, 2016 was $0.610 million.

Interest Expense

Pro forma interest expense for the year ended December 31, 2015 was $8.535 million and for the six months ended June 30, 2016 was $4.295 million and in each case was attributable to interest on mortgage financing related to the CHC Properties, the CHC LP Properties and the Operating Properties.

For additional information relating to CSL's mortgages and long-term debt principal repayments, see "*Debt Strategy and Indebtedness*".

Liquidity and Financial Position

Liquidity

CSL intends to fund capital for operations 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 is expected to represent the principal source of cash to fund capital expenditures, debt service and general and administrative expenses. At June 30, 2016, CSL had pro forma cash on hand of $1.736 million after giving effect to the Acquisitions.

Debt

For information relating to CSL's mortgages and long-term debt principal repayments, see "*Debt Strategy and Indebtedness*".

Disclosure of Outstanding Share Data

For disclosure regarding the pro forma capitalization of CSL, see "*Capitalization of the Resulting Issuer*".

Management Outlook and Growth Opportunities

See *"Management Outlook and Growth Opportunities"*.

Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the Resulting Issuer's *pro forma* consolidated financial statements requires management to make judgments and estimates and assumptions that affect the reported amounts and disclosures made in the consolidated 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. CSL's pro forma significant accounting policies are described in note 3 to the Pro Forma 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 Resulting Issuer is expected to account for acquisitions of operating properties as a Business Combination in accordance with IFRS 3.

Estimates

Student housing properties are measured at fair value in the *pro forma* 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, and 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 in the fair value of an investment property and vice versa. Management will monitor and assess changes in the student housing market, which may affect the valuation parameters applied to properties.

Disclosure and Internal Control Over Financial Reporting

The Resulting Issuer could be adversely impacted if there are deficiencies in disclosure controls and procedures or internal control over financial reporting. The design and effectiveness of the Resulting Issuer's disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management will periodically review the design and effectiveness of the Resulting Issuer's disclosure controls and procedures and internal control over financial reporting, the Resulting Issuer 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 the Resulting Issuer's results of operations, restatements of its financial statements, a decline in its share price, or otherwise materially adversely affect its business, reputation, results of operation, financial condition or liquidity.

Off-Balance Sheet Arrangements

CSL had no pro forma off-balance sheet arrangements for the year ended December 31, 2015 or the six months ended June 30, 2016.

Risks

There are certain risks inherent in an investment in the securities of CSL and in the activities of CSL. See "*Risk Factors*".

MANAGEMENT OUTLOOK AND GROWTH OPPORTUNITIES

2017 Outlook

CSL's fiscal year end will be December 31. Management believes that the Resulting Issuer will be well-positioned to grow revenue, NOI, FFO, AFFO, profitability, cash flows and number of beds by both acquisitions and new developments.

Management expects to generate proportionate NOI from the current 18 Properties (not including the additional 25% interest in the Ottawa Property expected to be purchased later in 2017) of $18.6 to $19.5 million in 2017. The creation of CSL in 2016, the completion of the four new properties in 2016 and the full year of operations of the outstanding properties combine to generate management's forecast which incorporates some combination of increased rental rates across the portfolio, stable occupancy and modest improvement in expense margins to be realized over the course of 2017. The aggregation of the 18 Properties has created some local and national operating efficiency opportunities that management hopes to materialize; however, those costs savings are likely to be realized over an extended period of time while current operating contracts are renegotiated to reflect CSL's larger presence both locally and nationally.

Management anticipates its average cost of debt for the year to be approximately 3.7%. The Corporation and CHC are in the process of finalizing the debt structure for the Properties and are considering multiple refinancing strategies to lower CSL's cost of debt and extend the term on certain outstanding first mortgage loans. Management also anticipates its general and administration expenses at the corporate holding company (net of expenses bourn at the individual property level) to be approximately $1.7 million, of which $0.2 million are expected to be non-cash costs. Management is also projecting $0.4 million of maintenance capital expenditures on the Properties above and beyond approximately $1.1 million of repairs and maintenance already budgeted and included in the NOI projections.

Management believes that CSL's current assets will generate proportionate AFFO per share of $0.58 to $0.63 in 2017 and is initially targeting a 50% dividend payout of AFFO to shareholders

Near-Term Acquisition Strategy

Management believes that acquisitions are an important component to the entire growth strategy of the Corporation. The dollar value and number of acquisitions will depend greatly on the market environment, asset pricing and financing alternatives. As the largest consolidator in the sector with access to various financing sources, the management of CSL believes it is well-positioned to acquire high-quality assets at attractive prices.

Management continues to have discussions with owners of operating purpose-built student housing properties across the country and is focused on acquiring additional assets in value accretive transactions. The Corporation believes that limited institutional capital to date and a lack of a large market consolidator has created pent-up supply of high-quality student housing assets held by local developers and their investors who are looking to vend their assets and redirect their capital into new development opportunities. While no agreements have been signed and as a result no assurances can be given, management has been carrying on discussions with potential vendors holding approximately $700 million of assets and hopes to execute on approximately $150 million of acquisitions in the next 12 months. CSL expects to have an agreement in place to purchase an additional 25% of the Ottawa Property in 2017 at the same price as for its initial 25% interest.

In addition, management expects to use its free-cash-flow to support smaller, tuck-in acquisitions (such as the acquisition of the additional 25% of the Ottawa Property) in certain markets where the Corporation already operates and have local expertise. Management will target high-quality assets at similar valuations to those realized to date and will focus operations to realize some local economies of scale post acquisitions.

Long-term Growth Strategy

Management is focused on providing a balance of organic/internal growth as well as acquisition and/or development oriented growth to its shareholders. Management of CSL believes it can grow its AFFO per share from current operations combined with investing available free-cash-flow not distributed to shareholders by approximately 10% per annum over the next three to five years. Attractively priced, high-quality asset acquisitions financed with additional capital should help drive growth at higher rates.

In the long-term, management believes that it should be able to leverage the growing supply/demand imbalance in the sector combined with its higher quality product offering to grow its same-store NOI at a pace higher than the Canadian multi-family residential sector. Management has already begun to identify best-practices at the various Acquisition Properties and plans to roll-out new initiatives in 2017 to (a) drive the top-line of various Properties as well as (b) manage their underlying costs of the various buildings. Management is focused on cost savings at a local and national level given the scale CSL expects to realize with this series of Acquisitions. At a local level, CSL will be focused on bundling its property operations (such as operational and leasing head-counts) and third party services such as garbage removal, snow removal and landscaping services to maximize efficiencies and NOI margins. At a national level, CSL will be focused on using its scale to help drive better pricing and increase bargaining power for expense items such as security, internet and insurance contracts. In addition, management believes that CSL's national scale and access to capital will allow it to consider interesting and unique alternatives to manage and reduce operating costs such as the introduction of off-grid electricity production from cogeneration assets to reduce utility expenses for certain properties.

The Resulting Issuer will have approximately $203.9 million of proportionate debt outstanding at the close of the Qualifying Acquisition. CSL will have $44.5 million of debt maturing in the next two years with an average interest rate of 3.8%. Based on current bond yields for 5-year and 10-year debt, and an expectation that yields will stay low in the near-term, management expects to refinance certain of its maturing mortgages at lower interest rates, creating interest expense savings.

Dividend Strategy

CSL intends to commence paying dividends and distributing a portion of its AFFO to holders of its Common Shares on a monthly basis in the initial amount of $0.025 per Common Share per month ($0.30 per Common Share on an annual basis) starting in January 2017, although these dividends are not assured. Management and the Board of CSL currently expect to continue its proposed strategy of distributing 50% of its AFFO to shareholders and will regularly meet to discuss possible changes to the monthly dividend per Common Share.

CAPITALIZATION OF THE RESULTING ISSUER

Description of the Share Capital

The authorized capital of CSL will consist of an unlimited number of Common Shares, without nominal or par value. The Common Shares will have the same terms as the CHC Shares, including the terms applicable to the CHC Shares in relation to qualification as a "mutual fund corporation" under the Tax Act.

Each Common Share will entitle the holder thereof to one vote at meetings of Shareholders and to receive dividends if, as and when declared by the Board, subject to the rights of holders of shares of any class ranking prior to the Common Shares with respect to the payment of dividends. Dividends which the Board determines to declare and pay, shall be declared and paid in equal amounts per share on the Common Shares at the time outstanding without preference or distinction. Subject to the rights of holders of shares of any class ranking prior to the Common Shares, holders of Common Shares will be entitled to receive on a pro rata basis the remaining property or assets of the Resulting Issuer in the event of any liquidation, dissolution or winding-up of the Resulting Issuer.

The Common Shares will also subject to certain retraction rights whereby, subject to the provisions of subsection 32(2) of the OBCA, each holder of Common Shares will be entitled to require that CSL redeem at any time all or, from time to time, any part of the Common Shares held by such holder and that CSL pay, for each share to be redeemed, the Retraction Price thereof (as hereinafter defined), together with all declared and unpaid distributions thereon. In the case of such a redemption, the holder will be required to surrender the certificate(s) representing such shares at the registered office of CSL or its transfer agent accompanied by a notice in writing signed by such holder requiring CSL to redeem all or a specified number of the shares represented thereby. As soon as practicable following the receipt of such notice, but not more than 60 days thereafter, CSL will be required to pay or cause to be paid to the order of the registered holder of the shares to be redeemed, the Retraction Price thereof. If a part only of the shares represented by any certificate is redeemed at any time in a fiscal year of CSL, a new certificate for the balance shall be issued on or before the end of the fiscal year, at the expense of CSL. The "**Retraction Price**" for each Common Share shall be the lesser of: (a) 95% of the Market Price (as hereinafter defined) calculated as at the date of the surrender of Common Shares for retraction; and (b) 95% of the most recent Closing Market Price (as hereinafter defined) on the date of the surrender of Common Shares for retraction. "**Market Price**" at any time, means an amount per Common Share equal to the weighted average of the Closing Market Prices for the shares during the 180 immediately preceding trading days on the principal market on which the shares were quoted for trading; and "**Closing Market Price**" means the last trading price per share of the Common Shares on any day on which there was a trade of the shares. The Retraction Price may be fully paid and satisfied, at the sole option of CSL, by cash payment or by the issuance by CSL of a promissory note (the "**Retraction Note**") which shall bear interest at a rate equal to the prescribed rate of interest calculated pursuant to paragraph 4301(c) of the Regulations in effect at the time of its issue and will mature and be fully repaid at the end of one year after issuance. The terms and conditions of the Retraction Notes will also provide that in all circumstances the Retraction Notes may be prepaid without penalty.

The Common Shares will also be subject to certain redemption rights whereby CSL will be able, from time to time, without notice to a shareholder, to redeem any Common Shares owned by the shareholder at the Redemption Price (as hereinafter defined) for each share being redeemed, if the redemption of the shares is considered necessary by the directors of CSL to ensure that CSL complies with the provisions of the Tax Act governing mutual fund corporations or other legislation or regulatory requirements applicable to CSL or to ensure that CSL does not become subject to the legislation of a foreign jurisdiction. The "**Redemption Price**" for each Common Share shall be the lesser of: (a) 100% of the Market Price (as defined above) calculated as at the date of the redemption of the shares; and (b) 100% of the most recent Closing Market Price (as defined above) on the date of the redemption of the shares. In the case of a redemption of Common Shares, CSL must, as soon as practicable, pay or cause to be paid to the order of the registered holder of the shares so redeemed, the Redemption Price thereof in cash. If a part only of the shares represented by any certificate is redeemed at any time in a fiscal year of CSL, a new certificate for the balance shall be issued on or before the end of the fiscal year, at the expense of CSL.

Pro Forma Share Capital of the Resulting Issuer

The Qualifying Acquisition includes a series of transactions that will impact the Common Shares of the Resulting Issuer which will be outstanding upon Closing. The following table sets out the expected pro forma primary share capital of CSL upon Closing assuming no redemption rights are exercised by DAQ shareholders. The table outlines the share capital impact of the major steps of the transaction, namely (1), the proforma CHC Shares issued pursuant to the Arrangement for the outstanding DAQ shares and certain of the CHC LP Units and to fund certain other asset acquisitions as part of the Qualifying Acquisition, and (2) the subsequent Consolidation that will occur following the amalgamation of DAQ, CHC and CHC Subco under the Arrangement to create CSL.

Primary Share Capital of Resulting Issuer:

	Current Outstanding	Issued in Qualifying Acquisition	Post-QA Pre-Consolidation	Impact of Consolidation[5]	Post-QA and Post Consolidation
CHC Shares outstanding	2,335,181	63,070[1]	2,398,251	(1,030,201)	1,368,050
Common Shares issued to DAQ Shareholders[2]		24,274,639	24,274,639	(10,427,499)	13,847,140
Common Shares issued to CHC LP Unit Holders[3]		942,418	942,418	(404,828)	537,590
Common Shares issued to CHC LP Management and CHC LP General Partner[4]		139,298	139,298	(59,837)	79,460
Common Shares issued related to acquisition of various Properties		43,478	43,478	(18,677)	24,802
Total	**2,335,181**	**25,462,903**	**27,798,084**	**(11,941,042)**	**15,857,042**

Note:

(1) CHC Shares issuable to directors of CHC in consideration of settling the 63,070 outstanding CHC DSUs (estimated amount based on a market price of the CHC Shares of $5.75 per share on Closing).

(2) CHC Shares issued to DAQ Shareholders calculated as follows:

DAQ Class A Restricted Voting Shares Outstanding	11,230,000
DAQ Class B Common Shares Outstanding	3,345,937
Less: Forfeited Founders Shares	-728,797
Total Shares at time of QA	13,847,140
Exchange Ratio of CHC Shares per DAQ Share	1.75304
Implied CHC Shares in the Exchange	24,274,639

(3) CHC Shares issued to CHC LP Unit holders calculated as follows:

Value of CHC LP Unit holders that elected share consideration	$5,418,905
DAQ share value in consideration	10.08
Implied DAQ shares delivered in QA	537,590
Exchange Ratio of CHC Shares per DAQ Share	1.75304
Implied CHC Shares in the Exchange	942,418

(4) CHC shares issued to CHC LP Management and CHC LP General Partner for the CHC LP Management Internalization calculated as follows:

Net value of CHC LP Management Internalization	$800,961
DAQ share value in consideration	10.08
Implied DAQ shares delivered in QA	79,460
Exchange Ratio of CHC Shares per DAQ Share	1.75304
Implied CHC Shares in the Exchange	139,298

(5) Consolidation ratio of 0.57044 post-Consolidation shares for each one pre-Consolidation share

As noted in the above analysis, in connection with the Qualifying Acquisition, the founders of DAQ, being Dundee Corporation and the independent directors of DAQ, have agreed to reduce the value of their founders' shares by 25% of what they currently own, by giving up 728,797 forfeitable Class B Shares conditional on (and at the time of) closing of the Proposed Qualifying Acquisition. This will reduce the number of Class B Shares outstanding from 3,345,937 to 2,617,140 immediately prior to the exchange of the Class B Shares for CHC Shares under the Arrangement.

The pro forma Resulting Issuer's primary common shares outstanding are 15,857,042 assuming no redemptions for DAQ's Class A Restricted Shares in the transaction. CHC and DAQ have warrants and options outstanding at strike prices in excess of the DAQ Redemption Price per share that may convert into an additional 6,350,763 Common Shares of the Resulting Issuer.

Pro Forma Fully Diluted Share Capital of the Resulting Issuer:

	Pro Forma Primary Shares	Common Shares Issuable upon Exercise of issued and outstanding convertibles	Pro Forma Exercise Price	Percentage of Fully Diluted Common Shares
Common Shares outstanding with CHC Shareholders	1,368,050			6.0%
Common Shares issued to DAQ Shareholders	13,847,140			62.4%
Common Shares issued to CHC LP Unit Holders	537,590			2.4%
Common Shares issued to CHC LP Management	79,460			0.4%
Common Shares issued related to acquisition of various Properties	24,802			0.1%
Existing share purchase warrants of CHC[(1)]	0	497,319	$19.37	2.2%
Existing stock options of CHC[(2)]	0	23,069	$14.90	0.1%
Replacement Warrants (DAQ Warrants)[(3)]	0	5,830,375	$11.50	26.3%
Total	**15,857,042**	**6,350,763**		**100.0%**

Note:

(1) CHC's existing warrants issued November 19, 2014. As at the date of this prospectus, there are 871,822 warrants outstanding with an exercise price of $11.05 per CHC Share (current share price, pre-Consolidation). Based on the Consolidation ratio of 0.57044 post-Consolidation shares per one pre-Consolidation share, the resulting warrants outstanding are 497,319 and the exercise price adjusts at the same ratio to $19.37 per share.

(2) As at the date of this prospectus, there are 40,441 options outstanding with an exercise price of $8.50 per CHC Share (current share price, pre-Consolidation). Based on the Consolidation ratio of 0.57044 post-Consolidation shares per one pre-Consolidation share, the resulting options outstanding are 23,069 and the exercise price adjusts at the same ratio to $14.90 per share.

(3) As at the date of this prospectus, there are 5,830,375 Warrants outstanding with an exercise price of $11.50 per share. Pro forma the exchange ratio and Consolidation, the number of Replacement Warrants and their exercise price remain the same as before the transaction.

Options to Purchase Securities

As discussed above, both CHC and DAQ currently have options and/or warrants outstanding that will remain outstanding with the Resulting Issuer. The following table provides information as to options and warrants to purchase Common Shares of CSL that, as of the date of this prospectus, are expected to be outstanding immediately following the Closing:

Issuer	Security	Details
CHC	Warrants	871,822 outstanding as of the date of this prospectus issued as part of an equity financing completed in November 2014. The warrants expire in November 2017 and have an exercise price of $11.05 per CHC Share (pre-Consolidation). Pro forma the Qualifying Acquisition and Consolidation, the warrants outstanding will be consolidated to 497,319 warrants of CSL with an adjusted exercise price of $19.37 per share and the same term.
CHC	Options	40,441 outstanding as of the date of this prospectus issued as part of a 2013 stock option plan adopted by CHC. The options expire in December 2018 and have an exercise price of $8.50 per CHC Share (pre-Consolidation) Pro forma the Qualifying Acquisition and Consolidation, the options outstanding will be consolidated to 23,069 options of CSL with an adjusted exercise price of $14.90 per share and the same term.
DAQ	Warrants	5,830,375 outstanding as of the date of this prospectus issued as part of the 2015 initial public offering of DAQ. The warrants expire five years post the closing of DAQ's Qualifying Acquisition and have an exercise price of $11.50 per share. Pro forma the Qualifying Acquisition and Consolidation, the Replacement Warrants outstanding will remain unchanged as the share exchange and Consolidation off-set each other and therefore the number of Replacement Warrants and strike price remain the same as for the Warrants.

Stock Option Plan

CHC currently has a stock option plan that was adopted by the Board of Directors on November 18, 2013 in connection with CHC's initial public offering and listing on the TSX-V. It is expected that the Board of Directors of CSL will amend or replace CHC's option plan shortly after Closing to ensure it is compliant with TSX requirements and best practices, and

designed to motivate and retain officers, key employees, directors and other service providers, and to align their interests with those of CSL's shareholders.

Deferred Share Unit Plan

CHC currently has the CHC DSU Plan that was adopted by the Board of Directors on September 13, 2016, subject to approval by the TSX-V and CHC's shareholders. See "*CHC Student Housing Corp. – Capitalization*". It is expected that the Board of Directors of CSL will amend or replace the CHC DSU Plan shortly after Closing to ensure it is compliant with TSX requirements and best practices, and designed to motivate and retain non-executive directors, and to align their interests with those of CSL's Shareholders.

AVAILABLE FUNDS AND PRINCIPAL USES

The following table sets forth the estimated cash available to the Resulting Issuer for the completion of the Qualifying Acquisition, assuming no redemptions of the DAQ Class A Restricted Voting Shares:

Available Funds and Principal Uses:

(Figures in $ millions, unless stated otherwise.)	Initial Balance prior to Closing	Working Capital Adjustments[1]	Ending Balance prior to Closing	At Closing[2]	Subsequent to Closing[3]	Ending Balance
DAQ – Escrow Cash	113.0	0.2	113.2			
DAQ – Cash on Hand	0.6	(0.3)	0.3			
CHC – Cash on Hand	0.2	0.0	0.2			
Total Cash	**$113.8**	**$(0.1)**	**$113.7**			
Less : Cash for CHC LP Property Acquisitions[4]				(76.4)	—	
Less : Cash for Operating Property Acquisitions[4]				(12.2)	—	
Less : Cash for 2016 Property Acquisitions[4]				(5.5)	(6.7)	
Less : Growth Capital Expenditures[5]				—	(0.3)	
Less : Transaction Expenses and Select Accounts Payable[6]				(16.1)	(0.4)	
				$(110.2)	$(7.4)	$(117.6)
			Expected Ending Cash Balance[7]	**$ 3.5**		**$ (3.9)**

Notes:

(1) Working capital adjustments reflect management's estimated changes to cash balances between June 30, 2016 and Closing of the Qualifying Acquisition.

(2) Transactions expected to occur at Closing of the Qualifying Acquisition.

(3) Transactions expected to occur post-Closing of the Qualifying Acquisition (the Acquisitions of the Montréal Property and the Ottawa Property).

(4) Cash used to fund the Resulting Issuer's portion of the various Acquisitions not financed by first mortgage debt or newly issued equity.

(5) Cash expected to be used to finance the growth capex planned at the Trois-Rivières Property and the London Property.

(6) Includes all transaction expenses and accrued accounts payable for both CHC and DAQ related to the transaction. Includes DAQ's deferred underwriting commission fee of $3.9 million from its IPO in May 2015.

(7) This balance does not agree directly to pro forma cash balance in the Pro Forma Financial Statements because certain pro forma adjustments are not included here.

The Resulting Issuer intends to spend the funds available to it for the completion of the Qualifying Acquisition as set out above.

Consummation of the Arrangement requires, among other things, approval of the DAQ shareholders. In addition, as the Arrangement constitutes DAQ's Qualifying Acquisition, holders of Class A Restricted Voting Shares can elect to redeem all or a portion of their Class A Restricted Voting Shares, whether they vote for or against, or do not vote on, the Qualifying Acquisition, provided that they deposit their shares for redemption prior to the second business day before the meeting of

DAQ's shareholders. A description of the redemption right will be included in the management information circular to be mailed to DAQ shareholders in connection with the meeting. It is a condition of completion of the Arrangement in DAQ's favour that DAQ have available immediately prior to the Closing a minimum cash amount, after applicable redemptions of Class A Restricted Voting Shares, of at least $87.3 million. A redeeming shareholder is entitled to receive an amount per Class A Restricted Voting Share payable in cash equal to the per share amount then on deposit in DAQ's escrow account, including interest and other amounts earned thereon less an amount equal to the total of (i) applicable taxes payable by DAQ on the interest and other amounts earned in DAQ's escrow account; and (ii) actual and direct expenses related to the redemption. Assuming levels of redemption of Class A Restricted Voting Shares of nil, 10.0% and 19.9%, the estimated number of Common Shares to be issued to the DAQ holders of Class A Restricted Voting Shares would equal 11,230,000, 10,111,805 and 8,993,610, respectively.

The following table sets forth the consolidated capitalization of the Resulting Issuer upon completion of the Arrangement, assuming different levels of redemption.

Capitalization Under Various Redemptions Scenarios:

(Figures in $ millions, unless stated otherwise.)	Base Case	Medium Redemptions	Maximum Redemptions[1]
Available Cash	$ 113.8	$ 113.8	$ 113.8
Less: DAQ Class A Redemptions[2]	—	(11.3)	(22.5)
Available Cash for Transactions (Excluding Fees & Expenses)	$ 113.8	$ 102.5	$ 91.2
Less: Deferred Underwriter Commissions[3]	(3.9)	(3.9)	(3.9)
Available Cash for Transactions	$ 109.9	$ 98.6	$ 87.3
Less:			
Cash for Acquisitions	$ (94.1)	$ (94.1)	$ (94.1)
Cash for Capital Expenditures	(0.3)	(0.3)	(0.3)
Cash for Transaction Costs (Excluding Deferred Underwriter Commissions)	(12.2)	(12.2)	(12.2)
Total Cash Needs	(106.6)	(106.6)	(106.6)
Excess Cash or (Required Financing)	$ 3.3	$ (8.0)	$ (19.3)
Bridge Facility	—	$ 3.8	$ 3.8
Woodbourne Credit Facility	—	$ 5.3	$ 16.5
Total Bridge Financing Drawn	$ 0.0	$ 9.1	$ 20.3
Net Expected Cash[4]	**$ 3.3**	**$ 1.0**	**$ 1.0**
Expected Debt Outstanding:			
Asset Level Debt	$ 200.0	$ 200.0	$ 200.0
Bridge Facility	—	3.8	3.8
Woodbourne Credit Facility	—	5.3	16.5
Total	$ 200.0	$ 209.1	$ 220.3
Expected Common Shares Outstanding[5]	15,875,042	14,738,847	13,620,652

Notes:

(1) Assumes maximum redemption of approximately 2.2 million Class A Restricted Voting Shares of DAQ assuming $10.08 redemption price per share to have cash available for acquisitions of $87.3 million after payment of deferred underwriters' commissions.

(2) Assumes redemption of nil, approximately 1.1 and 2.2 million Class A Restricted Voting Shares of DAQ at $10.08 redemption price per shares for base case, medium and maximum redemption scenarios.

(3) $3,930,500 of deferred underwriters commission as outstanding and will be released to the underwriters only upon completion of a Qualifying Acquisition.

(4) This balance does not agree directly to pro forma cash balance in the Pro Forma Financial Statements because certain pro forma adjustments are not included here.

(5) Expected Common Shares outstanding reduced in the medium and maximum redemption scenarios as the DAQ shares outstanding at the time of the Arrangement decline by the number of Class A Restricted Voting Shares redeemed.

Readers are advised to read the tables above in conjunction with the Pro Forma Financial Statements included elsewhere in this prospectus.

DEBT STRATEGY AND INDEBTEDNESS

The Resulting Issuer's overall borrowing policy will be to obtain secured credit facilities, principally on a fixed rate basis, which will allow CSL to (i) achieve and maintain staggered maturities to lessen exposure to re-financing risk in any particular period, (ii) achieve and maintain fixed rate maturities to lessen exposure to interest rate fluctuations, and (iii) extend loan commitment periods as long as possible when borrowing conditions are favourable. Subject to market conditions and the growth of CSL, management currently intends to target long-term indebtedness of approximately 50.0% of asset value. Management expects that the ratio of indebtedness to asset value may increase temporarily in the future following the acquisition by CSL of additional properties. Interest rates and loan maturities will be reviewed on a regular basis by management and the Board to seek to ensure that appropriate debt management strategies are implemented.

Debt Financing – Qualifying Acquisition

DAQ and CHC are currently working with lenders to (i) alter slightly the current facilities at the CHC Properties and CHC LP Properties and (ii) establish new secured credit facilities for nearly all of the Acquisition Properties. DAQ and CHC management have been in discussions with various lenders for the past few months to secure attractive debt financing that will be available to finance the closing of the various Acquisitions at the Closing of the Qualifying Acquisition.

CHC Properties – DAQ and CHC management are in advanced discussions with lenders to refinance certain property-level debt facilities. It is expected that at the time of the Closing of the Qualifying Acquisition or shortly thereafter, CSL will use cash available from the pro forma balance sheet as well as a new second mortgage at the London Property to refinance the two outstanding second mortgages at the London Property. The $13.8 million outstanding second mortgages at the London Property have current interest rates of 9.5% and maturity dates of December 1, 2016 (recently extended from October 1, 2016). It is expected that the debt will be repaid on Closing of the Qualifying Acquisition with $5.5 million of cash and a draw down from the Bridge Facility at an interest rate of approximately 7.0%. CSL expects to pay down the Bridge Facility in the 12 months following Closing with proceeds from operations and/or cash obtained from debt financing secured by other properties. CSL expects to refinance the Trois-Rivières Property shortly with a new first mortgage facility as the current 4.0% facility matured October 10, 2016 but has been extended by the existing lenders for a period of six months at an interest rate of 10%, prepayable at any time without penalty.

CHC LP Properties – DAQ and CHC management have reached agreement with the lenders on the CHC LP Properties to keep the three outstanding first mortgage loans outstanding. DAQ and CHC management have also held advanced discussions with the lenders on West Village Suites and Village Suites to amend and extend the current facilities for those properties. Based on current discussions, it is expected that CSL will be able to draw down a further $5.5 million of first mortgage loans against these two properties, amend the current interest rates down approximately 3-30bp and extend total outstanding loan maturities to November 2021. The cash from the new financing will be used by CSL to finance parts of the Qualifying Acquisition and/or pay-down of other more expensive debt securities.

Acquisition Properties – The Resulting Issuer will be purchasing the Acquisition Properties free-and-clear of debt obligations, except for the Sudbury property which is being purchased with $3.3 million of vendor debt due on the later of one year from closing of the acquisition of the property and 90 days from receipt of the record of site condition in respect of the property at an interest rate of 4.0%, subject to a one-year extension right in favour of CSL, at an interest rate of 6.5%. Management is working with existing lenders to secured new fixed-rate first mortgage loans for the remaining Acquisition Properties that are expected to be available on Closing of the Qualifying Acquisition or, in the case of the Montréal and Ottawa Properties, at the time of closing of the purchase of those properties, which is expected to be in January 2017. DAQ and CHC management are working to secure the best possible pricing for the Properties for various maturity schedules and will finalize their decision on maturity and therefore the resulting pricing in advance of Closing the Qualifying Acquisition. Management is expecting to stagger the various Property maturities and is currently forecasting 3.5% for the average cost of the new Acquisition Property debt based on recent conversations with targeted lenders. There are no assurances that debt financing for the Acquisition Properties will be obtained or the terms on which it may be obtained.

Additional Credit Facilities – The Resulting Issuer is finalizing various bridge financing arrangements with various lenders and the Woodbourne Lenders to seek to ensure capital is available to close the multiple Acquisitions under various DAQ redemption scenarios, pay transaction expenses and/or refinance certain property level debt. CSL expects to draw down on the Bridge Facility following Closing to cover certain cash requirements and to refinance certain debt on the Properties. The Woodbourne Lenders are expected to provide to the Resulting Issuer, on a several basis, the Woodbourne Credit Facility

in an aggregate amount of up to $25,000,000, with interest accruing at a rate of 12% per annum and being payable quarterly in arrears on the last business day of each calendar quarter. The Woodbourne Credit Facility may be used exclusively to fund up to 100% of the costs incurred by affiliates of the Resulting Issuer in acquiring the Woodbourne Co-Ownership Properties. Drawdowns shall be available in a minimum amount of $1,000,000 and integral multiples of $500,000 in excess thereof, and may only be made if, after giving effect to such drawdown and the acquisition of any Woodbourne Co-Ownership Property to be funded pursuant to the drawdown (including any debt assumed or incurred in connection therewith), the loan-to-value ratio is less than 75%.

Expected Debt Capitalization

	Mortgages Payable (As of June 30, 2016)			Transaction Adjustments			Expected Debt		
	Balance	%	Due Date	Balance	%	Due Date	Balance	%	Due Date
CHC Properties									
London Property	33,000,000	2.95%[2]	Nov-17	n/a	n/a	n/a	33,000,000	2.95%	Nov-17
London Property[3]	13,750,000	9.50%	Oct-16	-5,500,000	n/a	n/a	8,250,000	7.00%	Mar-18
Kingston (Barrie) Property	1,481,707	4.10%	Jul-19	n/a	n/a	n/a	1,481,707	4.10%	Jul-19
Windsor Property	3,826,853	3.47%	Oct-19	n/a	n/a	n/a	3,826,853	3.47%	Oct-19
Trois-Rivières Property[4]	2,750,000	4.00%	Oct-16	n/a	4.00%	n/a	2,750,000	4.00%	n/a
Total and Weighted Avg.	54,808,560	4.71%		-5,500,000			49,308,560	3.76%	
CHC LP Properties									
Luxe I & II (Waterloo)	49,408,168	3.84%	Sep-20	n/a	n/a	n/a	49,408,168	3.84%	Sep-20
Village Suites (Oshawa)	23,648,204	3.65%	Apr-18	2,500,000	3.25%	Dec-21	26,148,204	3.61%	Dec-21
West Village Suites (Hamilton)	22,717,018	3.54%	Jun-18	3,000,000	3.25%	Dec-21	25,717,018	3.51%	Dec-21
Total and Weighted Avg.	95,773,390	3.72%		5,500,000			101,273,390	3.70%	
Operating Properties[1]									
Sudbury Property[5]				3,300,000	4.00%	Dec-17	3,300,000	4.00%	Dec-17
Fredericton Property[6]				3,790,000	3.50%	Dec-21	3,800,000	3.29%	Dec-21
Kingston (Alfred) Property[6]				2,065,000	3.50%	Dec-21	2,065,000	3.50%	Dec-21
Kingston (Mack) Property[6]				2,355,500	3.50%	Dec-21	2,355,500	3.50%	Dec-21
Oshawa (Phase 1 & 2) Property[6]				11,111,881	3.50%	Dec-21	11,111,881	3.50%	Dec-21
Oshawa (Phase 3) Property[6]				3,388,119	3.50%	Dec-21	3,388,119	3.50%	Dec-21
Total and Weighted Avg.				27,999,000[6]			26,020,500	3.51%	
2016 Properties[1]									
Barrie Property[6]				10,500,000	3.50%	Dec-21	10,500,000	3.50%	Dec-21
Montreal Property[6],[7]				4,200,000	3.50%	Dec-21	4,200,000	3.29%	Dec-21
Ottawa Property[6],[7],[8]				8,700,000	2.75%	Dec-21	8,700,000	2.75%	Dec-21
Total and Weighted Avg.				23,400,000[6]			23,400,000	3.15%	
TOTAL PROPERTY LEVEL DEBT							**200,002,450**	**3.63%**	
Bridge Facility							3,863,863	7.00%	Mar-18
TOTAL DEBT							**203,866,313**	**3.69%**	

Notes:

(1) The Oshawa Property (Phase 3) reclassified here under Operating Properties as new facility being assigned to all three phases of the Oshawa properties.

(2) 3-month BA of 0.80% as of June 30, 2016 plus 2.15% per annum.

(3) The London Property's $8,250,000 debt tranche is refinanced by Bridge Facility at 7.00% per annum and its $5,500,000 debt tranche is repaid by cash.

(4) Trois Rivières debt to roll into Prime + 9% in October 2016 (month-to-month roll-over) prior to expected refinancing in November/December 2016 at approximately 4.00% per annum.

(5) Sudbury vendor take back interest-only loan of $3,300,000 due on the later of one year from closing of the acquisition of the property and 90 days from receipt of the record of site condition in respect of the property, at an interest rate of 4.0%, subject to a one-year extension right in favour of CSL, at an interest rate of 6.5%.

(6) Management estimate based ongoing discussions with various lenders

(7) Expected closing in January 2017.

(8) Initial 25% co-ownership interest in the Ottawa Property only.

Debt Financing – Post Qualifying Acquisition

Management intends to actively manage its property level debt portfolio with a focus on balancing the cost of debt and spreading out its scheduled maturities. Given the current low interest rate environment, management is currently biased towards refinancing with longer-term fixed rate debt. Management believes that, assuming no change in the first mortgage financing environment, CSL has the ability to lower its cost of debt as it refinances upcoming maturities based on its current discussions with lenders as well as management's belief that increased institutional focus on the student housing sector will increase lender support to the niche sector. Management has also commenced discussions with CMHC regarding their long-term plans to support the growing student housing sector and is hopeful that over time and in a measured way, that CMHC supported financing will become more readily available to CSL and its peers to help further reduce its cost of debt.

In addition, management is in discussions with various lenders about securing an acquisition facility to be available post-closing of the Qualifying Acquisition that is expected to be used to finance the acquisition of additional student housing properties. The terms and structure of the acquisition credit facility are still being finalized.

DIVIDENDS

Neither DAQ nor CHC currently pay dividends on their shares. It is intended that CSL will adopt a dividend policy pursuant to which it will pay monthly dividends pro rata to holders of Common Shares equal to, on an annual basis, approximately 50% of AFFO. Management of DAQ and CHC believe that the 50% payout ratio to be initially set by CSL should allow it to meet its internal funding needs, while being able to support stable growth in cash distributions. The ability of CSL to pay dividends and the actual amount distributed will be dependent upon, among other things, the financial performance of CSL, occupancy levels and rates, interest rates, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, subject to compliance with the OBCA, the actual payout ratio will be determined by the Board of CSL in its discretion. Pursuant to the OBCA, the Board will have full discretion respecting the timing and amounts of dividends including the adoption, amendment or revocation of any dividend policy. Dividends may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. If CSL does commence payment of dividends, the market value of the Common Shares may deteriorate if CSL is unable to maintain announced levels of cash dividends in the future, and that deterioration may be material. Although it is intended that CSL will commence paying dividends as described herein, these dividends are not assured. See "*Risk Factors – Risks Relating to the Common Shares – Dividends Are Not Guaranteed*".

In keeping with this dividend policy, CSL intends to commence paying dividends and distributing a portion of its AFFO to holders of its Common Shares on a monthly basis in the initial amount of $0.025 per Common Share per month ($0.30 per Common Share on an annual basis) starting in January 2017, although these dividends are not assured. It is intended that CSL will pay these monthly dividends on the Distribution Date to Shareholders of record on the last business day of the relevant Distribution Period.

PRINCIPAL SECURITYHOLDERS

To the knowledge of management of the Corporation and CHC, other than as set out below, no person is anticipated to own of record or beneficially, or exercise control or direction over, directly or indirectly, more than 10% of the Common Shares of the Resulting Issuer upon completion of the Qualifying Acquisition:

Name	Type of Ownership	Number of Common Shares	Percentage of Outstanding Common Shares After Completion of the Qualifying Acquisition
Dundee Corporation[(1),(2),(3)] . . .	Registered and Beneficial	2,562,195	16.2%

Notes:

(1) In connection with the Qualifying Acquisition, the founders of DAQ, being Dundee Corporation and the independent directors of DAQ, have agreed to reduce the value of their founders' shares by 25% of what they currently own, by giving up 728,797 forfeitable Class B Shares.

(2) Dundee Corporation, the sponsor to the Corporation, intends to pay to Jonathan Turnbull, Managing Director of DAQ, who has been instrumental in sourcing and completing the Qualifying Acquisition, upon completion of the Qualifying Acquisition and subject to certain conditions, a bonus, net of applicable withholding taxes, in instalments to correspond with the respective dates of satisfaction (the "release dates") of the contractual transfer

restrictions applicable to the applicable instalment of founders' shares in the capital of the Corporation (or Common Shares for which they are exchanged as part of the Qualifying Acquisition) held at closing by Dundee Corporation, in an amount equal to: (i) the difference between (a) the fair market value of the applicable securities on the applicable release date, and (b) the cash amount paid by Dundee Corporation to acquire the applicable securities (or their predecessor founders' shares); and multiplied by (ii) 15% of the number of securities comprising the instalment in question on such release date. Fair market vales shall be based on the preceding 5 trading day volume weighted average price on the TSX of the securities in question. Such bonus shall be payable in cash or other marketable securities of equal value or, subject to the consent of the TSX and any other required consents, securities of the Resulting Issuer of equal value thereto (as at the applicable release date) in the discretion of Dundee Corporation.

(3) Dundee Corporation will also own 215,375 Replacement Warrants.

DIRECTORS AND EXECUTIVE OFFICERS

The table below sets out the names, provinces and country of residence of the proposed directors and executive officers of the Resulting Issuer upon the completion of the Qualifying Acquisition, their proposed positions and offices with CSL, their present principal occupations, and the date since which they have served as a director or officer of DAQ or CHC. Each director of CSL will hold office until the next annual meeting of shareholders or until a successor is elected or appointed.

Name and Province and Country of Residence	Proposed Position with the Resulting Issuer	Present Principal Occupation	Start Date as a Director and/or Officer of DAQ or CHC
Mark Hansen Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer of CHC	April 12, 2013
Sonny Jackson Ontario, Canada	Vice President, Finance	Independent chartered accountant	N/A
Brad Williams Ontario, Canada	Vice President, Operations	Vice President, Operations of CHC	January 15, 2015
Jonathan Turnbull Ontario, Canada	Director	Managing Director, DAQ and Head, Dundee Private Equity	March 5, 2015

DAQ is currently working on determining the composition of the CSL Board and it is expected that additional members of the CSL Board will be selected prior to Closing such that upon Closing the Board will consist of seven members. Members of the Audit Committee and the CCGC will be determined when the composition of the CSL Board is finalized. It is also expected that a Chief Financial Officer for CSL will be selected prior to Closing.

The following is a description of the background of the current proposed directors and officers of CSL, including each individual's principal occupation(s) within the past five years.

Mark Hansen – ***President and Chief Executive Officer***. Mark Hansen has over 20 years of experience in the real estate industry, including 10 years in the multi-residential real estate sector. He is a co-founder, director and President of CHC RI, a market leader in Canadian student housing that focuses on acquiring and managing purpose-built student housing properties in close proximity to Canadian universities and colleges. Before founding CHC RI in March 2010, Mr. Hansen was the Vice President of Operations at Canadian Apartment Properties Real Estate Investment Trust ("**CAPREIT**") (TSX:CAR.UN), one of Canada's largest residential landlords, owning interests in 38,164 residential units. At CAPREIT, Mr. Hansen managed over 14,000 residential units and over 250,000 square feet of commercial space. He was responsible for over $250 million in annual revenues, over $30 million in capital projects and over 200 employees. Prior to joining CAPREIT in June 2007, Mr. Hansen was a member of the board of directors for InterRent International Properties Inc. ("**InterRent**") (TSX: IIP.UN), an owner and operator of multi-unit residential income producing properties in the Greater Toronto Area and along Ontario's HWY 401 Corridor from Ottawa to London. During his time on the board of directors of InterRent (from April 2004 to May 2007), Mr. Hansen assisted in the initial consolidation of multi-family properties and the initial capital raise to list the company on the TSX-V (subsequently graduated to the TSX).

Sonny Jackson – ***Vice President, Finance***. Sonny Jackson is an independent chartered accountant providing services through Sonny Jackson Chartered Accountant Professional Corporation. She has over 13 years of experience, including five

years of experience working with public and private real estate companies during her tenure with KPMG LLP in Toronto, as well as experience in other industries including mining, medical, construction, healthcare and not-for-profits. Prior to founding her independent practice in 2011, Sonny began her career in public accounting with KPMG LLP in Toronto in 2003, where she worked until 2008 and earned her designation as a Chartered Accountant and gained extensive experience as a manager in the audit practice. From 2008 until 2011, she was employed as a finance manager with Harry Winston. She has provided accounting services to CHC since January 2016.

Brad Williams – ***Vice-President, Operations***. Mr. Williams has over 15 years of wide ranging experience in the student housing real estate sector both in the United States and Canada. Previously, Mr. Williams served as Director of Operations for Rise Real Estate Inc. of Ancaster, Ontario, a developer of modern purpose-built student housing properties, including the Luxe I and II in Waterloo, Ontario and the Luxe London in London, Ontario, from 2011 to 2014. Prior to that, he served in a variety of capacities in the student housing real estate sector, including as manager of off-campus housing for the University of Guelph, assistant director of residence life at the University of Denver, residence director at Colorado State University and residence director at the University of New Hampshire.

Jonathan Turnbull – ***Director***. Mr. Turnbull is a Vice President of Dundee Global Investment Management Inc. and serves as the Managing Director of DAQ. He joined Dundee Global Investment Management Inc. in late 2014 after a year at Goodwood Inc. in Toronto. Prior to his role at Goodwood Inc., Mr. Turnbull spent about 23 years in investment banking, equity capital markets, debt capital markets and principal investing in private companies in New York and London for Salomon Brothers, Citigroup and Lazard Freres. He has advised on M&A transactions valued at over $300 billion and raised over $50 billion for his clients in the infrastructure, telecom, media and technology sectors. Mr. Turnbull holds a Bachelor of Arts in Business Administration from the University of Western Ontario's Richard Ivey School of Business and is experienced in and knowledgeable of the special purpose acquisition corporation market.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the proposed directors and officers of CSL is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including DAQ and CHC) that (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the proposed directors and officers of CSL is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including DAQ and CHC) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

None of the proposed directors and officers of CSL has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to invest in CSL.

Conflicts of Interest

As at the date hereof, except as disclosed herein, neither the Corporation nor CHC is aware of any existing or potential material conflicts of interest that will exist between CSL and any proposed director or officer of CSL.

Situations may arise in connection with potential acquisitions, investments or other transactions where the interests of certain directors or officers of the Resulting Issuer may actually or potentially conflict with the interests of the Resulting

Issuer. CSL intends to establish procedures and practices to minimize the frequency and extent of conflicts of interest and to resolve or deal with them in a manner which seeks to protect the interests of CSL and its shareholders, including disclosure of actual or perceived conflicts and having independent directors review and deal with such conflicts. The OBCA requires written disclosure if a director or officer of CSL becomes a party to a material contract or proposed material contract or is a director or officer of, or has a material interest in, any material contract or proposed material contract, with CSL and subject to certain exceptions, requires the director to abstain from voting on the matter. To the extent that conflicts of interest arise, such conflicts are expected to be resolved in accordance with any established procedures and practices as well as the provisions of the OBCA.

Directors' and Officers' Liability Insurance

The Resulting Issuer intends to carry a directors' and officers' liability insurance policy which will be designed to protect the Resulting Issuer and its directors and officers against any legal action which may arise as a result of wrongful acts on the part of directors and/or officers of the Resulting Issuer. Such policy will be written with a maximum limit and be subject to a corporate deductible on all claims. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

AUDIT COMMITTEE

Audit Committee Charter

Upon completion of the Qualifying Acquisition, it is expected that the Board of CSL will adopt the Audit Committee Charter attached as Schedule "A" to this prospectus.

Composition of the Audit Committee

DAQ is currently working on determining the composition of the CSL Board and it is expected that additional members of the CSL Board will be selected prior to Closing such that upon Closing the Board will consist of seven members. Members of the Audit Committee will be determined when the composition of the CSL Board is finalized. Each of these members of the Audit Committee will be considered to be independent within the meaning of NI 52-110. In addition, each member of the Audit Committee will be considered to be financially literate within the meaning of NI 52-110. In considering criteria for the determination of financial literacy, the Board will look at the ability to read and understand financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to those issues that can be reasonably expected to be raised by CSL's financial statements.

Relevant Education and Experience

As proposed to be constituted, each member of the Corporation's Audit Committee will be required to have adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, education and experience that have provided the member with: (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves; (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by CSL's financial statements or experience actively supervising individuals engaged in such activities; and (c) an understanding of internal controls and procedures for financial reporting.

Given their education and experience, the members of CSL's Audit Committee will have had experience preparing, analyzing or evaluating financial statements for public companies or actively supervising individuals engaged in such activities, and have developed an understanding of the accounting principles used by CSL to prepare its financial statements and an understanding of internal controls and procedures for financial reporting.

Pre-Approval Policies and Procedures

The Audit Committee's role will be to review and pre-approve all non-audit services to be provided to CSL by its external auditor. It is expected that the Audit Committee will adopt specific policies or procedures for the engagement of non-audit services.

External Audit Service Fees

All audit and non-audit services to be provided by CSL's external auditor will be required to be pre-approved by the Audit Committee. It is expected that on an annual basis, the Audit Committee will pre-approve a budget for certain specific non-audit services such as assistance with tax returns.

CORPORATE GOVERNANCE

CSL will recognize that good corporate governance plays an important role in its overall success and in enhancing shareholder value and, accordingly, CSL will be adopting, upon closing of the Arrangement, certain corporate governance policies and practices. Unless otherwise indicated, the following disclosure is based on the present expectations of CSL in respect of its corporate governance practices, the formal establishment of committees of the CSL Board described below (without changes to the proposed composition) and the ratification and adoption of respective proposed mandates (without any material modifications), which are expected to occur following completion of the Arrangement. However, such disclosure remains subject to revision prior to or subsequent to the effective date of the Arrangement.

Statement of Corporate Governance Practices

CSL's corporate governance disclosure obligations are set out in the Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Policies* ("**NI 58-101**"), National Policy 58-201 – *Corporate Governance Guidelines*, and National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of the Resulting Issuer's anticipated approach to corporate governance in relation to the Guidelines.

Board of Directors

On Closing, it is expected that the CSL Board will be comprised of seven directors, including Jonathan Turnbull. DAQ is currently working on determining the composition of the CSL Board and it is expected that additional members of the CSL Board will be selected prior to Closing such that upon Closing the Board will consist of seven members. The primary role of the CSL Board will be to supervise the management of the business and affairs of CSL, including the strategic planning process, risk management, succession planning, approving and communicating a communications policy and disclosure policy, internal controls, corporate governance, senior management compensation and oversight, director compensation and assessment and approving material transactions and contracts. The CSL Board is also expected to review the succession plans for CSL, including appointing, training and monitoring senior management to seek to ensure that the CSL Board and management have appropriate skill and experience. The CSL Board is expected to establish an Audit Committee, a Compensation & Corporate Governance Committee ("**CCGC**") and a Transaction Advisory Committee.

Director Independence

Upon Closing, the CSL Board is expected to be comprised of seven directors, of which a majority of the directors are expected to be independent, including the Chairman. Pursuant to NI 52-110, an independent director is one who is free from any direct or indirect material relationship with the Resulting Issuer which could, in the view of the CSL Board, be reasonably expected to interfere with a director's independent judgment. Certain types of relationships are by their nature considered to be material relationships.

Independent Chairman

The roles of the Chairman and Chief Executive Officer will be separate. The Chairman of CSL will be determined when the composition of the CSL Board is finalized. The Chairman will be independent and is expected to supervise the management, development and effective functioning of the CSL Board and provide leadership to it in its work. The position descrip-

tion for the Chairman is expected to set out the Chairman's key functions, which are expected to include setting the CSL Board meeting agenda in consultation with the Chief Executive Officer and chairing Board meetings. In the absence of the Chairman, an independent director chosen by the CSL Board is expected to assume the responsibilities of the Chairman. The Chairman is expected to provide leadership to the directors and to seek to ensure that the CSL Board is independent from management. The Chairman and each committee are also expected to be entitled to engage outside consultants without consulting management to receive independent advice as they feel necessary.

In-camera Meetings

The CSL Board and committees are expected to meet without management and non-independent directors at the end of Board meetings and, in some cases, at the beginning of Board meetings. These discussions are expected to generally form part of the committee chairs' reports to the CSL Board. The Chairman is expected to encourage open and candid discussions among the independent directors by providing them with an opportunity to express their views on key topics before decisions are taken.

Majority Voting Policy

It is expected that CSL will, at or about Closing, adopt a majority voting policy, pursuant to which the shareholders will vote for the election of individual directors at each annual meeting of shareholders, rather than for a fixed slate of directors. The majority voting policy will not apply to the election of individual directors at a "contested meeting", which is a meeting at which the number of directors nominated for election is greater than the number of seats available on the CSL Board. In an uncontested election of directors at an applicable meeting of shareholders, the votes cast in favour of the election of a director nominee will be required to represent a majority of the shares voted and withheld for the election of the director. If that is not the case, that director must tender his or her resignation to the Chairman of CSL. The CCGC will be required to promptly consider such tendered resignation and recommend to the CSL Board the action to be taken with respect to such tendered resignation, and the CSL Board will be required to accept the resignation absent exceptional circumstances and promptly disclose its decision via press release.

Board Mandate and Position Descriptions

The CSL Board's role is to supervise the management of the business and affairs of CSL and, generally through management, to pursue what it believes to be the best interests of CSL in conducting the business of CSL. The CSL Board acts directly and indirectly through the delegation of responsibilities to committees of the CSL Board, the Chairman, the independent directors and the officers of CSL. The CSL Board's role is to focus on stewardship of CSL and management, which in turn has the primary responsibility to enhance and preserve long-term shareholder value and seek to ensure that CSL meets its obligations on an ongoing basis. In broad terms, stewardship of CSL involves the CSL Board in strategic planning, risk management and mitigation, internal control integrity and external reporting and compliance.

As described below, the CSL Board is expected to establish the Audit Committee, the CCGC and the Transaction Advisory Committee and adopt charters defining the responsibilities of these committees.

It is expected that the CSL Board will adopt written position descriptions for the Chairman and Chief Executive Officer in due course; however, the roles of each are expected to be well-established. The functions of the Chairman are expected to include the efficient organization and operation of the CSL Board. The Chairman is also expected to be responsible for ensuring effective communication between the CSL Board and management and that the CSL Board effectively carries out its mandate. The corporate objectives for which the Chief Executive Officer is expected to be responsible are expected to be determined by strategic and financial plans that will be approved by the CSL Board.

Diversity and Director Term Limits

CSL will recognize the importance and benefit of having a board of directors and senior management comprised of highly talented and experienced individuals who reflect the diversity of CSL's stakeholders, including its customers and employees and the changing demographics of the communities in which CSL and its subsidiaries operate.

Policies Regarding the Representation of Women on the CSL Board

The CSL Board will be committed to continued growth and development with respect to diversity among its Board members and senior management. This includes, but is not limited to, diversity in regard to attributes such as gender, ethnicity, age, national origin/culture, disability and sexual orientation.

In addition, the CSL Board intends to seek to ensure that its members are reflective of the diverse professional experience, skills, knowledge and other attributes that are expected to contribute to its successful operation and the achievement of CSL's current and future plans, prospects and objectives.

In support of this goal, the CSL Board intends to strive, when identifying candidates to nominate for election to the CSL Board or appoint as senior management or in its review of senior management succession planning and talent management, to consider:

(a) individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities having regard to CSL's current and future plans, prospects and objectives, as well as anticipated regulatory and market developments;

(b) criteria that promotes diversity, including, but not limited to, gender, ethnicity, age, national origin/culture, disability and sexual orientation;

(c) the level of representation of woman on the CSL Board and in senior management positions, along with other markers of diversity, when making recommendations for nominees to the CSL Board or for appointment as senior management and in general with regard to succession planning for the CSL Board and senior management; and

(d) if appropriate, engaging qualified independent external advisors to assist the CSL Board in conducting its search for candidates that meet the CSL Board's criteria regarding skills, experience and diversity.

To assist in this process, the CSL Board intends, directly or indirectly, to periodically review and consider the size and composition of the CSL Board and senior management with a view to identifying imbalances or gaps, as well as new opportunities that may be associated with further diversification. In particular:

(a) the CSL Board intends to engage in periodic evaluation and assessment of individual Board members as well as board committees and the CSL Board as a whole to identify strengths and areas for improvement;

(b) the CSL Board intends to engage in consideration of a director skills' matrix that identifies the skills and expertise required for the CSL Board along with potential areas for growth and improvement;

(c) the CSL Board intends to seek to ensure that the nominee recruitment and identification processes are appropriate in terms of depth and scope to foster the identification and progression of diverse candidates; and

(d) the CSL Board intends to seek to maintain an evergreen list of potential candidates, to the extent feasible, that addresses the needs identified through the processes undertaken above.

Director Term Limits and Other Mechanisms of Board Renewal

Given the nature and size of CSL's business and industry, it is expected that, while CSL is committed to fostering diversity among Board members, it would be unduly restrictive and not in the best interests of CSL to adopt specific director term limits. Diversity and Board renewal are intended to be supported through other mechanisms (described elsewhere in this prospectus) designed to address the needs of CSL and not through the imposition of arbitrary term limits.

Diversity Targets

Given the nature and size of CSL's business and industry, it may be challenging for CSL to identify a qualified pool of candidates that adequately reflects the various diverse characteristics that CSL seeks to promote. It is therefore not expected that CSL will adopt any specific targets in terms of diversity hiring, but intends to seek to promote its objectives through the initiatives set out in this prospectus with a view to identifying and fostering the development of a suitable pool of diverse candidates for nomination and appointment over time.

Orientation and Continuing Education

The orientation and continuing education of the directors is expected to be supervised by the CCGC of the CSL Board. The details of the orientation of new directors are anticipated to be tailored to their needs and areas of expertise and are expected to include the delivery of written materials and participation in meetings with management, legal counsel and the CSL Board. The focus of the orientation program is expected to be on providing new directors with (i) information about the duties and obligations of directors, (ii) information about CSL's business and operations, (iii) information about the expectations of directors (including, in particular, expected time commitments), (iv) opportunities to meet with management, and (v) access to appropriate documents.

All directors are expected to be provided with materials relating to their role. In addition, the directors are expected to be kept informed as to matters impacting, or which may impact, the Resulting Issuer's operations through reports and presentations by internal and external presenters at meetings of the CSL Board and during periodic strategy sessions held by the CSL Board.

Conflicts of Interest

In addition to the steps taken by the CSL Board to encourage independence discussed elsewhere in this prospectus, the CCGC is expected to assist with advising the CSL Board on related party transactions and other matters involving conflicts of interest. Further, the CSL Board is expected to take steps to encourage independence when directors have conflicting interests in transactions. These steps may include, among other things, excusing interested directors from participating in meetings and voting or taking any other action that may impact the outcome of an activity or business transaction to seek to ensure that such directors are not involved in voting or otherwise having an influence in respect of transactions when there is an actual material conflict or potential material conflict of interest.

Nomination of Directors

Proposing new nominees for the CSL Board is expected to be within the mandate of the CCGC. New candidates for nomination to the CSL Board are expected to be identified and selected having regard to, among other factors, the strengths and constitution of the CSL Board and the needs of the CSL Board and its committees. The CCGC is also expected to make recommendations to the CSL Board in respect of the appropriate size of the CSL Board and its composition, the competencies and skills required by the CSL Board, organize the process for recruiting potential candidates and provide orientation to such members. The CCGC is expected to consist entirely of independent directors.

Ethical Business Conduct

The Resulting Issuer is committed to conducting its business in compliance with all applicable laws and regulations and in accordance with a high standard of ethical principles.

The CSL Board has not adopted a written code of business conduct and ethics; however, in addition to the relevant provisions of the OBCA applicable to the directors of CSL, directors are required to promptly disclose all actual or potential material conflicts of interest that may arise. Also, directors of CSL are required to recuse themselves from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest. The CCGC is expected to be responsible for monitoring such conflicts of interest. The CSL Board and management are all expected to encourage and promote a "tone at the top" culture intended to instill ethics, openness, honesty and accountability throughout the organization.

CSL will permit the CSL Board, any committee thereof, and any individual director to engage independent external advisors at the expense of the Corporation when necessary.

Insider Trading and Disclosure Policy

Following completion of the Arrangement, the CSL Board intends to adopt an insider trading and disclosure policy that is designed to formalize the Resulting Issuer's policies and procedures relating to the dissemination of material information and the trading in securities of the Resulting Issuer by directors, senior executives, employees and other insiders of the Resulting Issuer. Among other things, the following are expected to be prohibited by the insider trading and disclosure policy: (i) short sales of CSL's securities; (ii) transactions in puts, calls or other derivative securities, on an exchange or in any other organized market; (iii) hedging or monetization transactions that allow an individual to continue to own the covered securities, but without the full risks and rewards of ownership; and (iv) the resale of securities of CSL purchased in the open market prior to the expiration of three months from the purchase date. Consequently, the foregoing prohibitions in the expected insider trading and disclosure policy will not permit a CSL executive officer or director to purchase financial instruments that are designed to hedge or offset a decrease in market value of CSL's equity securities granted as compensation or held, directly or indirectly, by a CSL executive officer or director.

Further, the insider trading and disclosure policy is expected to designate certain employees as authorized spokespersons of CSL and establish disclosure guidelines for determining whether information is material and how it is to be dis-

closed. The insider trading and disclosure policy is also expected to include procedures designed to avoid selective disclosure and to seek to ensure that timely and accurate information is provided by CSL to senior management for inclusion in CSL's statutory disclosure documents. A copy of the insider trading and disclosure policy may be obtained once adopted by contacting CSL and requesting a copy from its investor relations contact by mail at the head office of CSL at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3, and is also expected to be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

Board and Committee Assessment

The members of the CSL Board intend to periodically assess the performance of the CSL Board, as well as the effectiveness and contributions of each Board committee, with an emphasis on the overall effectiveness and contributions made by the CSL Board as a whole and each committee of the CSL Board. Evaluations are expected to include the completion of written effectiveness surveys. The results of such assessments and surveys are expected to be presented by the CCGC to the entire CSL Board.

Committees of the CSL Board

The CSL Board will establish the Audit Committee, the CCGC and the Transaction Advisory Committee as committees of the CSL Board. These committees are discussed in greater detail below.

Audit Committee

The members of the Audit Committee will be determined when the composition of the CSL Board is finalized. At all times, the Audit Committee is expected to be comprised of at least three members, each of whom is considered to be "independent" and "financially literate" for the purposes of NI 52-110. The Audit Committee is expected to meet at least once each financial quarter. The Audit Committee is expected to provide a report to the CSL Board outlining the results of the Audit Committee's activities and any reviews it has undertaken.

CSL expects that each member of the Audit Committee will have extensive business experience and/or education which provide him or her with the skills and background necessary to fulfill his or her role as a member of the Audit Committee.

The specific role of the Audit Committee is set out in the Audit Committee Charter, a copy of which is attached to this prospectus as Schedule A. The Audit Committee's primary role is to assist the CSL Board regarding the Resulting Issuer's internal controls, financial reporting and risk management practices. The primary role of the Audit Committee includes: (i) identifying, assessing and monitoring the management of the principal risks that could impact the Resulting Issuer; (ii) monitoring the integrity of the Resulting Issuer's financial reporting process and system of internal controls regarding financial reporting and accounting compliance; (iii) monitoring the independence and performance of the Resulting Issuer's external auditors; (iv) dealing directly with the external auditors to approve external audit plans, other services (if any) and fees; (v) overseeing the external audit process and results; (vi) providing an avenue of communication among the external auditors, management and the CSL Board; (vii) seeking to ensure that there is an appropriate standard of corporate conduct relating to the internal controls and financial reporting of the Resulting Issuer; and (viii) seeking to ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual. The Audit Committee will have the ability to retain external advisors to assist in fulfilling its mandate as necessary.

The role of the Audit Committee includes overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of significant financial reporting issues between the external auditor and management. The external auditor will report directly to the Audit Committee. The Audit Committee is expected to pre-approve all non-audit services undertaken by the external auditor.

All audit and non-audit services to be provided by the Resulting Issuer's external auditor will be required to be pre-approved by the Audit Committee. As at the date of this prospectus, no external auditor service fees have been paid by the Resulting Issuer. It is expected that on an annual basis, the Audit Committee will pre-approve a budget for certain specific non-audit services such as assistance with tax returns.

For additional information regarding the Audit Committee, see "*Audit Committee*".

Compensation & Corporate Governance Committee

Members of the CCGC will be determined when the composition of the CSL Board is finalized. All members of the CCGC are considered to be "independent" for the purposes of NI 58-101. The CSL Board intends to adopt a written charter for the CCGC that sets out its areas of responsibility.

The CCGC's role is expected to include assisting the CSL Board in relation to: (i) the selection, performance review and succession plans of senior management; (ii) professional development for senior management; (iii) the Resulting Issuer's overall approach to governance; (iv) the size, composition and structure of the CSL Board and its committees; (v) orientation and continuing education for directors; (vi) identifying and nominating candidates for the CSL Board; (vii) assessment of the CSL Board, its committees and individual directors; (viii) related party transactions and other matters involving conflicts of interest unless such matters fall within the mandate of the Audit Committee; (ix) the Resulting Issuer's intended written whistleblower policy, disclosure policy and insider trading and confidentiality policy; and (x) any additional matters delegated to the committee by the CSL Board.

The CCGC expects to establish and oversee policies with respect to compensation of the senior management of the Resulting Issuer and the CSL Board, including in relation to: (i) the retention and compensation of senior management; (ii) employment agreements with senior management; (iii) the compensation of the CSL Board and its committees; and (iv) any additional matters delegated to the committee by the CSL Board. The CSL Board is expected to determine and review the form and amount of compensation to directors on the recommendation of the CCGC. It is intended that the CCGC will periodically assess and make a recommendation to the CSL Board with regard to the competitiveness and appropriateness of compensation to the Chief Executive Officer and other members of senior management of the Resulting Issuer. The Resulting Issuer and the CSL Board believe that the interests of the CCGC are aligned with the interests of shareholders to seek to ensure that the compensation process is objective and that the Resulting Issuer's practices are designed to retain, motivate and reward senior management for performance and contribution to the Resulting Issuer's long-term success.

Transaction Advisory Committee

It is expected that the Transaction Advisory Committee will be comprised of up to three directors. The Transaction Advisory Committee is expected to assist the CSL Board in: (i) reviewing information regarding the Resulting Issuer's proposed acquisitions; and (ii) reviewing information regarding the Resulting Issuer's risk management framework, including the significant policies, procedures and practices related to its acquisitions.

Key Governance Documents

Following completion of the Arrangement, it will be expected that various policies and practices will support the corporate framework at CSL. The following documents are expected to constitute key components of CSL's corporate governance system and are expected to be made available by CSL subsequent to completion of the Arrangement:

- Insider Trading Policy and Disclosure Policy
- Audit Committee Mandate
- CCGC Mandate
- Transaction Advisory Committee Mandate
- Advance Notice By-law
- Majority Voting Policy

Resulting Issuer By-laws

Advance Notice By-law

In connection with the Qualifying Acquisition and as part of the Plan of Arrangement, the Resulting Issuer intends to adopt an advance notice by-law (the "**Advance Notice By-law**") for the purpose of providing shareholders of the Resulting Issuer (who meet the necessary qualifications outlined in the by-laws (each, a "**Nominating Shareholder**")), directors and management of the Resulting Issuer with a clear framework for nominating directors of the Resulting Issuer in connection with any annual or special meeting of shareholders. The following description is a summary only and is qualified in its entirety by the full text of the Advance Notice By-law which is expected to be made available on the Resulting Issuer's SEDAR profile at www.sedar.com.

The purpose of the Advance Notice By-law is to: (i) ensure that all shareholders of the Resulting Issuer receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or special meetings of shareholders of the Resulting Issuer. The Advance Notice By-law fixes the deadlines by which holders of record of Common Shares must submit director nominations to the Resulting Issuer prior to any annual or special meeting of shareholders and sets forth the information that a shareholder of the Resulting Issuer must include in a timely written notice to the Resulting Issuer for any director nominee to be eligible for election at such annual or special meeting of shareholders.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the corporate secretary of the Resulting Issuer. To be timely, a Nominating Shareholder's notice to the corporate secretary must be made: (i) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than 30 days prior to the date of the annual meeting of shareholders of the Resulting Issuer; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made. The Resulting Issuer's by-laws are also expected to prescribe the proper written form for a Nominating Shareholder's notice.

For the purposes of the Advance Notice By-law, "public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Resulting Issuer under its profile on SEDAR at www.sedar.com. The Advance Notice By-law is expected to be updated from time to time to reflect changes required by securities regulatory agencies or stock exchange, or to confirm to industry standards.

The chairperson of the meeting is expected to have the power and duty to determine whether a nomination was made in accordance with the notice procedures set forth in the by-laws and, if any proposed nomination is not in compliance with such provisions, the discretion to declare that such defective nomination will be disregarded. Notwithstanding the foregoing, the directors of the Resulting Issuer may, in their sole discretion, waive any requirement in the Advance Notice By-law.

DIRECTOR AND EXECUTIVE COMPENSATION

Given its stage of development and historical activities, CHC has, to date, operated without any formal executive compensation arrangements. Moreover, none of its executive officers has, to date, received any compensation from CHC other than receiving certain stock options and discretionary cash bonuses, and they have principally been employed and remunerated by CHC RI, another company operating in the student housing space which was formed by Mark Hansen, President and Chief Executive Officer of CHC, and Craig Smith, a director of CHC, prior to the formation of CHC, and the business and assets of which are separate and distinct from CHC.

Following Closing of the Qualifying Acquisition, it is expected that the only "named executive officers" of CSL will be Mark Hansen, the President and Chief Executive Officer of CSL, and the Chief Financial Officer of CSL, who remains to be determined prior to Closing. An issuer's "named executive officers" are comprised of its Chief Executive Officer and Chief Financial Officer (or individuals who serve in similar capacities), and its three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer whose total compensation is, individually, more than $150,000.

Formal executive compensation arrangements for the expected executive officers of CSL have not yet been determined. Following Closing of the Qualifying Acquisition, it is expected that the Board of Directors will establish a formal executive compensation program for CSL and negotiate employment agreements between CSL and its executive officers. The expected components of compensation for executive officers of CSL are expected to be base salary, short-term incentives and medium and long-term incentives.

When established, the objective of CSL's compensation program is expected to be to provide suitable compensation for its executives that is competitive by market standards to other real estate issuers that are similarly situated to CSL and which

reflects the experience, capabilities and responsibilities of CSL's executives. This approach is expected to be designed to retain CSL's executive officers and to attract and retain other highly qualified individuals who are able to carry out CSL's business objectives. It is anticipated that CSL will link rewards in its director and executive compensation with the short-term and long-term strategic goals and performance of CSL by providing compensation arrangements that are comprised of both a fixed component and an at-risk component, with the at-risk component being composed of certain incentives. It is expected that short-term incentives will be based on the results of an executive's scorecard and focused on M&A activity and operational performance measures, and that medium and long-term compensation will mainly be awarded through grants of stock options or similar security based compensation arrangements to offer incentive and compensation for services as part of its compensation strategy.

An annual retainer fee and/or attendance fee for directors of CSL has not yet been determined. However, CSL expects to establish directors' fees in the future and will reimburse directors for all reasonable expenses incurred in order to attend meetings.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer, member of management, nominee for election as a director of CSL, nor any of their associates, is or has been indebted to DAQ or CHC, or is expected to be indebted to CSL following the completion of the Qualifying Acquisition.

STOCK EXCHANGE LISTING

Listing of the Common Shares and the Replacement Warrants on the TSX is a pre-condition to closing the Arrangement and will be subject to CSL fulfilling all of the applicable requirements of the TSX. The prices at which the Common Shares will trade following the Arrangement will be determined by the market and cannot be predicted.

RISK FACTORS

There are certain risks inherent in the activities carried on by CHC and which will be carried on by the Resulting Issuer. The information described in this prospectus, including the risk factors set out below and the information contained in the section "Forward-Looking Statements" should be carefully considered. If any of such risks or any other risks occur, they could have a material adverse effect on the business, real property interests, prospects, financial condition, operating results and cash flows of the Resulting Issuer. In that case, the trading price of the Common Shares could decline and investors could lose all or part of their investment in the Common Shares. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of such risks or other unforeseen risks. Additional risks and uncertainties not currently known to DAQ or CHC, or that are currently deemed immaterial, may also materially and adversely affect the business, real property interests, prospects, financial condition, operating results, and cash flows of the Resulting Issuer.

Risks Related to the Arrangement

Completion of the Arrangement is Subject to Conditions Precedent

The completion of the Arrangement is subject to a number of conditions precedent, including but not limited to, receiving all necessary regulatory and third party approvals, receiving approval of the DAQ shareholders, and the Resulting Issuer satisfying the TSX's minimum listing requirements in order for the Common Shares and Replacement Warrants to be listed and posted for trading on the TSX. Certain of such conditions precedent are outside the control of either or both of DAQ and CHC, and there can be no assurance that these conditions will be satisfied.

Termination of the Arrangement Agreement

The Arrangement Agreement specifies that the parties' obligation to effect the Arrangement is conditional upon the satisfaction of a number of conditions including receipt of all required regulatory approvals. If any of these conditions are not satisfied or waived, the Arrangement may not be completed. Each of DAQ and CHC has the right, in certain circumstances,

in addition to termination rights relating to the failure to satisfy the conditions of Closing, to terminate the Arrangement Agreement. Accordingly, there can be no certainty, nor can DAQ or CHC provide any assurance, that the Arrangement Agreement will not be terminated by either of DAQ or CHC prior to the Closing.

Risks Associated with Fixed Rates under the Arrangement

Pursuant to the provisions of the Arrangement Agreement, DAQ shares will be exchanged for CHC Shares at a ratio of 1.75304 CHC Shares for every one share of DAQ, and after DAQ, CHC and CHC Subco amalgamate to form the Resulting Issuer, the outstanding Common Shares of the Resulting Issuer will then be consolidated on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share. These exchange and consolidation ratios are fixed, and the number of Common Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of the CHC Shares or DAQ shares.

Risks Related to the Acquisitions

Possible Failure to Complete Any or All of the Acquisitions

As part of the Qualifying Acquisition, it is contemplated that the Resulting Issuer will complete the purchase of the Operating Properties, the purchase of certain of the 2016 Properties, the acquisition of the CHC LP Units and the CHC LP Management Internalization, subject to various closing conditions in respect of the various Acquisitions. However, the Resulting Issuer has no control over whether or not the conditions will be met and there can be no assurance that all conditions will be satisfied or waived or that all of such Acquisitions will be consummated. The Resulting Issuer may proceed to complete less than all of such Acquisitions. There is no assurance that all or any of the Acquisitions will be completed or, if completed, will be on terms that are exactly the same as disclosed in this prospectus.

If any or all of the Acquisitions do not take place as contemplated, the Resulting Issuer expects to use the funds intended for such transactions to fund future acquisitions and for general corporate purposes. If less than all of the Acquisitions are completed, the Resulting Issuer may not realize the benefits described in this prospectus and could suffer adverse consequences, including loss of investor confidence. The price of the Common Shares may decline to the extent that the relevant current market price reflects a market assumption that the Acquisitions will be consummated and certain costs related to the Acquisitions such as legal, accounting and consulting fees, must be paid even if all Acquisitions are not completed. The Resulting Issuer may be unable to identify other investments offering financial returns comparable to those of the Acquisitions.

General Risks Relating to the Acquisitions

Although DAQ and CHC have conducted due diligence in connection with the 2016 Properties and the Operating Properties and the vendors of the 2016 Properties and the Operating Properties have provided a number of representations and warranties in connection with the 2016 Properties and the Operating Properties, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, the 2016 Properties and the Operating Properties. Following the closing of the Acquisitions, the Resulting Issuer may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors of the 2016 Properties and the Operating Properties prove to be untrue. There can be no assurance of recovery by the Resulting Issuer from the vendors for any breach of the representations, warranties or covenants provided by the vendors under the Acquisition Agreements because there can be no assurance that the amount and length of the indemnification obligations will be sufficient to satisfy such obligations or that the vendors will have any assets or continue to exist. The Resulting Issuer's inability to claim for full indemnification from the vendors of the 2016 Properties and the Operating Properties could have a material and adverse effect on the Resulting Issuer.

The Acquisition Agreements contain representations and warranties of the vendors of the applicable 2016 Properties and Operating Properties. Such vendors, and/or parties related thereto have, subject to certain qualifications, generally agreed to indemnify the Resulting Issuer from, among other things: (i) claims or losses relating to the breach of such representations or warranties; and (ii) the failure of the applicable vendor to perform covenants under the applicable Acquisition Agreement. The Resulting Issuer will have limited recourse against the vendors and other related parties in connection with the Acquisitions. Any claim for breach of a representation and warranty is subject to the limitations, exceptions and qualifications in the applicable Acquisition Agreement, including that a claim must be made before the expiry of a specified period. There is no

assurance that any particular vendor will be sufficiently capitalized or otherwise able to satisfy any particular claim. As a result, the Resulting Issuer may not be able to enforce all or a portion of any indemnity claim it may have against the applicable vendor.

Financing Risks Relating to the Acquisitions

It is intended that the Resulting Issuer will finance a portion of the purchase price of the Operating Properties and the 2016 Properties through a combination of assumed mortgages and new mortgage financing. In addition, the Resulting Issuer will assume mortgages on the CHC Properties and the CHC LP Properties to be acquired as a result of the Arrangement. Following the closing of the Arrangement and the Acquisitions, the Resulting Issuer's outstanding indebtedness is expected to be comprised of (i) $49.3 million of first mortgages on the CHC Properties; (ii) $101.3 million of first mortgages on the CHC LP Properties; (iii) $26.0 million of first mortgages on the Operating Properties; (iv) $23.4 million of first mortgages on the 2016 Properties, and (v) $3.9 million drawn under the Bridge Facility.

While DAQ and CHC are currently in negotiations with financial institutions for the debt financing noted above, there can be no assurance that the Resulting Issuer's borrowing availability will be sufficient to close the Acquisitions. Should sufficient funds not be available to the Resulting Issuer at or prior to closing of the Acquisitions, the Resulting Issuer may not have sufficient funds to close one or more of the Acquisitions, which could have a material adverse impact on the Resulting Issuer or prevent the transaction from occurring.

Possible Excessive Redemptions and Failure to Meet Minimum Cash Requirement

In conjunction with DAQ's required shareholders' meeting in connection with a Qualifying Acquisition, holders of Class A Restricted Voting Shares can elect to redeem all or a portion of their Class A Restricted Voting Shares in exchange for their pro-rata portion of the proceeds from DAQ's initial public offering that have been deposited into escrow, including interest earned thereon and net of certain taxes and expenses. Any redemption of the Class A Restricted Voting Shares would directly reduce the funds available to DAQ to use for purposes of the Qualifying Acquisition, and an excessive number of redemptions could cause DAQ to fail to meet its minimum cash requirement of $87.3 million, as further described in the Arrangement Agreement. In the event DAQ's minimum cash requirement is not met due to Class A Restricted Voting Share redemptions, the parties have agreed to use reasonable commercial efforts to seek to obtain additional debt or equity or other financing sufficient to restore DAQ's cash level to meet its minimum cash requirement, or make other appropriate arrangements to seek to complete the Qualifying Acquisition (which may include, without limitation, issuing Class A Restricted Voting Shares or Class B Shares, or securities convertible or exchangeable therefor, or not completing one or more of the Acquisitions). In the event of non-compliance with the minimum cash requirement leading to its inability to complete the Arrangement, DAQ reserves the right to seek to source and complete an alternative Qualifying Acquisition.

Possible Failure to Realize Expected Returns on the Acquisitions

Acquisitions involve risks, including the failure of the Acquisitions to realize the results DAQ and CHC management expect. If any of the Acquisitions fails to realize the results that DAQ and CHC expect, such failure could materially and adversely affect the Resulting Issuer's business plan and could have a material adverse effect on the Resulting Issuer and its financial results.

Risks Related to the Integration of the Acquisitions

In order to achieve the benefits of the Acquisitions described in this prospectus, the Resulting Issuer will rely upon management's ability to successfully retain staff, consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities from combining the 2016 Properties, the Operating Properties and the CHC LP Properties and related operations with those of CHC. The integration of the 2016 Properties, the Operating Properties and the CHC LP Properties and related operations requires the dedication of management's effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect management's ability to achieve the anticipated benefits of the Acquisitions for the Resulting Issuer and its Shareholders.

In addition, although the Resulting Issuer has conducted due diligence in connection with the 2016 Properties and the Operating Properties, CHC has no prior history with the operation of the 2016 Properties and the Operating Properties, and

therefore there is an unavoidable level of risk regarding any undisclosed or unknown issues concerning the operation of the 2016 Properties and the Operating Properties. The Resulting Issuer will attempt to mitigate such risks through, among other things, continuity of the property managers currently managing the 2016 Properties and the Operating Properties.

Limited Recourse Against Vendors of the 2016 Properties and the Operating Properties

Shareholders of the Resulting Issuer will not have a direct statutory right or any other rights against the vendors of the 2016 Properties and the Operating Properties. Only the Resulting Issuer will be entitled to bring a claim or action for misrepresentation or breach of contract under the Acquisition Agreements and Shareholders of the Resulting Issuer will not have any contractual rights under the Acquisition Agreements. In addition, the vendors of the 2016 Properties and the Operating Properties have not made any representations to DAQ and CHC as to the disclosure in this prospectus constituting full, true and plain disclosure of all material facts related to the 2016 Properties and the Operating Properties, or that this prospectus does not contain a misrepresentation with respect to the 2016 Properties and the Operating Properties. Accordingly, the vendors will not have any liability to Shareholders of the Resulting Issuer if the prospectus disclosure relating to the 2016 Properties and the Operating Properties does not meet such standard or contains a misrepresentation.

Operating Properties Financial Information

The historical financial information relating to the Operating Properties included in this prospectus has been derived from the historical accounting records of the various vendors under the Acquisition Agreements. However, such financial statements may not reflect what the financial position, results of operations or cash flows of the Operating Properties would have been had the Resulting Issuer owned the Operating Properties during the historical periods presented or what their financial position, results of operations or cash flows will be in the future.

Risks Related to the Appraisals

DAQ and CHC retained the Appraisers to provide an independent estimate of the market value for the Properties. It should be noted that appraisals are estimates of market value at a specific point in time and represent the opinion of qualified experts as of the effective date of such appraisals. Accordingly, appraisals are not guarantees of present or future value. There is no assurance that the Appraisals correctly reflect an amount that would be realized upon a current or future sale of the CHC Properties, Operating Properties and CHC LP Properties. As real estate prices fluctuate due to numerous factors, the appraised value of the CHC Properties, Operating Properties and CHC LP Properties may not accurately reflect current market value.

Relationship with Woodbourne

Woodbourne is expected to hold a 50% direct or indirect interest in the Woodbourne Co-Ownership Properties. The relationship between the Resulting Issuer and Woodbourne will be governed pursuant to the Woodbourne Co-Owners Agreements. The Woodbourne Co-Owners Agreements contain certain restrictions which could affect the Resulting Issuer's ability to, or require the Resulting Issuer to, dispose of its interest in the Woodbourne Co-Ownership Properties. In particular, the Resulting Issuer is not expected to be in a position to exercise sole decision-making authority regarding the Woodbourne Co-Ownership Properties as approval of both the Resulting Issuer and Woodbourne will be required for most decisions in respect of the Woodbourne Co-Ownership Properties.

Pursuant to the Woodbourne Co-Owners Agreements, each Co-Owner has certain rights to transfer its interest that apply at any time after the earlier to occur of a change of control of the other Co-Owner and the third anniversary from the effective date of the Woodbourne Co-Owners Agreements. In the event that such Co-Owner wishes to dispose of its interest in the Woodbourne Co-Ownership Properties, it must give the other a right of first offer to purchase the property. If such right of first offer is not exercised, then the Co-Owner seeking to sell may sell the entire property. Therefore, in the event that the Resulting Issuer desires to sell its interest in any of the Woodbourne Co-Ownership Properties, the existence of these rights of first offer in favour of Woodbourne could (i) limit the number of purchasers of such interest, (ii) make it more difficult to sell such interest, (iii) decrease the potential purchase price that could be obtained for such interest and/or (iv) result in the forced sale of a property, which, in turn, could have a material adverse effect on the Resulting Issuer. Such rights may also inhibit the Resulting Issuer's ability sell its interest within the time frame or otherwise on the basis it desires.

In addition, in the event that the Resulting Issuer undergoes a change of control where the person that acquires control of the Resulting Issuer is not a comparable or more creditworthy entity with comparable or better capitalization and experi-

ence in commercial and/or residential real estate, the Resulting Issuer would be in default of its obligations under the Co-Owners Agreements. Any such default, or any other uncured default under the Co-Ownership Agreements, may provide Woodbourne with the right to purchase the Resulting Issuer's interest in the Woodbourne Co-Ownership Properties at up to a 10% discount to the fair market value of such interest as determined by an independent appraiser, less costs of sale, or arrange for the sale of the Woodbourne Co-Ownership Properties at up to a 10% discount to the fair market value of the Resulting Issuer's interest in the properties as determined by an independent appraiser, less costs of sale and amounts in default.

Co-ownership of properties involves certain additional risks, including: (i) the possibility that Woodbourne may, at any time, have economic or business interests or goals that will be inconsistent with the Resulting Issuer's or take actions contrary to the Resulting Issuer's wishes, (ii) the risk that Woodbourne could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on the Resulting Issuer to maintain and operate such properties or repay Woodbourne's share of property debt and/or result in it suffering or incurring delays, expenses and other problems associated with obtaining court approval of co-ownership decisions, and (iii) the risk that Woodbourne may, through its activities in relation to the applicable properties, expose or subject the Resulting Issuer to liability. Any disputes that may arise between the Resulting Issuer and Woodbourne could result in litigation or arbitration that could increase the Resulting Issuer's expenses and distract it from focusing their time and effort on the Resulting Issuer's business or could result in the forced sale of properties. See "*The Woodbourne Arrangements – The Woodbourne Co-Owners Agreements*".

Risks Related to the Qualifying Acquisition and the Common Shares

Available Funds and Principal Uses

It is intended that the Resulting Issuer expects to use the funds available to it as described under "*Available Funds and Principal Uses*". However, management will have discretion in the actual application of the available funds, and may elect to allocate available funds differently from that described under "*Available Funds and Principal Uses*" if it believes that it would be in the best interests of the Resulting Issuer to do so or if circumstances change. The failure by management to apply the available funds effectively could have a material adverse effect on the business of the Resulting Issuer.

Volatility of Market Price of Securities

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control, including the following: (i) actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Resulting Issuer; (iv) addition or departure of the Resulting Issuer's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of equity 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 Resulting Issuer's securities may decline even if the Resulting Issuer's operating results, 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 Resulting Issuer'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 Resulting Issuer's securities by those institutions, which could adversely affect the trading price of the Resulting Issuer's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the Resulting Issuer's operations could be adversely impacted and the trading price of the Resulting Issuer's securities may be adversely affected.

Return on Investment Not Guaranteed

The Common Shares will be equity securities of the Resulting Issuer and not fixed income securities. A fundamental characteristic that distinguishes the Common Shares from fixed income securities is that the Resulting Issuer does not have a

fixed obligation to make payments to holders of Common Shares and does not promise to return the initial purchase price of a Common Share on a certain date in the future. The Resulting Issuer has the ability to reduce or suspend dividends if circumstances warrant. The ability of the Resulting Issuer to pay dividends, and the actual amount distributed, will be entirely dependent on the operations and assets of the Resulting Issuer and its subsidiaries, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by the Resulting Issuer's business and its properties. The market value of the Common Shares will deteriorate if the Resulting Issuer is unable to meet its financial targets in the future, and that deterioration may be significant.

AFFO may exceed actual cash available to the Resulting Issuer from time to time because of items such as principal repayments or capital expenditures in excess of stipulated reserves identified by the Resulting Issuer in its calculation of AFFO and redemptions of Common Shares, if any. The Resulting Issuer may be required to use part of its debt capacity or to reduce dividends in order to accommodate such items.

Structural Subordination of Common Shares

In the event of bankruptcy, liquidation or reorganization of the Resulting Issuer or any of its subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of the Resulting Issuer and its subsidiaries before any assets are made available for distribution to holders of Common Shares. The Common Shares will be effectively subordinated to the debt and other obligations of the Resulting Issuer and its subsidiaries.

Dilution

The number of Common Shares that the Resulting Issuer will be authorized to issue will be unlimited. The Resulting Issuer may, in its sole discretion, issue additional 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 Common Shares. In addition to the 15,215,190 Common Shares to be issued to the shareholders of CHC and DAQ under the Arrangement, it is intended that the Resulting Issuer will issue 537,590 Common Shares as partial consideration for the acquisition of the CHC LP Units, 79,460 Common Shares as partial consideration for the CHC LP Management Internalization and 24,802 Common Shares as partial consideration for the acquisition of certain Properties. Upon Closing, the Resulting Issuer will also have 6,350,763 Common Shares issuable upon the exercise of stock options and share purchase warrants.

In the event that DAQ and/or CHC seek additional equity financing or other financing for the Resulting Issuer during the interim period between the announcement of the Qualifying Acquisition and the Closing, causing the balance sheets of the respective parties to be affected as a result, it may have a dilutive effect on the Common Shares and on the interests of holders of Common Shares.

Dividends

There can be no assurance that the Resulting Issuer will commence payment of dividends, and if commenced, that they will continue and at what levels. Dividends are at the discretion of the Board and depend on the financial condition of the Resulting Issuer and other factors.

Risks Related to the Resulting Issuer and its Business

Unable to Implement Objectives from Strategic Plan

The Resulting Issuer 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 prospectus, include: the ability of the Resulting Issuer to complete future acquisitions, obtain necessary equity and debt financing and grow its business; the future operations and performance of the Resulting Issuer's properties including the anticipated extent of the accretion of any acquisitions and generating improved occupancy levels and rental income; the anticipated results from the Resulting Issuer's plans to re-position certain properties; the ability of the Resulting Issuer to reinvest to make improvements and maintenance to its properties; overall indebtedness levels, which could be impacted by the level of acquis-

ition activity the Resulting Issuer 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 Resulting Issuer's ability to optimize its strategic plan.

Real Property Ownership

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 Resulting Issuer's properties generate revenue through rental payments made by tenants. The ability to rent vacant units 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.

Student Housing

The Resulting Issuer will generally attempt 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, the Resulting Issuer could experience reduced cash flows during the summer months at properties with lease terms shorter than 12 months. Furthermore, all of the Resulting Issuer's properties must be entirely re-leased each year, exposing it to increased leasing risk. In addition, the Resulting Issuer 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. The Resulting Issuer will therefore be highly dependent on the effectiveness of its marketing and leasing efforts and personnel during this season.

Changes in university admission policies could adversely affect the Resulting Issuer. For example, if a post-secondary institution proximate to the Resulting Issuer's properties reduces its number of student admissions, the demand for beds at the Resulting Issuer's properties may be reduced and its occupancy rates may decline. While the Resulting Issuer may engage in marketing efforts to compensate for such a change in admission policy, it may not be able to effect 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 the Resulting Issuer or any post-secondary institution proximate to the Resulting Issuer'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 enrollment, which may in turn have an adverse effect on the Resulting Issuer's properties.

Competition

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the Resulting Issuer in seeking tenants. The existence of competing developers, managers and owners and competition for the Resulting Issuer's tenants could have an impact on the Resulting Issuer's ability to lease beds in its properties and on the rents charged. In addition, the Resulting Issuer will be 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 Resulting Issuer. A number of these investors may have greater financial resources than those of the Resulting Issuer, or operate without the investment or operating discipline of the Resulting Issuer. 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.

The Resulting Issuer will compete with various owners, operators and developers in the student housing real estate industry, both in terms of on-campus and off-campus alternative rental options, including traditional multi-residential and single family home rental options located within proximity to the Resulting Issuer's properties. Some of these parties own, or may in the future own, properties that compete directly with the Resulting Issuer's properties, and some of these parties may have greater capital resources than the Resulting Issuer.

At present, the Canadian student-housing industry is not mature and is fragmented. However, if the Resulting Issuer's competitors build new properties that compete with the Resulting Issuer's current or future properties, or offer beds at rental rates below current market rates or below the rental rates the Resulting Issuer charges its tenants, the Resulting Issuer may lose potential tenants and it may be pressured to discount its rental rates below those it would otherwise charge in order to retain tenants. As a result, the Resulting Issuer's rental revenues may decrease in the future, which could impair its ability to satisfy any debt service obligations and to generate stable positive cash flow from its operations. In addition, increased competition for tenants may require the Resulting Issuer to make capital improvements to facilities that it would not have otherwise made. Any unbudgeted capital improvements the Resulting Issuer undertakes may reduce cash flow generated by its operations.

Dependence on Key Personnel

The success of the Resulting Issuer will be highly dependent on the services of certain key personnel, including in particular Mark Hansen, President and Chief Executive Officer, and Brad Williams, Vice-President, Operations. There can be no assurance that the Resulting Issuer will be able to retain its existing key personnel, attract qualified executives or adequately fill new or replace existing senior management positions or vacancies created by expansion, turnover or otherwise. The loss of the services of any one or more of the Resulting Issuer's key personnel or the inability to retain, attract or fill any such personnel or positions or vacancies could have an adverse effect on the Resulting Issuer and adversely impact the Resulting Issuer's financial condition and results of operations.

Financing Risk

The Resulting Issuer will be subject to the risks associated with debt financing, including the risk that the Resulting Issuer's cash flows will be insufficient to meet required payments of principal and interest, the risk that existing mortgages will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

If the Resulting Issuer is unable to refinance its indebtedness on acceptable terms, or at all, it might be forced to dispose of one or more of its properties on disadvantageous terms, which might result in losses. Such losses could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or cash flows. Furthermore, if a property is mortgaged to secure the payment of indebtedness and the Resulting Issuer is unable to meet mortgage payments, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, all of which could result in lost revenues and asset value to the Resulting Issuer.

The degree to which the Resulting Issuer is leveraged could have important consequences to Shareholders, including: (i) the Resulting Issuer's ability to obtain additional financing for working capital in the future may be limited; (ii) a portion of the Resulting Issuer's cash flow may be dedicated to the payment of the principal of, and interest on, its indebtedness, thereby reducing the amount of funds available for the payment of dividends or distributions to Shareholders; and (iii) certain of the Resulting Issuer's borrowings will be at variable rates of interest which exposes the Resulting Issuer to the risk of increased interest rates. The Resulting Issuer's ability to make scheduled payments of the principal of, or interest on, or to refinance, its indebtedness will depend on its future cash flow, which is subject to the financial performance of properties in the Resulting Issuer's portfolio, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond the Resulting Issuer's control. If the Resulting Issuer does not maintain such ratios, its ability to pay dividends or distributions will be limited.

Acquisition and Development

The Resulting Issuer's external growth prospects will depend in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. If the Resulting Issuer is unable to manage its growth and integrate its acquisitions effectively, its business, operating results and financial condition could be adversely affected. While consistent with the Resulting Issuer's strategy and in the normal course, the Resulting Issuer is engaged in discussions with respect to possible acquisitions of properties, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms and timing of any acquisition would be.

The success of the acquisition activities of the Resulting Issuer will be determined by numerous factors, including the ability of the Resulting Issuer to identify suitable acquisition targets; to obtain adequate financing related to such acquisitions

on reasonable terms; the level of competition for acquisition opportunities; the Resulting Issuer's ability to obtain adequate purchase prices and terms; and the ability to effectively integrate and operate the acquired properties and the financial performance of such properties after acquisition.

Acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition. Moreover, newly acquired properties may require significant management attention or capital expenditures that would otherwise be allocated to existing properties. Any failure by the Resulting Issuer to identify suitable candidates for acquisition or to operate the acquired properties effectively may have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Acquisition and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the Resulting Issuer. Representations and warranties given by such third parties to the Resulting Issuer may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, properties acquired by the Resulting Issuer may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

Geographic Concentration

Following the completion of the Qualifying Acquisition, the Resulting Issuer will have material concentrations of properties in Waterloo and Oshawa, Ontario. Consequently, the market value of these particular Properties and the income generated from them could be negatively affected by any adverse changes in the post-secondary institutions in those markets 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.

Taxation of the Resulting Issuer

If the Resulting Issuer ceases to qualify as a "mutual fund corporation" under the Tax Act, the income tax considerations described in "*Certain Canadian Federal Income Tax Considerations*" would be materially different in certain respects.

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund corporations will not be changed in a manner that adversely affects Shareholders.

Potential Conflicts of Interest

Certain of the directors and officers of CHC have been, and certain directors and officers of the Resulting Issuer will continue to be, engaged in the identification and evaluation for the purpose of potential acquisition or disposition of interests in real estate on their own behalf and on behalf of other entities. Accordingly, situations may arise where some directors or officers of the Resulting Issuer may have potential conflicts of interest in connection with the operations of the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the OBCA, which will require written disclosure if a director or officer of the Resulting Issuer is a party to a material contract or proposed material contract or is a director or officer of, or has a material interest in, any material contract or proposed material contract, with the Resulting Issuer and, subject to certain exceptions, requires the director to abstain from voting on the matter.

DAQ and CHC intend to use a portion of the funds available to the Resulting Issuer to acquire the CHC LP Units and complete the CHC LP Management Internalization. CHC LP was formed by CHC RI and is managed by CHC LP Management, which is a subsidiary of CHC RI. Mark Hansen, President and CEO of CHC, and Craig Smith, a director of CHC, own CHC LP Units, and are also directors, officers and/or shareholders of CHC RI. As such, they are interested in the acquisition of the CHC LP Units and the CHC LP Management Internalization. All determinations in connection with decisions to acquire the CHC LP Units and to complete the CHC LP Management Internalization have been and will be made by independent directors of CHC and the Resulting Issuer and in accordance with applicable laws, and have also been made in agreement with DAQ on an arm's length basis.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to DAL, and DLA Piper (Canada) LLP, counsel to CHC, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that will be generally applicable to the acquisition, holding and disposition of the Common Shares and Replacement Warrants of the Resulting Issuer upon completion of the Qualifying Acquisition and the Arrangement. This summary is applicable to an investor who, at all relevant times, deals at arm's length and is not affiliated with the Resulting Issuer and holds Common Shares and Replacement Warrants, as applicable, as capital property (a "**Holder**"). Generally, Common Shares and Replacement Warrants will be considered to be capital property to a Holder provided the Holder does not hold the Common Shares or the Replacement Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary assumes that (i) the Common Shares will, at all material times, be listed on a designated stock exchange for the purposes of the Tax Act (which currently includes the TSX), (ii) the Resulting Issuer qualifies as a "mutual fund corporation" under the Tax Act and will continue to so qualify at all material times, and (iii) the Resulting Issuer has not been established and has not been and will not be maintained primarily for the benefit of Non-Residents.

This summary further assumes that none of the limited partnerships through which the Resulting Issuer will hold its interest in the Properties will be subject to the SIFT Rules. If any such limited partnership were to become a SIFT partnership, the income tax considerations described below would, in some respects, be materially different.

This summary is based on the facts set out in this prospectus, a certificate of CHC regarding certain factual matters (the "**Officer's Certificate**"), the current provisions of the Tax Act and the Regulations, counsel's understanding of the current published administrative policies and assessing practices of the CRA and the Tax Proposals. This summary assumes that the Tax Proposals will be enacted as proposed. There can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal, provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Common Shares and Replacement Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Common Shares or Replacement Warrants will vary depending on the investor's particular circumstances including the province or provinces in which the investor resides or carries on business. This summary also does not address any foreign tax considerations applicable to an investment in Common Shares or Replacement Warrants. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Common Shares and Replacement Warrants, based on their particular circumstances.

Exercise or Expiry of Replacement Warrants

No gain or loss will be realized by a Holder of a Replacement Warrant upon the exercise of such Replacement Warrant. When a Replacement Warrant is exercised, the Holder's cost of the Common Share acquired thereby will be equal to the adjusted cost base of the Replacement Warrant to such Holder, plus the amount paid on the exercise of the Replacement Warrant. For the purpose of computing the adjusted cost base to a Holder of each Common Share acquired on the exercise of a Replacement Warrant, the cost of such Common Share must be averaged with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of such Replacement Warrant.

Generally, the expiry of an unexercised Replacement Warrant will give rise to a capital loss equal to the adjusted cost base to the Holder of such expired Replacement Warrant. See "*Disposition of Common Shares and Replacement Warrants*" below.

Taxation of the Resulting Issuer

In each taxation year, subject to the following discussion, the Resulting Issuer will generally be subject to tax under Part I of the Tax Act on its income for the year, including income earned through subsidiary limited partnerships and no refund

will be available in respect thereof. As a mutual fund corporation, the Resulting Issuer will be entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. The amount of the available refund to the Resulting Issuer in any taxation year is determined by a formula which is based in part on (i) the amount of the capital gains dividends (described below) paid by the Resulting Issuer to Shareholders, and (ii) the amount paid by the Resulting Issuer to Shareholders on the redemption of Common Shares ("**capital gains redemptions**"). Also, as a mutual fund corporation, the Resulting Issuer will maintain a capital gains dividend account in respect of capital gains realized by it and from which it may elect to pay dividends ("**capital gains dividends**") which will be treated as capital gains in the hands of the Shareholders of the Resulting Issuer. See below under "*Taxation of Shareholders*". In certain circumstances where the Resulting Issuer has recognized a capital gain in a taxation year, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient capital gains dividends and/or capital gains redemptions.

The Resulting Issuer will indirectly own the Properties and conduct its other activities through subsidiary limited partnerships. No subsidiary limited partnership will itself be subject to tax under the Tax Act. However, the Resulting Issuer will be required to include or, subject to the "at-risk" rules described below, will be entitled to deduct, in computing its income for each taxation year, its share of the net income or loss for tax purposes of each such partnership as is allocated to the Resulting Issuer for the fiscal period of the relevant partnership ending in the taxation year, whether or not a distribution is received by the Resulting Issuer in such year. For this purpose, the income or loss of each subsidiary limited partnership will be computed for each fiscal period as if such partnership were a separate person resident in Canada. In computing its income or loss, a subsidiary limited partnership may generally claim deductions in respect of its administrative and other expenses incurred for the purpose of earning income from business or property to the extent they are not capital in nature and do not exceed a reasonable amount, reasonable interest in respect of debt and available capital cost allowance.

The Resulting Issuer will generally not be subject to tax on any amounts received as distributions from a subsidiary limited partnership, but distributions to the Resulting Issuer in excess of its allocated share of the income of the partnership will generally result in a reduction of the adjusted cost base of the Resulting Issuer's partnership interest in such partnership as described below. If the adjusted cost base of the Resulting Issuer's interest in a subsidiary limited partnership would otherwise be less than zero at the end of the fiscal year of the partnership, the negative amount is deemed to be a capital gain realized by the Resulting Issuer and the Resulting Issuer's adjusted cost base of such interest will be increased by the amount of such deemed capital gain to zero.

The Tax Act contains rules (the "at-risk rules") which, in general, will limit the ability of a limited partner of a partnership to deduct in a taxation year its share of any loss of the partnership (other than a capital loss) for a fiscal period ending in that taxation year to its "at-risk amount" in respect of the partnership at the end of that fiscal period. In general, the "at-risk amount" of a limited partner in respect of a limited partnership at the end of any fiscal period will be the adjusted cost base of the limited partner's partnership interest at the end of the fiscal period, plus any income allocated to the limited partner for the fiscal period and minus the amount of any guarantee or indemnity provided to the limited partner (or a person not dealing at arm's length with the limited partner) against the loss of the limited partner's investment and certain amounts owing by the limited partner (or a person not dealing at arm's length with the limited partner) to the partnership or to persons not dealing at arm's length with the partnership.

In general, the adjusted cost base of the Resulting Issuer's partnership interest in a subsidiary limited partnership at any time is the cost of such interest to the Resulting Issuer plus the share of the income and capital gains of such partnership allocated to the Resulting Issuer for fiscal years of the partnership ending before that time less the share of losses and capital losses of the partnership allocated to the Resulting Issuer for fiscal years of the issuer ending before that time, and less the Resulting Issuer's share of any distributions received from the partnership before that time.

Generally, the Resulting Issuer will be entitled to deduct reasonable administrative and other ongoing expenses incurred by it for the purposes of earning income. Any non-capital losses incurred by the Resulting Issuer may generally be carried forward or back in accordance with the rules and limitations contained in the Tax Act and deducted in computing the taxable income of the Resulting Issuer.

Taxation of Holders Resident in Canada

The following portion of the summary applies to a Holder who for the purposes of the Tax Act and any applicable income tax treaty or convention, is resident in Canada (a "**Resident Holder**").

This summary is not applicable to a Resident Holder (i) that is a "financial institution" as defined in the Tax Act for the purpose of the "mark-to-market" rules, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) that has elected to report its Canadian tax results in a currency other than Canadian currency, (iv) an interest in which would be a "tax shelter investment" as defined in the Tax Act, or (v) that has entered or will enter into a "derivative forward agreement", as such term is defined in the Tax Act, in respect of the Common Shares or Replacement Warrants. Any such Resident Holder should consult their own tax advisors with respect to an investment in the Common Shares and Replacement Warrants.

Certain Resident Holders who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have their Common Shares, and all other "Canadian securities" owned or subsequently owned by such Resident Holder, treated as capital property by making an irrevocable election in accordance with the Tax Act. Resident Holders should consult their own tax advisors to determine whether an election is available and advisable in their particular circumstances. Such election will not apply to the Replacement Warrants.

Distributions made to Resident Holders

The amount of any capital gains dividend received by a Resident Holder from the Resulting Issuer on a Common Share will be considered to be a capital gain of the Resident Holder from the disposition of capital property in the taxation year of the Resident Holder in which the capital gains dividend is received. See "*Taxation of Capital Gains and Losses*" below.

A Resident Holder who is an individual (other than certain trusts) will be required to include in income any ordinary dividends received or deemed to be received on the Common Shares and will be subject to the gross-up and dividend tax credit rules under the Tax Act normally applicable to taxable dividends received from a taxable Canadian corporation. The Tax Act provides an enhanced dividend gross-up and tax credit for "eligible dividends" (as defined in the Tax Act) received from a corporation resident in Canada which are so designated by the corporation paying the dividend.

A Resident Holder that is a corporation will be required to include in income any ordinary dividends received or deemed to be received on the Common Shares and will generally be entitled to deduct an equivalent amount in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder which is a private corporation for purposes of the Tax Act, or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a refundable tax under Part IV of the Tax Act on ordinary dividends received on Common Shares, to the extent that such dividends are deductible in computing the corporation's taxable income.

The Resulting Issuer may make returns of capital in respect of the Common Shares. A return of capital in respect of a Common Share will not be included in the income of a Resident Holder, but will reduce the adjusted cost base of such Common Share. To the extent that the adjusted cost base of a Common Share would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Resident Holder from the disposition of the Common Share and the adjusted cost base will be increased by the amount of such deemed capital gain. See "*Taxation of Capital Gains and Losses*" below.

Disposition of Common Shares and Replacement Warrants

Upon the redemption, retraction or other disposition of a Common Share or on the disposition of a Replacement Warrant (other than on the exercise of a Replacement Warrant), a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of such Common Share or Replacement Warrant, as applicable, exceed (or are less than) the aggregate of the Resident Holder's adjusted cost base of such Common Share or Replacement Warrant, as applicable, and any reasonable costs of disposition. As discussed above under the heading "Exercise or Expiry of Replacement Warrants", no gain or loss will be realized by a Resident Holder of a Replacement Warrant upon the exercise of such Replacement Warrant.

Where the Resident Holder is a corporation, a trust of which a corporation is a beneficiary or a partnership of which a corporation is a member, in certain circumstances the amount of any capital loss otherwise determined on the disposition of a Common Share may be reduced by the amount of ordinary dividends previously received on the Common Share. These rules

may also apply where a trust or partnership is a member of a partnership or a beneficiary of a trust that owns Common Shares. For purposes of computing the adjusted cost base of each Common Share, a Resident Holder must average the cost of a newly acquired Common Share with the adjusted cost base of all Common Shares held as capital property immediately before that time.

Taxation of Capital Gains and Losses

One-half of any capital gain (a taxable capital gain) realized by a Resident Holder must be included in computing the Resident Holder's income and one-half of any capital loss (an allowable capital loss) must generally be deducted from taxable capital gains realized by the Resident Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act. A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for an additional refundable tax on investment income for the year, which is defined to include taxable capital gains.

Alternative Minimum Tax

Resident Holders who are individuals (other than certain trusts) realizing net capital gains or receiving dividends may be subject to alternative minimum tax under the Tax Act.

Taxation of Holders Not Resident in Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, is not resident nor deemed to be resident in Canada at all relevant times and does not use or hold, and is not deemed to use or hold, Common Shares or Replacement Warrants, as applicable, in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Distributions made to Non-Resident Holders

Any ordinary dividends on Common Shares paid or credited or deemed to be paid or credited to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the Canada-United States Income Tax Convention (1980), as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15% of the amount of such dividend.

Where, in a taxation year, the Resulting Issuer has designated a dividend as a capital gains dividend, all or a portion of such dividend that is paid to a Non-Resident Holder may be deemed to be an ordinary dividend subject to non-resident withholding tax as described above. All or a portion of the capital gains dividend paid to a Non-Resident Holder will generally be deemed to be an ordinary dividend to the extent of the Non-Resident Holder's pro-rata portion of the Resulting Issuer's "TCP gains balance", provided that more than 5% of the dividend is received by or on behalf of shareholders each of whom is a non-resident person or is a partnership that is not a Canadian partnership (all within the meaning of the Tax Act). In general, the Resulting Issuer's TCP gains balances includes all capital gains (less all capital losses) realized by it from the disposition of "taxable Canadian property" (within the meaning of the Tax Act), less amounts deemed to be TCP gains distributions in previous taxation years.

Where the Common Shares are "Canadian property mutual fund investments", as defined in the Tax Act, the Resulting Issuer will be required to withhold Canadian tax pursuant to Part XIII.2 of the Tax Act at a rate of 15% on each distribution of (or payment of redemption proceeds by) the Resulting Issuer made to a Non-Resident Holder that, in general terms and without regard to any tax convention based exemptions, is not otherwise subject to Canadian withholding tax (including returns of capital). The Common Shares will be "Canadian property mutual fund investments" where: (i) the Common Shares are listed on a designated stock exchange (such as the TSX) and (ii) more than 50% of the value of the Common Shares is attributable to real property in Canada, Canadian resource property or timber resource property, as defined in the Tax

Act. Provided that the Common Shares are listed on a designated stock exchange and based on representations made in the Officer's Certificate, it is anticipated that Common Shares of the Resulting Issuer will meet both of the conditions for the application of Part XIII.2 withholding tax on distributions to Non-Residents. All, or a portion, of the Part XIII.2 tax paid by a Non-Resident Holder may be refunded to a Non-Resident Holder if the Non-Resident Holder realizes a capital loss on the disposition of a Canadian property mutual fund investment and files a return in the form and within the time prescribed by the Tax Act. Non-Resident Holders should consult with their own tax advisors in respect of any availability of making a claim for a refund from the Canadian government of any Part XIII.2 withholding.

Disposition of Common Shares and Replacement Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of Common Shares or Replacement Warrants, unless the Common Shares or Replacement Warrants constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

As long as the Common Shares are listed on a designated stock exchange (which includes the TSX), the Common Shares and Replacement Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder, unless (a) at any time during the 60-month period immediately preceding the disposition or deemed disposition of the Common Share or Replacement Warrant, as applicable: (i) 25% or more of the issued shares of a class of shares of the Resulting Issuer were owned by, or belonged to, one or any combination of (x) the Non-Resident Holder, (y) persons with whom the Non-Resident Holder did not deal at arm's length (within the meaning of the Tax Act) and (z) partnerships in which the Non-Resident Holder or a person referred to in (y) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Common Shares was derived, directly or indirectly, from one or any combination of: (A) real or immovable property situated in Canada; (B) Canadian resource property (as defined in the Tax Act); (C) timber resource property (as defined in the Tax Act), or (D) options in respect of, or interests in, or for civil law rights in, property described in any of (A) through (C) above, whether or not such property exists; or (b) in the case of Common Shares only, the Common Share is otherwise deemed under the Tax Act to be taxable Canadian property.

If the Common Shares or Replacement Warrants are taxable Canadian property to a Non-Resident Holder, any capital gain realized on the disposition or deemed disposition of such Common Share or Replacement Warrant may not be subject to Canadian federal income tax pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Resident Holder. In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of Common Shares or Replacement Warrants that are taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the heading "*Taxation of Holders Resident in Canada - Taxable Capital Gains and Losses*" will generally be applicable to such disposition. As discussed above under the heading "Exercise or Expiry of Replacement Warrants", no gain or loss will be realized by a non-Resident Holder of a Replacement Warrant upon the exercise of such Replacement Warrant. Non-Resident Holders whose Common Shares or Replacement Warrants are taxable Canadian property should consult their own tax advisors.

PROMOTER

Dundee Corporation, the sponsor of the Corporation, is considered a promoter of the Corporation within the meaning of applicable securities legislation. As of the date of this prospectus, Dundee Corporation owns, directly or indirectly, 3,272,677 Class B Shares representing approximately 97.8% of the Class B Shares (and 22.45% of all issued and outstanding shares).

Pursuant to an administrative services agreement, DAQ pays Dundee Corporation a total of $10,000 (plus applicable taxes) per month for office space, utilities and administrative support. The administrative services agreement will terminate upon completion of the Arrangement.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

DAQ is not aware of any existing or contemplated legal proceedings to which it is or was a party to, or to which any of its property is or was subject. In the ordinary course of business, CHC and its properties, and the Resulting Issuer and its

properties, may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. CHC is not aware of any existing or contemplated legal proceedings to which it or any subsidiary is or was a party to, or to which any of their property is or was subject, that would have a material adverse effect on CHC. Neither DAQ nor CHC is aware of any existing or contemplated legal proceedings to which the Resulting Issuer or any subsidiary will be a party, or to which any of their property will be subject, that would have a material adverse effect on the Resulting Issuer.

DAQ is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against it, nor has it entered into any settlement agreements before a court or with a securities regulatory authority. CHC is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against it, nor has it entered into any settlement agreements before a court or with a securities regulatory authority. Neither DAQ nor CHC is aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body to which the Resulting Issuer will be subject, nor any settlement agreements before a court or with a securities regulatory authority to which the Resulting Issuer will be a party.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No Principal of the Corporation or associate or affiliate of a principal of the Corporation has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Corporation except as disclosed herein.

No Insider of CHC or associate or affiliate of an insider of CHC has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect CHC except as disclosed herein.

AUDITORS

The auditors of CHC are Deloitte LLP, located in Toronto, Ontario.

The auditors of DAQ are PricewaterhouseCoopers LLP, located in Toronto, Ontario.

Upon completion of the Qualifying Acquisition, the auditors of CSL are expected to be Deloitte LLP, located in Toronto, Ontario.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Class A Restricted Voting Shares and the Class B Shares of the Corporation is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

The transfer agent and registrar for the CHC Shares is TMX Equity Transfer Services at its principal office in Toronto, Ontario.

Upon completion of the Qualifying Acquisition, the transfer agent and registrar for the Common Shares of the Resulting Issuer is expected to be Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

EXPERTS AND INTERESTS OF EXPERTS

The names of the experts in connection with this prospectus are Stikeman Elliott LLP, DLA Piper (Canada) LLP, Deloitte LLP, PricewaterhouseCoopers LLP, Rosenswig McRae Thorpe LLP, Cushman & Wakefield Ltd. and Altus Group Limited.

The matters referred to under "*Eligibility for Investment*" and "*Certain Canadian Federal Income Tax Considerations*" as well as certain other legal matters relating to the Qualifying Acquisition will be passed upon by Stikeman Elliott LLP on

behalf of DAQ and DLA Piper (Canada) LLP on behalf of CHC. As of the date of this prospectus, the partners and associates of Stikeman Elliott LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of DAQ and CHC, and will own less than 1% of the outstanding securities of CSL. As of the date of this prospectus, the partners and associates of DLA Piper (Canada) LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of DAQ and CHC, and will own less than 1% of the outstanding securities of CSL.

Deloitte LLP are the auditors of CHC and the Operating Properties, and have confirmed that they are independent with respect to CHC and the Operating Properties within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

PricewaterhouseCoopers LLP are the auditors of DAQ, and have confirmed that they are independent with respect to DAQ within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Rosenswig McRae Thorpe LLP are the auditors of CHC LP and the 50% co-ownership interest in the CHC LP Properties owned by the CHC LP Properties Co-Owner, and have confirmed that they are independent with respect to CHC LP and the 50% co-ownership interest in the CHC LP Properties owned by the CHC LP Properties Co-Owner within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Certain information relating to the Appraisals has been based upon the Appraisals prepared by Cushman & Wakefield Ltd. As of the date of this prospectus, the designated professionals of Cushman & Wakefield Ltd., as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of CHC and DAQ, and will own less than 1% of the outstanding securities of CSL.

Certain information relating to the Appraisals has been based upon the Appraisals prepared by Altus Group Limited. As of the date of this prospectus, the designated professionals of Altus Group Limited, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of CHC and DAQ, and will own less than 1% of the outstanding securities of CSL.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which DAQ has entered into since the beginning of its most recently completed financial year, or before its most recently completed financial year but which are still in effect, are:

1. the Arrangement Agreement;
2. the Escrow Agreement dated April 21, 2015 among DAQ, TD Securities Inc. and Computershare Trust Company of Canada;
3. the Underwriting Agreement dated April 14, 2015 between the Corporation, Dundee Corporation and certain underwriters; and
4. the Warrant Agency Agreement dated April 21, 2015, between the Corporation and Computershare Trust Company of Canada.

Copies of these agreements will be available for inspection at the head and registered office of the Corporation, 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9 during ordinary business hours upon reasonable notice until the date of Closing and for a period of 30 days thereafter, and will also be available on the Corporation's SEDAR profile at www.sedar.com.

Except for contracts entered into in the ordinary course of business, the only material contract which CHC has entered into since the beginning of its most recently completed financial year, or before its most recently completed financial year but which is still in effect, is the Arrangement Agreement:

A copy of the Arrangement Agreement will be available for inspection at the head office of CHC, 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3 during ordinary business hours upon reasonable notice until the date of Closing and for a period of 30 days thereafter, and will also be available on DAQ and CHC's SEDAR profiles at www.sedar.com.

As CSL will be a successor corporation to DAQ and CHC as a result of the Arrangement, all the property and rights of each of DAQ and CHC will become the property and rights of CSL, and CSL will be subject to all obligations and liabilities of each of DAQ and CHC, including (where relevant post-closing) with respect to the material contracts noted above. In addition, it is expected that CSL (or a subsidiary of CSL) will be a party to the following material contracts upon Closing of the Proposed Acquisition:

1. the Woodbourne Co-Owners Agreements;
2. the Woodbourne Credit Agreement; and
3. the credit agreement in respect of the Bridge Facility.

Copies of these agreements will be available for inspection at the registered office of CSL, 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 1J3 during ordinary business hours upon reasonable notice for a period of 30 days following Closing, and will also be available on CSL's SEDAR profiles at www.sedar.com.

CERTAIN EXEMPTIONS FROM APPLICABLE SECURITIES LAWS

In connection with the filing of this prospectus, the Corporation and CHC made a pre-filing application with the Ontario Securities Commission providing for the financial statements relating to the Operating Properties and CHC LP to be included in this prospectus.

DAQ received an exemption from the Autorite des marches financiers ("**AMF**") pursuant to Section 263 of the *Securities Act* (Québec) (the "**Québec Securities Act**") from the requirement in Section 40.1 of the Québec Securities Act to prepare and file a French version of this prospectus. The AMF's order allowing the exemption to French translation of this prospectus was granted in part due to the non-offering nature of this prospectus and the absence of distributions of securities being offered pursuant thereto, that this prospectus will be attached to DAQ's management information circular to be delivered to shareholders of DAQ in connection with the requisite shareholders' meeting in connection with DAQ's Qualifying Acquisition, and the minimum percentage of total DAQ shares held by Québec investors.

CONTRACTUAL RIGHT OF ACTION

Original purchasers of Class A Restricted Voting Shares and Warrants from the underwriters in DAQ's initial public offering will have a contractual right of action for rescission or damages against DAQ. In the event that DAQ's Qualifying Acquisition is completed and if this prospectus or any amendment hereto contains a misrepresentation, provided that the exercise of either such remedy occurs prior to the 180th day following the deposit deadline applicable to the redemption of the Class A Restricted Voting Shares (the "**Redemption Deposit Date**"), a purchaser who purchased Class A Restricted Voting Shares and Warrants in connection with DAQ's initial public offering shall, in respect of such Warrants and in respect of the CSL Common Shares issued pursuant to the Arrangement in exchange for such Class A Restricted Voting Shares, be entitled to, as against DAQ, in addition to any other remedy available at the time to such holder, (i) in the case of rescission, the amount paid for the applicable Class A Restricted Voting Shares and/or Warrants, as applicable, upon surrender of such securities, and (ii) in the case of a damages election, their proven damages.

This contractual right of action for rescission or damages will be consistent (except that it will be available solely against the Resulting Issuer, and will not apply to a person who had knowledge of the misrepresentation prior to or at the Redemption Deposit Date) with the statutory right of rescission or damages described under section 130 of the *Securities Act* (Ontario) (including that sections 130(7), (9) and (10) will apply thereto). In no case shall the amount recoverable by holders exceed the original purchase price of the Class A Restricted Voting Units. In addition, for non-residents of Canada, the contractual right shall be subject to the same interpretational or constitutional defences, if any, as would apply to a claim against a resident Canadian issuer under section 130 of the Act, and, as a result, the argument that non-residents are not entitled to take advantage of the contractual remedy on a similar basis shall not be precluded.

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DUNDEE ACQUISITION LTD.

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015
AND FOR THE PERIOD FROM INCEPTION
ON
MARCH 5, 2015 TO DECEMBER 31, 2015

Management's Report on Internal Control over Financial Reporting

The financial statements of Dundee Acquisition Ltd. (the "Corporation"), the accompanying notes thereto and other financial information contained in the Corporation's management's discussion and analysis are the responsibility of, and have been prepared by management. These financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments. Management has reviewed the financial information presented throughout the documents accompanying these financial statements and has ensured it is consistent with the financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit Committee, which is comprised of directors, none of whom are employees of the Corporation, reviews the interim and annual financial statements and management's discussion and analysis of the Corporation and recommends them for approval by the Board of Directors. The Audit Committee reports its findings to the Board of Directors before the financial statements are approved by the Board.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, was appointed by the shareholders of the Corporation to examine the financial statements and provide an independent professional opinion as to their compliance with International Financial Reporting Standards. The auditor has full and unrestricted access to the Audit Committee to discuss the audit and related matters.

(Signed)
Mark Goodman
President and Chief Executive Officer

(Signed)
Lucie Presot
Chief Financial Officer

Toronto, Canada
February 3, 2016

Independent Auditor's Report

To the Shareholders of
Dundee Acquisition Ltd.

We have audited the accompanying financial statements of Dundee Acquisition Ltd., which comprise the statement of financial position as at December 31, 2015 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flow for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 and the related notes thereto which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dundee Acquisition Ltd. as at December 31, 2015, and its financial performance and its cash flow for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards.

(signed) PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 3, 2016

DUNDEE ACQUISITION LTD.

STATEMENT OF FINANCIAL POSITION

(expressed in Canadian dollars)

	Note	As at December 31, 2015
ASSETS		
Current		
Cash		$ 748,597
Prepaid expenses		5,400
		753,997
Restricted cash and cash equivalents held in escrow	6	112,753,202
TOTAL ASSETS		**$113,507,199**
LIABILITIES		
Current		
Accounts payable and accrued liabilities		$ 175,200
Amounts due to Dundee Corporation	7	129,950
		305,150
Deferred underwriters' commission	8	3,930,500
Class A Restricted Voting Shares subject to redemption	1, 5, 9	108,818,700
		113,054,350
SHAREHOLDERS' EQUITY		
Share capital	1, 10	4,224,516
Warrants	1, 10	1,094,670
Deficit		(4,866,337)
		452,849
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$113,507,199**

Commitments (note 16)

Approved by the Board:

(Signed)
DAVID GOODMAN
Director

(Signed)
MARK GOODMAN
Director

The accompanying notes are an integral part of these financial statements.

DUNDEE ACQUISITION LTD.

STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

(expressed in Canadian dollars, except per share amounts)

	Note	From inception on March 5, 2015 to December 31, 2015
ITEMS IN NET LOSS		
Interest income		$ 456,554
Transaction costs	9	(6,794,191)
General and administrative	7, 11	(886,852)
Net unrealized gain on changes in the fair value of financial liabilities	9	2,358,300
Interest expense		(148)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		**$(4,866,337)**
NET LOSS PER SHARE		
Basic and diluted	13	$ (1.96)
Weighted average number of Class B Shares outstanding – basic and diluted		2,481,475

The accompanying notes are an integral part of these financial statements.

DUNDEE ACQUISITION LTD.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from inception on March 5, 2015 to December 31, 2015
(expressed in Canadian dollars, except for number of shares and warrants outstanding amounts)

		Class B Shares		Warrants			
	Note	Number	Amount	Number	Amount	Deficit	Total
Balance, March 5, 2015		—	$ —	—	$ —	$ —	$ —
Issuance of Class B Shares to founders	1, 10	2,984,375	235,000	—	—	—	235,000
Issuance of Class B Shares	1, 10	430,750	4,264,425	215,375	43,075	—	4,307,500
Forfeiture of Class B Shares issued to founders	1, 10	(69,188)	—	—	—	—	—
Issuance of warrants pursuant to Offering	1, 10	—	—	5,615,000	1,123,000	—	1,123,000
Transaction costs	10	—	(274,909)	—	(71,405)	—	(346,314)
Net loss		—	—	—	—	(4,866,337)	(4,866,337)
Balance, December 31, 2015		3,345,937	$4,224,516	5,830,375	$1,094,670	$(4,866,337)	$ 452,849

The accompanying notes are an integral part of these financial statements.

DUNDEE ACQUISITION LTD.

STATEMENT OF CASH FLOW

(expressed in Canadian dollars)

	Note	From inception on March 5, 2015 to December 31, 2015
OPERATING ACTIVITIES		
Net loss for the period		$ (4,866,337)
Non-cash items included in net loss and other adjustments		
Interest income earned on restricted cash and cash equivalents held in escrow	6	(108,031)
Transaction costs associated with financing activities	9, 10	6,794,191
Net unrealized gain on changes in the fair value of financial liabilities	9	(2,358,300)
Stock based compensation	10	210,000
Changes in non-cash working capital		
Prepaid expenses		(5,400)
Accounts payable and accrued liabilities		175,200
CASH USED IN OPERATING ACTIVITIES		(158,677)
INVESTING ACTIVITIES		
Investment in restricted cash and cash equivalents	6	(112,645,171)
CASH USED IN INVESTING ACTIVITIES		(112,645,171)
FINANCING ACTIVITIES		
Changes in amounts due to Dundee Corporation	7	129,950
Proceeds from sale of Class B Shares to founders	1, 10	25,000
Proceeds from sale of Class B Units	1, 10	4,307,500
Proceeds from sale of Class A Restricted Voting Units	1, 9	112,300,000
Transaction costs associated with issuance of Class A Restricted Voting Shares	9	(3,054,320)
Transaction costs associated with issuance of Class B Shares and warrants	10	(155,685)
CASH PROVIDED FROM FINANCING ACTIVITIES		113,552,445
NET INCREASE IN CASH DURING THE PERIOD		748,597
CASH, BEGINNING OF PERIOD		—
CASH, END OF PERIOD		$ 748,597
Cash flows include the following amounts:		
Interest paid		$ 148
Taxes paid		$ —

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

Dundee Acquisition Ltd. (the "Corporation" or "Dundee Acquisition") is a special purpose acquisition corporation which was incorporated for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation (a "Qualifying Acquisition"). The Corporation's business activities are carried out in a single business segment.

The Corporation was created by Dundee Corporation, a public Canadian independent holding company listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A". Through its operating subsidiaries, Dundee Corporation is engaged in diverse business activities in the areas of investment advisory, corporate finance, energy, resources, agriculture, real estate and infrastructure. Dundee Corporation also holds, directly and indirectly, a portfolio of investments mostly in these key areas, as well as other select investments in both publicly listed and private enterprises.

The Corporation was incorporated on March 5, 2015 under the Business Corporations Act (Ontario), and is domiciled in Canada. The Corporation's head office, and the head office of Dundee Corporation, are located at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, Canada, M5C 2V9.

On March 5, 2015, Dundee Corporation purchased an aggregate of 2,909,375 Class B Shares (note 10) of the Corporation for an aggregate purchase price of $24,372, or approximately $0.008 per share. On April 8, 2015, the independent directors of the Corporation's Board of Directors purchased an additional 75,000 Class B Shares under the same terms and conditions as Dundee Corporation (collectively, the "Founders' Shares").

On April 21, 2015, the Corporation announced the completion of an initial public offering (the "Offering") of 10,000,000 units at $10.00 per unit. Each unit consisted of one Class A Restricted Voting Share of the Corporation (note 9) and one half of a warrant (together, a "Class A Restricted Voting Unit"). Following a Qualifying Acquisition, each Class A Restricted Voting Share will be automatically converted into one Class B Share of the Corporation, and accordingly, each whole warrant will entitle the holder thereof to purchase one Class B Share at an exercise price of $11.50, subject to normal anti-dilution adjustments, for a five-year period following completion by the Corporation of a Qualifying Acquisition. The Class A Restricted Voting Shares trade on the TSX under the symbol "DAQ.A" and the associated warrants trade under the symbol "DAQ.WT".

On April 21, 2015 and concurrent with the completion of the Offering, Dundee Corporation purchased 400,000 Class B units (the "Class B Units") at an offering price of $10.00 per Class B Unit, for an aggregate purchase price of $4,000,000. Each Class B Unit consisted of one Class B Share and one-half of a warrant, each whole warrant entitling the holder thereof to purchase one Class B Share at an exercise price of $11.50 per share for a five-year period following completion by the Corporation of a Qualifying Acquisition.

In connection with the Offering, the Corporation granted the underwriters a 30-day non-transferable over-allotment option to purchase up to an additional 1,500,000 Class A Restricted Voting Units, at a price of $10.00 per Class A Restricted Voting Unit, to cover over-allotments, if any, and for market stabilization purposes. On May 20, 2015, the underwriters exercised their over-allotment option to purchase an additional 1,230,000 Class A Restricted Voting Units. Concurrently, Dundee Corporation purchased an additional 30,750 Class B Units at a price of $10.00 per Class B Unit.

The 2,984,375 Founders' Shares included an aggregate of up to 384,375 Class B Shares that were subject to forfeiture to the extent that the underwriters' over-allotment option was not exercised in full. On May 20, 2015 and concurrent with the exercise by the underwriters of their over-allotment option, an aggregate of 69,188 Founders' Shares were forfeited and cancelled pursuant to these arrangements.

At December 31, 2015, Dundee Corporation, together with the independent directors of the Board of Directors of the Corporation collectively owned 3,345,937 Class B Shares of the Corporation, representing 22.955% of the Corporation's issued and outstanding shares.

Upon closing of the Offering, the Corporation placed $10.00 per Class A Restricted Voting Unit sold in the Offering in an escrow account with Computershare Trust Company of Canada, as escrow agent (the "Escrow Account"). Subject to applicable law, none of the funds held in the Escrow Account will be released from the Escrow Account until the earliest of: (i) the closing of a Qualifying Acquisition; (ii) a redemption of a Class A Restricted Voting Share (note 9) as further described below; (iii) the requirement to pay taxes on the amounts earned on the escrowed funds and/or other applicable amounts; and (iv) the dissolution of the Corporation. The escrowed funds will also be used to pay the deferred underwriters' commission (note 8), which will be payable by the Corporation to the underwriters upon the closing of a Qualifying Acquisition. After deducting the expenses of the Offering, any remaining net proceeds from the issuance of Class A Restricted Voting Units and Class B Units not held in the Escrow Account may be used by the Corporation to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

In connection with any Qualifying Acquisition, the Corporation will seek shareholder approval at a shareholders' meeting called for such purpose. Irrespective of whether they vote for or against, or do not vote on, the proposed Qualifying Acquisition, holders of Class A Restricted Voting Shares may elect to redeem all or a portion of their Class A Restricted Voting Shares at a per-share price, payable in cash, equal to the per-share amount then on deposit in the Escrow Account, including interest or other amounts earned (net of applicable taxes payable on such interest and other amounts earned in the Escrow Account, and net of direct expenses related to the redemption), subject to certain limitations, including a mechanism to prevent any single shareholder, together with any affiliate of such shareholder or other person with whom such shareholder or affiliate is acting jointly or in concert, from redeeming more than 15% of the Class A Restricted Voting Shares sold in the Offering. Dundee Corporation and the independent directors of the Corporation's Board of Directors shall not be entitled to redeem any Class B Shares of the Corporation purchased by them.

If the Corporation is unable to complete its Qualifying Acquisition within 21 months from the date of the closing of the Offering (or 24 months from the date of the closing of the Offering if the Corporation has executed a letter of intent, agreement in principle or definitive agreement for a Qualifying Acquisition within 21 months from the date of the closing of the Offering, but has not completed such Qualifying Acquisition within the 21-month

period), the Corporation will liquidate and dissolve and distribute its assets in the Escrow Account to the holders of the Class A Restricted Voting Shares. In such case, each holder of a Class A Restricted Voting Share will receive a full pro rata portion of the amount then held in the Escrow Account, including any interest or other amounts earned, net of any applicable taxes paid on such interest and other amounts earned in the Escrow Account, and net of up to a maximum of $50,000 of interest and other amounts earned to pay actual and expected expenses of dissolution and certain other related costs.

The placement of funds into an escrow account may not protect those funds from third party claims against the Corporation. Although the Corporation will seek to enter into agreements with service providers that explicitly waive any right, title, interest or claim of any kind in or to any monies held in the Escrow Account, these service providers may not execute such agreements. Furthermore, even if such entities execute such agreements with the Corporation, these service providers or other creditors may seek recourse against the Escrow Account. A court may not uphold the validity of such agreements or the terms of the Escrow Account. Accordingly, the proceeds held in the Escrow Account could be subject to claims that could take priority over those of the holders of the Class A Restricted Voting Shares. Dundee Corporation has executed a make whole agreement and undertaking in favour of the Corporation, whereby Dundee Corporation has agreed to indemnify the Corporation in certain limited circumstances where the funds held in the Escrow Account are reduced to below $10.00 per Class A Restricted Voting Share.

2. BASIS OF PRESENTATION

These financial statements of the Corporation as at December 31, 2015 and for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 (the "2015 Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting. The 2015 Financial Statements were authorized for issuance by the Board of Directors on February 3, 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Corporation in the preparation of its financial statements are set out below.

Basis of Presentation

These financial statements have been prepared under the historical cost convention, except for the carrying value of Class A Restricted Voting Shares subject to redemption, which are measured at fair value as determined at each reporting date.

Foreign Currency Translation

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. The Corporation does not currently transact in any currency other than the Canadian dollar.

Financial Instruments

The Corporation's financial instruments include *"Cash"*, *"Restricted cash and cash equivalents held in escrow"*, *"Accounts payable and accrued liabilities"*, *"Amounts due to Dundee Corporation"*, and *"Class A Restricted Voting Shares subject to redemption"* (which have been classified for accounting purposes as liabilities) (note 9).

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or are assigned and the Corporation has transferred substantially all risks and rewards of ownership in respect of the asset. Financial liabilities are derecognized when the related obligation is discharged, cancelled or when it expires.

Classification of financial instruments in the Corporation's financial statements depends on the purpose for which the financial instruments were acquired or incurred. Management determines the classification of financial instruments at initial recognition.

Classification of Financial Assets

At December 31, 2015, all of the Corporation's financial assets were classified as loans and receivable and are carried at amortized cost. Financial assets at amortized cost include *"Cash"* and *"Restricted cash and cash equivalents held in escrow"*.

Classification of Financial Liabilities

The Corporation's Class A Restricted Voting Shares include certain redemption rights that are considered by the Corporation to be outside of the Corporation's control and subject to uncertain future events. Accordingly, the Corporation has classified its *"Class A Restricted Voting Shares subject to redemption"* as financial liabilities at fair value through profit or loss. Transaction costs related to financial liabilities classified or designated as financial liabilities at fair value through profit or loss are expensed as incurred in the statement of operations.

Financial liabilities at amortized cost include *"Accounts payable and accrued liabilities"* and *"Amounts due to Dundee Corporation"*. These amounts are initially measured at the amount required to be paid, less, when material, a discount to reduce the liabilities to fair value.

Impairment of Financial Assets at Amortized Cost

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Objective evidence may include significant financial difficulty of the obligor or delinquencies in interest and principal payments. If such evidence exists, the

Corporation recognizes an impairment loss equal to the difference between the carrying value of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate for the financial asset. An impairment of a financial asset carried at amortized cost is reversed in subsequent periods if the amount of the loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized.

Stock Based Compensation

The Corporation has issued Class B Shares to certain of its directors in consideration for their services as independent directors of the Corporation. The Corporation has determined that the issuance of Class B Shares to its independent directors is an equity-settled share based payment and, accordingly, the Corporation has measured the associated increase in equity using the direct method whereby the increase in equity is determined as the fair value of the services being provided by the independent directors. The fair value of the equity-settled share based payment is recognized over the applicable vesting period.

Income Taxes

The Corporation follows the balance sheet liability method to provide for income taxes on all transactions recorded in its financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in net earnings or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Per Share Information

Basic earnings or loss per Class B Share is computed by dividing the net earnings or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Shares that are contingently subject to forfeiture are excluded from the determination of the weighted average number of shares outstanding until the date such shares are no longer subject to forfeiture. The determination of the weighted average number of shares outstanding excludes the effect of Class A Restricted Voting Shares subject to possible redemption as such shares are classified as debt instruments. Diluted earnings per share, where applicable, is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments by applying the treasury stock method.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective

IAS 1, "Presentation of Financial Statements" ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statements of net income or loss and comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments to IAS 1 become mandatory for annual periods beginning on or after January 1, 2016.

IFRS 9, "Financial Instruments" ("IFRS 9")

IFRS 9, published in July 2014, replaces IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost, and (ii) fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new model for the impairment of financial assets and requires an economic relationship between the hedged item and hedging instrument. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Corporation does not believe that the adoption of the above-referenced accounting standards would have a material effect on the 2015 Financial Statements if such accounting standards were currently adopted.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, and items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its 2015 Financial Statements.

Fair Value of Financial Instruments

Certain financial instruments are recorded in the Corporation's statement of financial position at values that are representative of, or approximate their fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price. Changes in the underlying trading value may significantly affect the amount of net earnings or loss for a particular period.

Furthermore, the quoted market price of a financial liability may not be equal to the amount that the Corporation may have to pay in settlement of the underlying obligation, should such obligation become immediately payable. The Corporation reviews assumptions relating to financial instruments on an ongoing basis to ensure that the basis for determination of fair value is appropriate.

Stock Based Compensation

The Corporation has issued equity-settled share based payment amounts to its independent directors as consideration for services provided. When such share based payment transactions are granted, the Corporation applies the direct method to determine the fair value of the award, which involves assessing the fair value of the services being provided by the independent directors. Application of the direct method requires estimates of the value of the future services to be provided by the directors, including length of service, and the magnitude and nature of the services to be provided. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net earnings or loss.

Warrant Valuation

Pursuant to the Corporation's Offering of Class A Restricted Voting Units and Class B Units (note 5), the Corporation issued warrants (note 10). Estimating the fair value of warrants requires determining the most appropriate valuation model that is dependent on the terms and conditions of the warrant. The Corporation applies an option-pricing model to measure the fair value of the warrants issued. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the warrant. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net earnings or loss.

Income Tax

The determination of the Corporation's income taxes and other tax assets and liabilities requires interpretation of complex laws and regulations. Judgment is required in determining whether deferred income tax assets should be recognized on the statement of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Corporation will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing laws in each applicable jurisdiction. Future taxable income is also significantly dependent upon the Corporation completing a Qualifying Acquisition, the underlying structure of a Qualifying Acquisition, and the resulting nature of operations. To the extent that future cash flows and/or the probability, structure and timing, and the nature of operations of a future Qualifying Acquisition differ significantly from estimates made, the ability of the Corporation to realize a deferred tax asset could be materially impacted.

5. THE OFFERING

The securities offered to the public pursuant to the Offering included 10,000,000 Class A Restricted Voting Units at an offering price of $10.00 per Class A Restricted Voting Unit. In addition, and in connection with the Offering, the Corporation granted to the underwriters an over-allotment option to purchase up to an additional 1,500,000 Class A Restricted Voting Units, at a price of $10.00 per Class A Restricted Voting Unit. On May 20, 2015, the underwriters exercised their over-allotment option to purchase an additional 1,230,000 Class A Restricted Voting Units.

Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share and one half of a warrant. Each full warrant will become exercisable only commencing 30 days after the completion of a Qualifying Acquisition, and is exercisable to purchase one Class B Share at an exercise price of $11.50, subject to normal anti-dilution adjustments. The warrants will expire on the day that is five years after the completion of a Qualifying Acquisition or may expire if a Qualifying Acquisition is not completed.

If the Corporation is unable to complete a Qualifying Acquisition within 21 months from the closing of the Offering, or 24 months from the date of the closing of the Offering if the Corporation has executed a definitive agreement for a Qualifying Acquisition within 21 months from the date of the closing of the Offering, but has not completed such Qualifying Acquisition within the 21-month period, it will redeem 100% of the issued and outstanding Class A Restricted Voting Shares using the funds in the Escrow Account (note 1). In such event, warrants may expire and be worthless.

In consideration for their services in connection with the Offering, the Corporation has agreed to pay the underwriters a commission equal to 6.0% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering. The Corporation paid $0.250 per Class A Restricted Voting Unit to the underwriters upon closing of the Offering and the exercise of the over-allotment option, as applicable. Furthermore, the Corporation has deposited to the Escrow Account $0.350 per Class A Restricted Voting Unit, which will be released to the underwriters only upon completion of a Qualifying Acquisition (note 8).

6. RESTRICTED CASH AND CASH EQUIVALENTS HELD IN ESCROW

Carrying value as at December 31, 2015

Cash	$ 765
$100,504,000 0.43% Government of Canada Treasury Bill due March 24, 2016	100,305,002
$12,365,000 0.45% Government of Canada Treasury Bill due April 21, 2016	12,339,404
Accrued interest	108,031
	$112,753,202
Per Class A Restricted Voting Shares subject to redemption	$ 10.04

The market value of the Corporation's investments in Government of Canada Treasury Bills at December 31, 2015 was approximately $112,736,264.

7. AMOUNTS DUE TO DUNDEE CORPORATION

Amounts due to Dundee Corporation are currently non-interest bearing and are payable no later than the date of the consummation of a Qualifying Acquisition. Due to the short-term nature of this arrangement, the fair value of the amounts due to Dundee Corporation approximates their carrying amount.

Dundee Corporation has agreed that until the Corporation completes a Qualifying Acquisition, it will provide certain office space, utilities and administrative support to the Corporation as may be required by the Corporation from time to time. The Corporation has agreed to pay $10,000 per month, plus applicable taxes, for the provision of such services commencing on the effective date of the closing of the Offering. During the period from inception of the Corporation on March 5, 2015 to December 31, 2015, the Corporation incurred $94,167 in respect of these services, including associated commodity taxes, of which $67,800 remains unpaid at December 31, 2015 and, as such, has been included in these financial statements as *"Amounts due to Dundee Corporation"*.

During the period from March 5, 2015 to December 31, 2015, Dundee Corporation funded certain other expenses on behalf of the Corporation, amounting to $62,150, including $36,906 relating to filing fee expenses and $25,244 in media and communications expenses.

8. DEFERRED UNDERWRITERS' COMMISSION

Pursuant to the terms of the Offering (note 5), the underwriters are entitled to a commission equal to 6.0% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering. The Corporation paid $2,807,500, representing $0.250 per Class A Restricted Voting Unit, to the underwriters at the closing of the Offering. Additionally, the Corporation has deposited to the Escrow Account a total of $3,930,500, representing an amount of $0.350 per Class A Restricted Voting Unit, which will be released to the underwriters only upon completion of a Qualifying Acquisition.

9. CLASS A RESTRICTED VOTING SHARES SUBJECT TO REDEMPTION

Authorized

The Corporation is authorized to issue an unlimited number of Class A shares (the "Class A Restricted Voting Shares"). The holders of Class A Restricted Voting Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

Voting Rights

Holders of Class A Restricted Voting Shares are not entitled to vote on, or receive notice of meeting materials in respect of customary annual general meeting matters, including the election and removal of directors and auditors. The holders of the Class A Restricted Voting Shares would, however, be entitled to vote on and receive notice of meeting materials on all other matters requiring shareholder approval, including approval of a proposed Qualifying Acquisition.

Redemption Rights

Holders of Class A Restricted Voting Shares are entitled to redeem their shares, subject to certain conditions, and are entitled to receive the escrow proceeds from the Escrow Account in the event that the Corporation does not complete a Qualifying Acquisition within the permitted timeline (note 1). Upon such redemption, a shareholder's rights as a shareholder of Class A Restricted Voting Shares will be completely extinguished.

Issued and Outstanding

	CLASS A RESTRICTED VOTING SHARES	
	Number	**Amount**
Outstanding, March 5, 2015	—	$ —
Transactions from March 5, 2015 to December 31, 2015		
Issuance of Class A Restricted Voting Shares pursuant to Offering	10,000,000	100,000,000
Issuance of Class A Restricted Voting Shares pursuant to exercise of over-allotment option	1,230,000	12,300,000
Outstanding, December 31, 2015 at par value	11,230,000	112,300,000
Adjusted for:		
Allocation of proceeds received pursuant to Offering and exercise of over-allotment option attributed to warrants	—	(1,123,000)
Fair value adjustment	—	(2,358,300)
Outstanding, December 31, 2015	**11,230,000**	**$108,818,700**

Fair Value of Class A Restricted Voting Shares Subject to Redemption

The redemption rights embedded in the terms of the Corporation's Class A Restricted Voting Shares are considered by the Corporation to be outside of the Corporation's control and subject to uncertain future events. Accordingly, the Corporation has classified its *"Class A Restricted Voting Shares subject to redemption"* as financial liabilities at fair value through profit or loss. The fair value of the Corporation's Class A Restricted Voting Shares is determined by reference to its quoted market price on the TSX. At December 31, 2015, the Class A Restricted Voting Shares closed at a price of $9.69 per share.

Transaction Costs

From inception on March 5, 2015 to December 31, 2015	Transaction costs attributed to: Class A Restricted Voting Shares	Shareholders' Equity (note 10)	Total
Underwriters' commission	$2,671,336	$136,164	$2,807,500
Deferred underwriters' commission	3,739,871	190,629	3,930,500
Underwriters' out-of-pocket expenditures	8,035	409	8,444
Legal costs	287,195	14,639	301,834
Translation costs	63,427	3,233	66,660
Printing	24,327	1,240	25,567
	$6,794,191	**$346,314**	**$7,140,505**

Transaction costs consist principally of legal and underwriting costs incurred through to the date of the statement of financial position that are directly related to the Offering.

Transaction costs incurred amounted to $7,140,505 (including $6,738,000 in underwriters' commission of which $3,930,500 is deferred and payable only upon completion of a Qualifying Acquisition). Transaction costs were expensed to the statement of operations as incurred, except for $346,314 of transaction costs that were allocated to shareholders' equity as they were determined to be in respect of the issuance of Class B Units and/or the issuance of warrants (note 10).

10. SHAREHOLDERS' EQUITY

Class B Common Shares

Authorized

The Corporation is authorized to issue an unlimited number of Class B common shares ("Class B Shares") without nominal or par value. The holders of Class B Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

Voting Rights

Holders of Class B Shares are entitled to vote at all meetings of shareholders and on all matters requiring a shareholder vote, with the exception of a vote to approve an extension of the permitted timeline within which the Corporation is required to complete its Qualifying Acquisition, which will only be voted upon by Class A Restricted Voting Shareholders.

Redemption Rights

Holders of Class B Shares do not have any redemption rights with respect to its Class B Shares, or rights to distributions from the Escrow Account if the Corporation fails to complete a Qualifying Acquisition within the permitted timeline.

Issued and Outstanding

	CLASS B SHARES	
	Number	Amount
Outstanding, March 5, 2015	—	$ —
Transactions from March 5, 2015 to December 31, 2015		
Issuance of Class B Shares to founders	2,984,375	235,000
Issuance of Class B Shares in private placements	430,750	4,307,500
Forfeiture of Class B Shares issued to founders (note 1)	(69,188)	—
	3,345,937	4,542,500
Adjusted for:		
Allocation of proceeds received attributed to warrants	—	(43,075)
Issue costs	—	(274,909)
Outstanding, December 31, 2015	**3,345,937**	**$4,224,516**

Fair Value of Class B Shares Issued to Founders

Included in the issuance of Class B Shares to founders are 75,000 Class B Shares issued to certain independent directors of the Corporation in consideration of the services being provided by the independent directors to the Corporation. The Corporation has determined that the value of the services being provided by the independent directors was $210,000 and, accordingly, the Corporation has increased shareholders' equity by this amount, with a corresponding increase in general and administrative expenses. The Corporation has recognized the full amount of the value of the services provided pursuant to these arrangements as at the date of the issuance of the underlying Class B Shares as the Corporation does not retain any rights to the cancellation of the shares for non-provision of services, and the independent directors have full entitlement to the underlying shares, regardless of their term of service.

Warrants

Issued and Outstanding

	WARRANTS	
	Number	**Amount**
Outstanding, March 5, 2015	—	$ —
Transactions from March 5, 2015 to December 31, 2015		
Warrants issued in connection with:		
Issuance of Class A Restricted Voting Shares pursuant to Offering	5,000,000	1,000,000
Issuance of Class A Restricted Voting Shares pursuant to exercise of over-allotment option	615,000	123,000
Issuance of Class B Shares in private placements	215,375	43,075
	5,830,375	1,166,075
Adjusted for:		
Issue costs	—	(71,405)
Outstanding, December 31, 2015	**5,830,375**	**$1,094,670**

At December 31, 2015, the Corporation had 5,830,375 warrants outstanding, each with an exercise price of $11.50 per warrant. The warrants are not exercisable by the holder thereof until 30 days after the Corporation completes a Qualifying Acquisition. Following a Qualifying Acquisition, each warrant will entitle the holder thereof to purchase one Class B Share at an exercise price of $11.50, subject to normal anti-dilution adjustments, for a five-year period following completion by the Corporation of a Qualifying Acquisition. Warrants may expire if a Qualifying Acquisition is not completed.

11. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	From inception on March 5, 2015 to December 31, 2015
Public company costs	$357,402
Stock based compensation (note 10)	210,000
Corporate and professional fees	163,800
Communications	33,532
Insurance	27,000
General office expenses (note 7)	95,118
	$886,852

12. INCOME TAXES

The income tax recovery amount on pre-tax losses differs from the income tax recovery amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26%, as a result of the following items:

	From inception on March 5, 2015 to December 31, 2015
Loss before tax at statutory rate of 26%	$ 1,289,579
Effect on taxes of:	
Non-deductible expenses	(78,867)
Unrealized change in fair value of financial liabilities	624,950
Change in unrecognized temporary differences	(1,835,662)
Income tax recovery	**$ —**

Deferred tax assets are only given recognition in the Corporation's financial statements if management has determined that it is probable that such deferred tax assets may be recovered. The recoverability of deferred tax assets is partially dependent on the nature, terms and conditions of a Qualifying Acquisition that is to be completed in the future, causing uncertainty in the ability of the Corporation to benefit from deferred tax assets. As such, management believes that the following deductible temporary differences do not currently meet the criteria for recognition:

	As at December 31, 2015
Tax loss carry forwards	$ 656,000
Transaction costs	2,681,000
Deferred underwriters' commissions	3,931,000
Other	6,000
	$7,274,000

At December 31, 2015, the Corporation had estimated non-capital losses of $656,000 which may be carried forward to reduce taxable income derived in future years. These non-capital losses will expire in 2035.

Transaction costs paid by the Corporation in respect of the issuance of shares, including the issuance of Class A Restricted Voting Shares, are deductible for income tax purposes on a straight line basis over a five-year period. Deferred underwriters' commissions will be deductible, if and when paid pursuant to a Qualifying Acquisition, on a straight line basis over a five-year period.

13. NET LOSS PER SHARE

	From inception on March 5, 2015 to December 31, 2015
Net loss attributable to owners of Class B Shares	$(4,866,337)
Weighted average number of Class B Shares outstanding during the period	2,481,475
Basic and diluted net loss per share	$ (1.96)

Net loss per share is computed by dividing the net loss incurred during the period by the weighted-average number of Class B Shares outstanding during the period. The calculation of the net loss per share excludes the effect of Class A Restricted Voting Shares subject to redemption, as the Class A Restricted Voting Shares have been classified in these financial statements as financial liabilities.

The Corporation did not take into effect any dilutive securities in calculating the net loss per share because the exercise of such securities would be anti-dilutive. As a result, diluted loss per Class B Share is the same as the basic loss per share.

14. FINANCIAL INSTRUMENTS

Fair Value Measurements

The following table summarizes those assets and liabilities that are included at their fair values in the Corporation's statement of financial position as at December 31, 2015, or those assets and liabilities for which fair value is otherwise disclosed in the accompanying notes to the 2015 Financial Statements. These assets and liabilities have been categorized into hierarchal levels, according to the significance of the inputs used in determining fair value measurements.

		Fair Value as at December 31, 2015		
	Carrying Value as at December 31, 2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring Measurements				
Financial Liabilities				
Class A Restricted Voting Shares subject to redemption	$108,818,700	$108,818,700	$ —	$—
Disclosure of Fair Value				
Investments in cash equivalents (note 6)	112,752,437	—	112,736,264	—

Risk Management

The Corporation is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds. The Corporation's overall risk management strategy seeks to minimize potential adverse effects of the Corporation's financial performance.

Market Risk

Market risk is the risk that a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Corporation segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

Fair Value Risk

Fair value risk is the potential for loss from an adverse movement, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. The Corporation is exposed to fair value risk in respect of its Class A Restricted Voting Shares subject to redemption, which are carried in the Corporation's financial statements at their fair value. A 1% absolute change from the par value of the Class A Restricted Voting Shares subject to redemption would result in a change to the net loss for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 of $1,123,000.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its cash and cash equivalents held in its Escrow Account (note 1). Due to the short-term nature of these financial instruments, the Corporation's exposure to interest rate risk is nominal.

Currency Risk

Currency rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates relative to the Corporation's presentation currency of the Canadian dollar. The Corporation does not currently have any exposure to currency risk as the Corporation does not transact in any currency other than the Canadian dollar.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held in escrow. The Corporation's maximum exposure to credit risk is equal to the carrying value of these financial instruments.

15. CAPITAL MANAGEMENT

The Corporation defines the capital that it manages as the sum of its shareholders' equity and its Class A Restricted Voting Shares. The following table summarizes the carrying value of the Corporation's capital as at December 31, 2015.

	As at December 31, 2015
Shareholders' equity	$ 452,849
Class A Restricted Voting Shares subject to redemption	108,818,700
	$109,271,549

The Corporation's primary objective in managing capital is to ensure capital preservation in order to benefit from acquisition opportunities as they arise.

Liquidity

At December 31, 2015, the Corporation had $748,597 in cash and it had received advances from Dundee Corporation of $129,950 (note 7).

The Corporation expects to incur significant costs in the pursuit of its acquisition plans. To the extent that the Corporation may require additional funding for general ongoing expenses or in connection with sourcing a proposed Qualifying Acquisition, the Corporation may seek funding by way of unsecured loans from Dundee Corporation or from affiliates of Dundee Corporation, which loans would, unless approved otherwise by the TSX, bear interest at no more than prime rate plus 1%. Dundee Corporation would not have recourse against the Escrow Account, and thus the loans will not reduce the value of such Escrow Account. Such loans will collectively be subject to a maximum principal amount of $1,000,000 in the aggregate, and may be repayable in cash following the closing of a Qualifying Acquisition.

Otherwise, and subject to any relief granted by the TSX, the Corporation may seek to raise additional funds through a rights offering of shares available to its shareholders, in accordance with the requirements of applicable securities legislation, and subject to placing the required funds raised in the Escrow Account in accordance with applicable TSX rules. Other than the foregoing, the Corporation will not be able to obtain any form of debt or equity financing other than in accordance with applicable securities laws and only with the consent of the TSX. There is no assurance that the Corporation's plans to raise capital or to consummate a Qualifying Acquisition will be successful.

16. COMMITMENTS

Forfeiture of Founders' Shares

By agreement, 25% of the Founders' Shares held by each of the founders (the "Founders' Forfeiture Shares"), will be subject to forfeiture by the founders on the fifth anniversary of the closing of a Qualifying Acquisition unless the closing price of the Class B Shares exceeds $13.00 for any 20 trading days within a 30-trading day period at any time following the closing of a Qualifying Acquisition. The Founders' Forfeiture Shares will be subject to transfer restrictions until such time as the above conditions are met, at which point they will become subject to the same restrictions on transfer, assignment or sale as all other Founders' Shares as described below.

Restrictions on Transfer, Assignment or Sale of Founders' Shares

Dundee Corporation and the independent directors of the Corporation's Board of Directors have agreed not to transfer, assign or sell any of their Founders' Shares prior to completion of the Corporation's Qualifying Acquisition, and following completion of a Qualifying Acquisition, they have agreed not to sell or transfer any of their Founders' Shares until the earlier of:

- One year following completion of a Qualifying Acquisition; or
- The closing price of the Class B Shares equalling or exceeding $12.00 per share for any 20 trading days within a 30-day trading period at any time following the closing of a Qualifying Acquisition.

Transfer Restrictions on Class B Units Acquired by Dundee Corporation

Dundee Corporation has also agreed that it will not transfer any of the 430,750 Class B Shares, or any warrants until a date that is 30 days after the closing of a Qualifying Acquisition.

17. OTHER RELATED PARTY TRANSACTIONS

Dundee Securities Ltd. ("Dundee Securities"), an indirectly held, wholly owned subsidiary of Dundee Corporation, is a full- service Canadian investment dealer registered with the Investment Industry Regulatory Organization of Canada. In the course of its regular business activities, Dundee Securities may conduct routine transactions with the Corporation.

Generally, transactions between Dundee Securities and the Corporation are conducted on normal market terms and are recorded at their exchange value. In addition, officers and directors of the Corporation, and other related parties to the Corporation may make use of the services provided by Dundee Securities.

During the period from March 5, 2015 to December 31, 2015, and in connection with their participation in the underwriting syndicate related to the Offering (note 5), the Corporation paid commissions of $108,546 to Dundee Securities. In addition, included in deferred underwriters' commission (note 8) is an amount of $177,855 that would be released to Dundee Securities upon completion of a Qualifying Acquisition.

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

DUNDEE ACQUISITION LTD.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Dundee Acquisition Ltd. (the "Corporation", "we", "us", "our") is a special purpose acquisition corporation established on March 5, 2015 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (a "Qualifying Acquisition").

The management team at the Corporation has considered a substantial number of acquisition opportunities but has not yet identified an acquisition target that matches all of its investment priorities. We intend to complete our Qualifying Acquisition using cash from the proceeds of our April 2015 initial public offering (see below), by using the issuance of capital stock or debt, or by using a combination of cash, stock and debt, as may be appropriate.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of February 3, 2016 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited financial statements, including the notes thereto, as at December 31, 2015 and for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 (the "2015 Financial Statements"), which have been prepared using International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise specified. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "*Cautionary Note Regarding Forward Looking Statements*" section later in this MD&A for further information.

INITIAL PUBLIC OFFERING

On April 21, 2015, the Corporation announced the completion of an initial public offering (the "Offering") of 10,000,000 Class A restricted voting units ("Class A Restricted Voting Units") at a price of $10.00 per Class A Restricted Voting Unit for gross proceeds of $100.0 million. Each Class A Restricted Voting Unit consisted of one Class A restricted voting share ("Class A Restricted Voting Share") and one half of a warrant ("Warrant"). Following a Qualifying Acquisition, each Class A Restricted Voting Share that is not redeemed will be automatically converted into one Class B share of the Corporation ("Class B Share"), and accordingly, each whole Warrant will entitle the holder thereof to purchase one Class B Share at an exercise price of $11.50, subject to the terms and conditions described in the final prospectus supporting the Offering (the "Prospectus").

Concurrent with the completion of the Offering, Dundee Corporation, acting as the sponsor of the Corporation (the "Sponsor"), purchased 400,000 Class B units ("Class B Units") at an offering price of $10.00 per Class B Unit, for an aggregate purchase price of $4.0 million. Each Class B Unit consisted of one Class B Share and one half of a Warrant.

On May 20, 2015, the underwriters exercised their over-allotment option ("Over-Allotment Option") to purchase an additional 1,230,000 Class A Restricted Voting Units at a price of $10.00 per Class A Restricted Voting Unit. Concurrent with the exercise of the Over-Allotment Option, the Sponsor purchased an additional 30,750 Class B Units at an offering price of $10.00 per Class B Unit.

The proceeds from the distribution of the Class A Restricted Voting Units, including the proceeds from the exercise of the Over-Allotment Option, amounting to $112.3 million, have been deposited into an escrow account with Computershare Trust Company of Canada and will only be released upon certain prescribed conditions as further described in the Corporation's Prospectus.

The Corporation's Class A Restricted Voting Shares currently trade on the Toronto Stock Exchange ("TSX") under the symbol "DAQ.A" and the Warrants trade under the symbol "DAQ.WT".

RESULTS OF OPERATIONS

From Inception on March 5, 2015 to December 31, 2015

During the period from inception of the Corporation on March 5, 2015 to December 31, 2015, the Corporation incurred a net loss of $4.9 million, or a loss of $1.96 per share.

Transaction Costs

Operating results in the period include $6.8 million of transaction costs associated with the Offering. In consideration for their services, the Corporation agreed to pay the underwriters a fee equal to 6.0% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering, aggregating $6.7 million. Approximately $6.4 million of underwriters' commission has been included in the 2015 Financial Statements as transaction costs, while $0.3 million of the underwriters' commission was allocated as a charge to shareholders' equity, as this amount was determined to be associated with the issuance of equity. The Corporation paid $2.8 million of underwriters' commission upon completion of the Offering. The balance of the underwriters' commission, aggregating approximately $3.9 million, will be paid only upon completion of a Qualifying Acquisition. Other transaction costs included legal, translation and printing costs associated with completion of the Offering.

Interest Income

Since completion of the Offering, our activity has been limited to the evaluation of business combination candidates, and we will not generate any operating revenues until the closing and completion of a Qualifying Acquisition. In the interim, we expect to generate small amounts of non-operating income in the form of interest income on cash and cash equivalents, including restricted cash and cash equivalents. In accordance with the Prospectus and the terms of the Corporation's escrow account, the Corporation's restricted cash amounts are currently invested in Canadian government treasury securities with maturities of less than six months. Interest income on these investments is not expected to be significant in view of current low interest rates.

During the period from inception of the Corporation on March 5, 2015 to December 31, 2015, the Corporation earned interest income of $456,554.

General and Administrative Expenses

The Corporation's general and administrative expenses consist of costs required to maintain its public company status in good standing, and expenses incurred to evaluate and identify companies, businesses, assets or properties for potential acquisition. General and administrative costs were $886,852 during the period from inception of the Corporation on March 5, 2015 to December 31, 2015.

Note 10 to the 2015 Financial Statements includes a description of the underlying share-based compensation embedded in the issuance of shares of the Corporation to its independent directors (see *"Liquidity and Capital Resources"*). Included in general and administrative expenses is $210,000 relating to the deemed fair value of share-based compensation to directors embedded in the issuance of 75,000 Class B Shares to these independent directors for nominal consideration as founders' shares.

Net Unrealized Gain on Changes in the Fair Value of Financial Liabilities

For accounting purposes, the redemption terms of the Class A Restricted Voting Shares require the Corporation to account for these financial instruments as debt rather than as equity. These financial liabilities are carried in the Corporation's financial statements at their fair value as determined by the closing trading price of the underlying securities in the public markets at each reporting date. Changes in the fair value of these financial liabilities are included in net earnings or loss. At December 31, 2015, the Class A Restricted Voting Shares of the Corporation closed at a price of $9.69 per share and accordingly, the Corporation recognized a fair value gain of $2.4 million in its net loss for the period. Changes in the trading value of these securities may cause significant volatility in our future net earnings or loss.

From the three months ended December 31, 2015

During the three months ended December 31, 2015, the Corporation generated net earnings of $1.0 million, representing earnings per share of $0.39.

Net earnings during the fourth quarter of 2015 include $131,673 of interest income earned on outstanding Canadian government of Canada treasury securities held within the Corporation's escrow account, as well as nominal amounts earned from cash balances held outside of the escrow account. Offsetting interest income are general and administrative expenses of

$235,734 incurred during the period, including $152,500 of legal and accounting costs; $34,619 of costs associated with the Corporation's public company status; $42,417 of general office costs of which $33,900 relates to administrative support fees paid to Dundee Corporation; and media and communications costs of $6,198.

At December 31, 2015, the Corporation's Class A Restricted Voting Shares traded on the TSX at $9.69 per share, compared with a trading value of $9.79 per share at September 30, 2015. The decrease in the trading value during the period corresponded to a $1.1 million decrease in the value of the Corporation's liability in respect of the Class A Restricted Voting Shares as reported on the Corporation's statement of financial position, with a corresponding unrealized gain in net earnings.

SELECTED QUARTERLY INFORMATION

	2015			
For the three months ended	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**
Interest income	$ 131,673	$ 188,869	$ 136,012	$—
Transaction costs	—	20,510	(6,814,701)	—
General and administrative expenses	(235,734)	(100,641)	(550,477)	—
Net unrealized gain on changes in the fair value of financial liabilities	1,123,000	224,600	1,010,700	—
Interest expense	(51)	(47)	(50)	—
Net earnings (loss) attributable to owners of Class B Shares	1,018,888	333,291	(6,218,516)	—
Earnings (loss) per share – basic and diluted*	$ 0.39	$ 0.13	$ (2.61)	$—

* Earnings (loss) per share for each of the three months ended June 30, 2015 and September 30, 2015 have been amended to include the effect of shares that are subject to potential forfeiture (see note 16 to the 2015 Financial Statements). The loss per share during the three months ended June 30, 2015 was previously reported as a loss of $1.90 per share and the earnings per share during the three months ended September 30, 2015 was previously reported as earnings of $0.10 per share.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, investment securities in our escrow account consisted of $112.8 million invested in Canadian government treasury bills with a maturity of less than 180 days and cash. In addition, at December 31, 2015, we had cash of $748,597 held outside of the escrow account.

Selected Balance Sheet Information

	2015			
As at	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**
Restricted cash and cash equivalents held in escrow				
Government of Canada Treasury Bills	$112,752,437	$112,622,159	$112,434,255	$ —
Cash	765	171	171	—
Total cash and cash equivalents held in escrow	$112,753,202	$112,622,330	$112,434,426	$ —
Per Class A Restricted Voting Shares subject to redemption	$ 10.04	$ 10.03	$ 10.01	n/a
Cash held outside of escrow	$ 748,597	$ 767,719	$ 1,020,828	$24,372

Prior to filing a preliminary prospectus in respect of the Offering, the Corporation's founders, which include the Sponsor and the Corporation's independent directors, purchased an aggregate of 2,984,375 Class B Shares as founders for an aggregate purchase price of $25,000. On April 21, 2015, we closed the Offering, generating gross proceeds of $100.0 million before underwriters' commission and associated expenses. Concurrent with the closing of the Offering, we completed the sale of Class B Units to the Sponsor, generating proceeds of $4.0 million. On May 20, 2015, the underwriters exercised their Over-Allotment Option which generated further proceeds of $12.3 million, before associated underwriters' commission and associated expenses. Our Sponsor subsequently purchased an additional 30,750 Class B Units for gross proceeds of $307,500. Concurrent with the exercise of the Over-Allotment Option, 69,188 Class B Shares issued to the founders were forfeited.

In accordance with the terms of the Prospectus, an aggregate of $112.3 million has been deposited into an escrow account and will only be released upon certain prescribed conditions. As at December 31, 2015, investment securities in our escrow account consisted of cash and Canadian government treasury bills with a par value of $112.9 million and with a maturity of less than 180 days, including a Canadian government treasury bill with a par value of $100.5 million, maturing on March 24, 2016 and a Canadian government treasury bill with a par value of $12.4 million, maturing on April 21, 2016.

We intend to use substantially all of the funds held in the escrow account, including interest (which interest shall be net of taxes payable and certain expenses) to consummate a Qualifying Acquisition. To the extent that, after redemptions, our capital stock or debt is used, in whole or in part, as consideration to consummate a Qualifying Acquisition, the remaining proceeds held in the escrow account may be used as working capital to finance the operations of the target business or businesses, make other acquisitions and/or pursue a growth strategy.

As at December 31, 2015, we had cash held outside of our escrow account of $748,597, which is available to fund our working capital requirements, including any further transaction costs that may be incurred. We expect to generate negative cash flow from operating activities in the future until our Qualifying Acquisition is completed and we commence revenue generation. We currently anticipate incurring expenses for the following purposes:

- Due diligence and investigation of prospective target businesses;
- Legal and accounting fees relating to our public company reporting obligations and general corporate matters;
- Structuring and negotiating a business combination, including the making of a down payment or the payment of exclusivity or similar fees and expenses; and
- Other miscellaneous expenses.

Management intends to seek to ensure that our operational and administrative costs are minimal prior to the completion of a Qualifying Acquisition, with a view to preserving the Corporation's working capital.

We do not believe we will need to raise additional funds until the consummation of our Qualifying Acquisition to meet the expenditures required for operating our business. We believe we will have sufficient available funds outside of the escrow account to operate the business. However, we cannot be assured that this will be the case. To the extent that the Corporation may require additional funding for general ongoing expenses or in connection with sourcing a proposed Qualifying Acquisition, we may seek funding by way of unsecured loans from our Sponsor or from affiliates of our Sponsor, which loans would, unless approved otherwise by the TSX, bear interest at no more than prime rate plus 1%. Our Sponsor will not have recourse against the amounts in escrow. Such loans will collectively be subject to a maximum principal amount of $1.0 million in the aggregate and may be repayable in cash following the closing of a Qualifying Acquisition. At December 31, 2015, we owed $129,950, by way of ordinary course short term accounts payable to our Sponsor, including $36,906 relating to filing fee expenses, $25,244 in media and communications expenses and $67,800 relating to administrative support services provided by Dundee Corporation. These amounts are currently non-interest bearing.

Shares and Warrants Outstanding

As at	December 30, 2015
Class B Shares	3,345,937
Warrants	5,830,375
Class A Restricted Voting Shares subject to redemption	11,230,000

OFF-BALANCE SHEET ARRANGEMENTS

We have never entered into any off-balance sheet financing arrangements. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

COMMITMENT AND CONTINGENCIES

Other than in respect of its administrative services agreement with our Sponsor (see *"Related Party Transactions"*), we do not have any other commitments or contingencies.

Related party transactions

Dundee Corporation has executed a make whole agreement and undertaking in favour of the Corporation, whereby Dundee Corporation has agreed to indemnify the Corporation in certain limited circumstances where the funds held in escrow are reduced to below $10.00 per Class A Restricted Voting Share.

The Corporation has an administrative services agreement with our Sponsor pursuant to which the Corporation pays our Sponsor a total of $10,000 a month, for an initial term of 21 months, subject to possible extension, for certain office space, utilities and administrative support. Upon the earlier of the completion of our Qualifying Acquisition or the Corporation's winding up, we will cease paying these monthly fees.

During the period from March 5, 2015 to December 31, 2015, and in connection with their participation in the underwriting syndicate related to the Offering, we paid commissions of $108,546 to Dundee Securities Ltd., an indirectly held, wholly-owned subsidiary of our Sponsor, Dundee Corporation. In addition, included in the deferred underwriters' commission obligation on our balance sheet is an amount of $177,855 that would be released to Dundee Securities Ltd. upon completion of a Qualifying Acquisition.

There was no cash remuneration paid to the directors or key management during the period from inception of the Corporation on March 5, 2015 to December 31, 2015.

Accounting policies and critical accounting estimates

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and items in net earnings or loss and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A summary of the more significant judgments and estimates made by management in the preparation of its financial information is provided in note 4 to the 2015 Financial Statements.

Controls and procedures

The Corporation's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting as defined in the Canadian Securities Administrators' National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings".

The Chief Executive Officer and Chief Financial Officer of the Corporation have assessed the effectiveness of the Corporation's internal control over financial reporting as at December 31, 2015, based on the criteria set out in the "Internal Control – Integrated Framework (2013)" issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that it was effective as of that date. The Chief Executive Officer and Chief Financial Officer have also assessed the effectiveness of disclosure controls and procedures. Based on these assessments, the Chief Executive Officer and Chief Financial Officer concluded that, as at December 31, 2015, the Corporation's internal control over financial reporting and its disclosure controls and procedures are effective.

Managing risk

Except as otherwise disclosed in this MD&A, there have been no significant changes to the nature and scope of the risks faced by the Corporation as described in the Prospectus, which is available on SEDAR at *www.sedar.com*. These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

Cautionary note regarding forward looking statements

Dundee Acquisition's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or

in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Corporation's objectives and priorities for 2016 and beyond, and strategies or further actions with respect to the Corporation, a Qualifying Acquisition, the Corporation's business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the section entitled "Risk Factors" in the Corporation's Prospectus dated April 14, 2015.

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Corporation considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Corporation. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward looking statements. Circumstances affecting the Corporation may change rapidly. Except as may be required by applicable law, the Corporation does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

INFORMATION CONCERNING DUNDEE ACQUISITION

Additional information relating to Dundee Acquisition, including a copy of the Corporation's quarterly financial statement, may be found on SEDAR at *www.sedar.com* and the Corporation's website at *www.dundeeacquisition.com*.

Toronto, Ontario
February 3, 2016

DUNDEE ACQUISITION LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

AS AT AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016

DUNDEE ACQUISITION LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(expressed in Canadian dollars)

	Note	As at June 30, 2016	As at December 31, 2015
ASSETS			
Current			
Cash		$ 614,681	$ 748,597
Prepaid expenses		39,691	5,400
		654,372	753,997
Restricted cash and cash equivalents held in escrow	5	113,015,146	112,753,202
TOTAL ASSETS		**$113,669,518**	**$113,507,199**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 209,200	$ 175,200
Amounts due to Dundee Corporation	6	221,986	129,950
		431,186	305,150
Deferred underwriters' commission	7	3,930,500	3,930,500
Class A Restricted Voting Shares subject to redemption	4, 8	110,503,200	108,818,700
		114,864,886	113,054,350
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Share capital	9	4,224,516	4,224,516
Warrants	9	1,094,670	1,094,670
Deficit		(6,514,554)	(4,866,337)
		(1,195,368)	452,849
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY		**$113,669,518**	**$113,507,199**

Commitments (note 15)

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

DUNDEE ACQUISITION LTD.

CONDENSED INTERIM
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

(expressed in Canadian dollars, except per share amounts)

	Note	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	From inception on March 5, 2015 to June 30, 2015
ITEMS IN NET LOSS					
Interest income		$ 139,797	$ 136,012	$ 263,365	$ 136,012
Transaction costs	7, 8	—	(6,814,701)	—	(6,814,701)
General and administrative	6, 10	(149,294)	(550,477)	(226,952)	(550,477)
Net unrealized (loss) gain on changes in the fair value of financial liabilities	8	(449,200)	1,010,700	(1,684,500)	1,010,700
Interest expense		(36)	(50)	(130)	(50)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**$ (458,733)**	**$(6,218,516)**	**$(1,648,217)**	**$(6,218,516)**
NET LOSS PER SHARE					
Basic and diluted	12	$ (0.18)	$ (2.61)	$ (0.63)	$ (2.74)
Weighted average number of Class B Shares outstanding – basic and diluted		2,617,140	2,381,157	2,617,140	2,269,930

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

DUNDEE ACQUISITION LTD.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY
(Unaudited)

(expressed in Canadian dollars, except for number of shares and warrants outstanding amounts)

		Class B Shares		Warrants			
	Note	Number	Amount	Number	Amount	Deficit	Total
Balance, March 5, 2015		—	$ —	—	$ —	$ —	$ —
Transactions from inception on March 5, 2015 to June 30, 2015							
Issuance of Class B Shares to founders	9	2,984,375	235,000	—	—	—	235,000
Issuance of Class B Shares	9	430,750	4,264,425	215,375	43,075	—	4,307,500
Forfeiture of Class B Shares issued to founders	9	(69,188)	—	—	—	—	—
Issuance of warrants pursuant to Offering	9	—	—	5,615,000	1,123,000	—	1,123,000
Transaction costs	9	—	(275,739)	—	(71,621)	—	(347,360)
Net loss		—	—	—	—	(6,218,516)	(6,218,516)
Balance, June 30, 2015		3,345,937	4,223,686	5,830,375	1,094,454	(6,218,516)	(900,376)
Transactions from July 1, 2015 to December 31, 2015							
Transaction costs	9	—	830	—	216	—	1,046
Net earnings		—	—	—	—	1,352,179	1,352,179
Balance, December 31, 2015		3,345,937	4,224,516	5,830,375	1,094,670	(4,866,337)	452,849
Transactions for the six months ended June 30, 2016							
Net loss		—	—	—	—	(1,648,217)	(1,648,217)
Balance, June 30, 2016		3,345,937	$4,224,516	5,830,375	$1,094,670	$(6,514,554)	$(1,195,368)

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

DUNDEE ACQUISITION LTD.

CONDENSED INTERIM STATEMENTS OF CASH FLOW
(Unaudited)

(expressed in Canadian dollars)

	Note	For the six months ended June 30, 2016	From inception on March 5, 2015 to June 30, 2015
OPERATING ACTIVITIES			
Net loss for the period		$(1,648,217)	$ (6,218,516)
Non-cash items included in net loss and other adjustments			
Interest income earned on restricted cash and cash equivalents held in escrow		(261,944)	(134,426)
Transaction costs associated with financing activities	7, 8	—	6,814,701
Net unrealized loss (gain) on changes in the fair value of financial liabilities	8	1,684,500	(1,010,700)
Stock based compensation	9	—	210,000
Changes in non-cash working capital			
Prepaid expenses		(34,291)	(21,600)
Accounts payable and accrued liabilities		34,000	231,650
CASH USED IN OPERATING ACTIVITIES		(225,952)	(128,891)
INVESTING ACTIVITIES			
Investment in restricted cash and cash equivalents	4	—	(112,300,000)
CASH USED IN INVESTING ACTIVITIES		—	(112,300,000)
FINANCING ACTIVITIES			
Changes in amounts due to Dundee Corporation	6	92,036	48,780
Proceeds from sale of Class B Shares to founders	9	—	25,000
Proceeds from sale of Class B Shares and warrants	9	—	4,307,500
Proceeds from sale of Class A Restricted Voting Units	7, 8	—	112,300,000
Transaction costs associated with issuance of Class A Restricted Voting Shares	7, 8	—	(3,074,830)
Transaction costs associated with issuance of Class B Shares and warrants	9	—	(156,731)
CASH PROVIDED FROM FINANCING ACTIVITIES		92,036	113,449,719
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD		(133,916)	1,020,828
CASH, BEGINNING OF PERIOD		748,597	—
CASH, END OF PERIOD		$ 614,681	$ 1,020,828
Cash flows include the following amounts:			
Interest paid		$ 130	$ 50
Taxes paid		$ —	$ —

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

1. ORGANIZATION AND NATURE OF OPERATIONS

Dundee Acquisition Ltd. (the "Corporation" or "Dundee Acquisition") is a special purpose acquisition corporation which was incorporated for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation (a "Qualifying Acquisition"). The Corporation's business activities are carried out in a single business segment.

The Corporation was incorporated on March 5, 2015 under the Business Corporations Act (Ontario), and is domiciled in Canada. The Corporation's head office is located at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, Canada, M5C 2V9.

2. BASIS OF PRESENTATION

These unaudited condensed interim financial statements of the Corporation as at and for the three and six months ended June 30, 2016 ("June 2016 Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*". The June 2016 Interim Financial Statements should be read in conjunction with the Corporation's audited financial statements as at December 31, 2015 and for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 ("2015 Audited Financial Statements") which were prepared in accordance with IFRS as applicable for annual financial statements. The June 2016 Interim Financial Statements were authorized for issuance by the Board of Directors on July 11, 2016.

Other than as described below, the June 2016 Interim Financial Statements follow the same accounting principles and methods of application as those disclosed in note 3 to the 2015 Audited Financial Statements.

Changes in Accounting Policies Implemented During the Six Months Ended June 30, 2016

IAS 1, "Presentation of Financial Statements" ("IAS 1")

On January 1, 2016, the Corporation implemented certain amendments to IAS 1 which clarify guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statements of net income or loss and comprehensive income or loss, and which provide additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The implementation of amendments to IAS 1 had no impact to the Corporation's June 2016 Interim Financial Statements.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2015, are described in note 3 to the 2015 Audited Financial Statements. Other than as described below, there have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2015 that are expected to have a material effect on the Corporation's financial statements.

IAS 7, "Statement of Cash Flows" ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Corporation is in the process of evaluating the impact of adopting these amendments to its financial statements.

IAS 12, "Income Taxes" ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12 which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Corporation is in the process of evaluating the impact of adopting these amendments to its financial statements.

IFRS 15, "Revenues from Contracts with Customers" ("IFRS 15")

In April 2016, the IASB issued amendments to IFRS 15, clarifying the application of certain of its underlying principles, including the identification of a performance obligation, and the determination of whether a company is a principal or is acting as an agent in the provision of a good or service. The amendments will become effective concurrent with the effective date of IFRS 15 on January 1, 2018. The Corporation is in the process of evaluating the impact of adopting these amendments to its financial statements.

IFRS 2, "Share-based Payment" ("IFRS 2")

In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of evaluating the impact of adopting these amendments to its financial statements.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the June 2016 Interim Financial Statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, and items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of the June 2016 Interim Financial Statements from those judgments, estimates and assumptions disclosed in note 4 to the 2015 Audited Financial Statements.

4. THE OFFERING

On April 21, 2015, the Corporation announced the completion of an initial public offering (the "Offering") of 10,000,000 Class A Restricted Voting Units at an offering price of $10.00 per Class A Restricted Voting Unit. In addition, and in connection with the Offering, the Corporation granted to the underwriters an over-allotment option to purchase up to an additional 1,500,000 Class A Restricted Voting Units, at a price of $10.00 per Class A Restricted Voting Unit. On May 20, 2015, the underwriters exercised their over-allotment option to purchase an additional 1,230,000 Class A Restricted Voting Units. All proceeds received from the Offering were deposited to an escrow account with Computershare Trust Company of Canada, as escrow agent ("Escrow Account").

Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share (note 8) and one half of a warrant. Each full warrant will become exercisable only commencing 30 days after the completion of a Qualifying Acquisition, and is exercisable to purchase one Class B Share (note 9) at an exercise price of $11.50, subject to normal anti-dilution adjustments. The warrants will expire on the day that is five years after the completion of a Qualifying Acquisition or may expire if a Qualifying Acquisition is not completed.

If the Corporation is unable to complete a Qualifying Acquisition within 21 months from the closing of the Offering, or 24 months from the date of the closing of the Offering if the Corporation has executed a definitive agreement for a Qualifying Acquisition within 21 months from the date of the closing of the Offering, but has not completed such Qualifying Acquisition within the 21-month period, it will redeem 100% of the issued and outstanding Class A Restricted Voting Shares using the funds in the Escrow Account. In such event, warrants may expire and be worthless.

In consideration for their services in connection with the Offering, the Corporation has agreed to pay the underwriters a commission equal to 6.0% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering. The Corporation paid $0.250 per Class A Restricted Voting Unit to the underwriters upon closing of the Offering and the exercise of the over-allotment option, as applicable. Furthermore, the Corporation has deposited to the Escrow Account $0.350 per Class A Restricted Voting Unit, which will be released to the underwriters only upon completion of a Qualifying Acquisition (note 7).

5. RESTRICTED CASH AND CASH EQUIVALENTS HELD IN ESCROW

Carrying value as at	June 30, 2016	December 31, 2015
Cash	$ 22	$ 765
$100,504,000 0.43% Government of Canada Treasury Bill due March 24, 2016	—	100,305,002
$12,365,000 0.45% Government of Canada Treasury Bill due April 21, 2016	—	12,339,404
$100,731,000 0.49% Government of Canada Treasury Bill due September 8, 2016	100,504,355	—
$12,397,000 0.555% Government of Canada Treasury Bill due October 6, 2016	12,365,388	—
Accrued interest	145,381	108,031
	$113,015,146	$112,753,202
Per Class A Restricted Voting Share subject to redemption	$ 10.06	$ 10.04

The fair value of the Corporation's investments in Government of Canada Treasury Bills at June 30, 2016 was approximately $113,021,597 (December 31, 2015 – $112,736,264).

6. AMOUNTS DUE TO DUNDEE CORPORATION

Amounts due to Dundee Corporation are currently non-interest bearing and are payable no later than the date of the consummation of a Qualifying Acquisition. Due to the short-term nature of this arrangement, the fair value of the amounts due to Dundee Corporation approximates their carrying amount.

Dundee Corporation has agreed that until the Corporation completes a Qualifying Acquisition, it will provide certain office space, utilities and administrative support to the Corporation as may be required by the Corporation from time to time. The Corporation has agreed to pay $10,000 per

month, plus applicable taxes, for the provision of such services commencing on the effective date of the closing of the Offering. During the six months ended June 30, 2016, the Corporation incurred $67,800 (from inception on March 5, 2015 to June 30, 2015 – $26,367) in respect of these services, including associated commodity taxes.

During the six months ended June 30, 2016, Dundee Corporation funded $24,236 of filing fees on behalf of the Corporation. Dundee Corporation funded $48,780 on behalf of the Corporation during the period from inception on March 5, 2015 to June 30, 2015, including $36,906 relating to filing fees and $11,874 in media and communications expenses.

Aggregate amounts due to Dundee Corporation at June 30, 2016 were $221,986 (December 31, 2015 – $129,950).

7. DEFERRED UNDERWRITERS' COMMISSION

Pursuant to the terms of the Offering (note 4), the underwriters are entitled to a commission equal to 6.0% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering. The Corporation paid $2,807,500, representing $0.250 per Class A Restricted Voting Unit, to the underwriters at the closing of the Offering. Additionally, the Corporation has deposited to the Escrow Account a total of $3,930,500, representing an amount of $0.350 per Class A Restricted Voting Unit, which will be released to the underwriters only upon completion of a Qualifying Acquisition.

8. CLASS A RESTRICTED VOTING SHARES SUBJECT TO REDEMPTION

The terms of the Corporation's Class A shares (the "Class A Restricted Voting Shares") are summarized in note 9 to the Corporation's 2015 Audited Financial Statements.

The redemption rights embedded in the terms of the Corporation's Class A Restricted Voting Shares are considered by the Corporation to be outside of the Corporation's control and subject to uncertain future events. Accordingly, the Corporation has classified its Class A Restricted Voting Shares as financial liabilities at fair value through profit or loss. The fair value of the Corporation's Class A Restricted Voting Shares is determined by reference to their quoted market price on the Toronto Stock Exchange ("TSX"). At June 30, 2016, the Class A Restricted Voting Shares closed at a price of $9.84 per share.

Issued and Outstanding

	CLASS A RESTRICTED VOTING SHARES	
	Number	**Amount**
Outstanding, March 5, 2015	—	$ —
Transactions from inception on March 5, 2015 to June 30, 2015		
Issuance of Class A Restricted Voting Shares pursuant to Offering	10,000,000	100,000,000
Issuance of Class A Restricted Voting Shares pursuant to exercise of over-allotment option	1,230,000	12,300,000
Outstanding, June 30, 2015 at par value	11,230,000	112,300,000
Adjusted for:		
Allocation of proceeds received pursuant to Offering and exercise of over-allotment option attributed to warrants	—	(1,123,000)
Fair value adjustment	—	(1,010,700)
Outstanding, June 30, 2015	11,230,000	110,166,300
Transactions from July 1, 2015 to December 31, 2015		
Fair value adjustment	—	(1,347,600)
Outstanding, December 31, 2015	11,230,000	108,818,700
Transactions for the six months ended June 30, 2016		
Fair value adjustment	—	1,684,500
Outstanding, June 30, 2016	**11,230,000**	**$110,503,200**

Transaction Costs

	Transaction costs attributed to:		
From inception on March 5, 2015 to June 30, 2015	**Class A Restricted Voting Shares**	**Shareholders' Equity (note 9)**	**Total**
Underwriters' commission (note 7)	$2,671,336	$136,164	$2,807,500
Deferred underwriters' commission (note 7)	3,739,871	190,629	3,930,500
Underwriters' out-of-pocket expenditures	28,545	1,455	30,000
Legal costs	287,195	14,639	301,834
Translation costs	63,427	3,233	66,660
Printing	24,327	1,240	25,567
	$6,814,701	**$347,360**	**$7,162,061**

Transaction costs incurred amounted to $7,162,061 (including $6,738,000 in underwriters' commission of which $3,930,500 is deferred and payable only upon completion of a Qualifying Acquisition). Transaction costs were expensed to the statement of operations as incurred, except for $347,360 of transaction costs that were allocated to shareholders' deficiency as they were determined to be in respect of the issuance of Class B Shares and/or the issuance of warrants (note 9).

9. SHAREHOLDERS' (DEFICIENCY) EQUITY

The terms of the Corporation's Class B common shares ("Class B Shares") and warrants are summarized in note 10 to the Corporation's 2015 Audited Financial Statements.

Class B Common Shares

Issued and Outstanding

	CLASS B SHARES	
	Number	**Amount**
Outstanding, March 5, 2015	—	$ —
Transactions from inception on March 5, 2015 to June 30, 2015		
Issuance of Class B Shares to founders	2,984,375	235,000
Issuance of Class B Shares in private placements	430,750	4,307,500
Forfeiture of Class B Shares issued to founders	(69,188)	—
	3,345,937	4,542,500
Adjusted for:		
Allocation of proceeds received attributed to warrants	—	(43,075)
Issue costs	—	(275,739)
Outstanding, June 30, 2015	3,345,937	4,223,686
Transactions from July 1, 2015 to December 31, 2015		
Adjusted for:		
Issue costs	—	830
Outstanding, June 30, 2016 and December 31, 2015	**3,345,937**	**$4,224,516**

Included in the issuance of Class B Shares to founders during the period from inception to December 31, 2015 are 75,000 Class B Shares issued to certain independent directors of the Corporation in consideration of the services being provided by the independent directors to the Corporation. The Corporation attributed a value of $210,628 to these Class B Shares, including $628 of cash received from the independent directors and $210,000 as the compensatory value of the services being provided by the independent directors.

Warrants

Issued and Outstanding

	WARRANTS	
	Number	**Amount**
Outstanding, March 5, 2015	—	$ —
Transactions from inception on March 5, 2015 to June 30, 2015		
Warrants issued in connection with:		
Issuance of Class A Restricted Voting Shares pursuant to Offering	5,000,000	1,000,000
Issuance of Class A Restricted Voting Shares pursuant to exercise of over-allotment option	615,000	123,000
Issuance of Class B Shares in private placements	215,375	43,075
	5,830,375	1,166,075
Adjusted for:		
Issue costs	—	(71,621)
Outstanding, June 30, 2015	5,830,375	1,094,454
Transactions from July 1, 2015 to December 31, 2015		
Adjusted for:		
Issue costs	—	216
Outstanding, June 30, 2016 and December 31, 2015	**5,830,375**	**$1,094,670**

10. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	From inception on March 5, 2015 to June 30, 2015
Public company costs	$ 14,832	$289,347	$ 32,480	$289,347
Stock based compensation (note 9)	—	210,000	—	210,000
Corporate and professional fees	90,170	—	107,545	—
Communications	2,079	13,481	2,477	13,481
Insurance	8,100	10,800	16,200	10,800
General office expenses *	34,113	26,849	68,250	26,849
	$149,294	**$550,477**	**$226,952**	**$550,477**

* *Includes administrative fees payable to Dundee Corporation (note 6).*

11. INCOME TAXES

Deferred tax assets are only given recognition in the Corporation's financial statements if management has determined that it is probable that such deferred tax assets may be recovered. The recoverability of deferred tax assets is partially dependent on the nature, terms and conditions of a Qualifying Acquisition that is to be completed in the future, causing uncertainty in the ability of the Corporation to benefit from deferred tax assets. As such, management believes that the following deductible temporary differences do not currently meet the criteria for recognition:

As at	June 30, 2016
Tax loss carry forwards	$ 867,000
Share issue costs	2,358,000
Deferred underwriters' commission	3,931,000
Other	6,000
	$7,162,000

12. NET LOSS PER SHARE

The net loss per share is computed by dividing the net loss incurred during the period by the weighted average number of Class B Shares outstanding during the period. The calculation of the net loss per share excludes the effect of Class A Restricted Voting Shares subject to redemption, as the Class A Restricted Voting Shares have been classified in these financial statements as financial liabilities.

The Corporation did not take into effect any dilutive securities in calculating the net loss per share because the exercise of such securities would be anti-dilutive. As a result, diluted loss per Class B Share is the same as the basic loss per share.

13. FINANCIAL INSTRUMENTS

The following table summarizes those assets and liabilities that are included at their fair values in the Corporation's statement of financial position as at June 30, 2016, or those assets and liabilities for which fair value is otherwise disclosed in the accompanying notes to the June 2016 Interim Financial Statements. These assets and liabilities have been categorized into hierarchal levels, according to the significance of the inputs used in determining fair value measurements.

		Fair Value as at June 30, 2016		
	Carrying Value as at June 30, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring Measurements				
Financial Liabilities				
Class A Restricted Voting Shares subject to redemption	$110,503,200	$110,503,200	$ —	$—
Disclosure of Fair Value				
Financial Assets				
Investments in cash equivalents (note 5)	113,015,124	—	113,021,597	—

14. CAPITAL MANAGEMENT

The Corporation defines the capital that it manages as the sum of its shareholders' (deficiency) equity and its Class A Restricted Voting Shares. The following table summarizes the carrying value of the Corporation's capital as at June 30, 2016 and December 31, 2015.

As at	June 30, 2016	December 31, 2015
Shareholders' (deficiency) equity	$ (1,195,368)	$ 452,849
Class A Restricted Voting Shares subject to redemption	110,503,200	108,818,700
	$109,307,832	$109,271,549

The Corporation's primary objective in managing capital is to ensure capital preservation in order to benefit from acquisition opportunities as they arise.

Liquidity

At June 30, 2016, the Corporation had $614,681 in cash and it had received advances from Dundee Corporation of $221,986 (note 6).

The Corporation expects to incur significant costs in the pursuit of its acquisition plans. To the extent that the Corporation may require additional funding for general ongoing expenses or in connection with sourcing a proposed Qualifying Acquisition, the Corporation may seek funding by way of unsecured loans from Dundee Corporation or from affiliates of Dundee Corporation, which loans would, unless approved otherwise by the TSX, bear interest at no more than prime rate plus 1%. Dundee Corporation would not have recourse against the Escrow Account, and thus the loans will not reduce the value of such Escrow Account. Such loans will collectively be subject to a maximum principal amount of $1,000,000 in the aggregate, and may be repayable in cash following the closing of a Qualifying Acquisition.

Otherwise, and subject to any relief granted by the TSX, the Corporation may seek to raise additional funds through a rights offering of shares to its shareholders, in accordance with the requirements of applicable securities legislation, and subject to placing the required funds raised in the Escrow Account in accordance with applicable TSX rules. Other than the foregoing, the Corporation will not be able to obtain any form of debt or equity financing other than in accordance with applicable securities laws and only with the consent of the TSX. There is no assurance that the Corporation's plans to raise capital or to consummate a Qualifying Acquisition will be successful.

15. COMMITMENTS

There have been no substantive changes to the description and nature of the Corporation's commitments from those described in note 16 to the Corporation's 2015 Audited Financial Statements.

16. OTHER RELATED PARTY TRANSACTIONS

There have been no significant changes in the nature and scope of other related party transactions to those described in note 17 to the Corporation's 2015 Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

DUNDEE ACQUISITION LTD.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Dundee Acquisition Ltd. (the "Corporation", "we", "us", "our") is a special purpose acquisition corporation established on March 5, 2015 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (a "Qualifying Acquisition").

The management team of the Corporation has considered a substantial number of acquisition opportunities but has not yet identified an acquisition target that matches all of its investment priorities. We intend to complete our Qualifying Acquisition using cash from the proceeds of our April 2015 initial public offering (see below), by using the issuance of capital stock or debt, or by using a combination of cash, stock and debt, as may be appropriate.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of July 11, 2016 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited financial statements, including the notes thereto, as at December 31, 2015 and for the period from inception of the Corporation on March 5, 2015 to December 31, 2015 (the "2015 Audited Financial Statements"), together with the accompanying MD&A for the period then ended, and with the unaudited condensed interim financial statements of the Corporation as at and for the six months ended June 30, 2016 (the "June 2016 Interim Financial Statements"), all of which have been prepared using International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise specified. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "*Cautionary Note Regarding Forward Looking Statements*" section later in this MD&A for further information.

INITIAL PUBLIC OFFERING

On April 21, 2015, the Corporation announced the completion of an initial public offering (the "Offering") of 10,000,000 Class A restricted voting units ("Class A Restricted Voting Units") at a price of $10.00 per Class A Restricted Voting Unit for gross proceeds of $100.0 million. Each Class A Restricted Voting Unit consisted of one Class A restricted voting share ("Class A Restricted Voting Share") and one half of a warrant ("Warrant"). Following a Qualifying Acquisition, each Class A Restricted Voting Share that is not redeemed will be automatically converted into one Class B share of the Corporation ("Class B Share"), and accordingly, each whole Warrant will entitle the holder thereof to purchase one Class B Share at an exercise price of $11.50, subject to the terms and conditions described in the final prospectus supporting the Offering (the "Prospectus").

Concurrent with the completion of the Offering, Dundee Corporation, acting as the sponsor of the Corporation (the "Sponsor"), purchased 400,000 Class B units ("Class B Units") at an offering price of $10.00 per Class B Unit, for an aggregate purchase price of $4.0 million. Each Class B Unit consisted of one Class B Share and one half of a Warrant.

On May 20, 2015, the underwriters exercised their over-allotment option ("Over-Allotment Option") to purchase an additional 1,230,000 Class A Restricted Voting Units at a price of $10.00 per Class A Restricted Voting Unit. Concurrent with the exercise of the Over-Allotment Option, the Sponsor purchased an additional 30,750 Class B Units at an offering price of $10.00 per Class B Unit.

The proceeds from the distribution of the Class A Restricted Voting Units, including the proceeds from the exercise of the Over-Allotment Option, amounting to $112.3 million, have been deposited into an escrow account with Computershare Trust Company of Canada and will only be released upon certain prescribed conditions as further described in the Corporation's Prospectus.

The Corporation's Class A Restricted Voting Shares currently trade on the Toronto Stock Exchange ("TSX") under the symbol "DAQ.A" and the Warrants trade under the symbol "DAQ.WT".

RESULTS OF OPERATIONS

For the Six Months Ended June 30, 2016

During the six months ended June 30, 2016, the Corporation incurred a net loss of $1.6 million, or a loss of $0.63 per share. During the period from inception of the Corporation on March 5, 2015 to June 30, 2015, the Corporation incurred a net loss of $6.2 million, or a loss of $2.74 per share.

Interest Income

Since completion of the Offering, our activity has been limited to the evaluation of business combination candidates, and we will not generate any operating revenues until the closing and completion of a Qualifying Acquisition. In the interim, we expect to generate small amounts of non-operating income in the form of interest income on cash and cash equivalents, including restricted cash and cash equivalents. In accordance with the Prospectus and the terms of the Corporation's escrow account, the Corporation's restricted cash amounts are currently invested in Canadian government treasury securities with maturities of less than six months. Interest income on these investments is not expected to be significant in view of current low interest rates. During the six months ended June 30, 2016, the Corporation earned interest income of $263,365.

General and Administrative Expenses

The Corporation's general and administrative expenses consist of costs required to maintain its public company status in good standing, and expenses incurred to evaluate and identify companies, businesses, assets or properties for potential acquisition. General and administrative costs were $226,952 during the six months ended June 30, 2016.

Net Unrealized Loss on Changes in the Fair Value of Financial Liabilities

For accounting purposes, the redemption terms of the Class A Restricted Voting Shares require the Corporation to account for these financial instruments as debt rather than as equity. These financial liabilities are carried in the Corporation's financial statements at their fair value as determined by the trading value of the underlying securities in the public markets at each reporting date. Changes in the fair value of these financial liabilities are included in net earnings or loss. At June 30, 2016, the Class A Restricted Voting Shares of the Corporation closed at a price of $9.84 per share, compared to $9.69 per share on December 31, 2015 and accordingly, the Corporation recognized a fair value loss of $1.7 million in the determination of its net loss for the period. Changes in the trading value of these securities may cause significant volatility in our future net earnings or loss.

For the Three Months Ended June 30, 2016

During the three months ended June 30, 2016, the Corporation incurred a net loss of $0.5 million, or a loss of $0.18 per share. During the same period of the prior year, the Corporation incurred a net loss of $6.2 million, or a loss of $2.61 per share.

During the second quarter of 2016, the Corporation earned interest income of $139,797 on outstanding government of Canada treasury securities held within the Corporation's escrow account, as well as nominal interest amounts earned from cash balances held outside of the escrow account. Offsetting interest income are general and administrative expenses of $149,294 incurred during the period, including $33,900 of administrative fees payable to Dundee Corporation.

The increase in the trading value of the Class A Restricted Voting Shares during the three months ended June 30, 2016 resulted in a corresponding loss during the period of $449,200.

SELECTED QUARTERLY INFORMATION

For the three months ended	2016		2015			
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Interest income	$ 139,797	$ 123,568	$ 131,673	$ 188,869	$ 136,012	$—
Transaction costs	—	—	—	20,510	(6,814,701)	—
General and administrative expenses	(149,294)	(77,658)	(235,734)	(100,641)	(550,477)	—
Net unrealized (loss) gain on changes in the fair value of financial liabilities	(449,200)	(1,235,300)	1,123,000	224,600	1,010,700	—
Interest expense	(36)	(94)	(51)	(47)	(50)	—
Net (loss) earnings attributable to owners of Class B Shares	(458,733)	(1,189,484)	1,018,888	333,291	(6,218,516)	—
(Loss) earnings per share – basic and diluted*	$ (0.18)	$ (0.45)	$ 0.39	$ 0.13	$ (2.61)	$—

* Earnings or loss per share for each of the three months ended June 30, 2015 and September 30, 2015 have been amended to include the effect of shares that are subject to potential forfeiture (see note 16 to the 2015 Audited Financial Statements). The loss per share during the three months ended June 30, 2015 was previously reported as a loss of $1.90 per share and the earnings per share during the three months ended September 30, 2015 was previously reported as earnings of $0.10 per share.

Significant Quarterly Trends

During the three months ended June 30, 2015, the Corporation incurred $6.8 million of transaction costs associated with the Offering, including $6.4 million of underwriters' commission of which $2.8 million was paid upon completion of the Offering. The balance of the underwriter's commission, aggregating approximately $3.9 million, will be paid only on completion of a Qualifying Acquisition.

Included in general and administrative expenses during the three months ended June 30, 2015 is $210,000 relating to the deemed fair value of share-based compensation to directors embedded in the issuance of 75,000 Class B Shares to these independent directors for nominal consideration as founders' shares (see note 9 to the June 2016 Interim Financial Statements).

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, investment securities in our escrow account consisted of $113.0 million invested in Canadian government treasury bills with a maturity of less than 180 days, and cash. In addition, at June 30, 2016, we had cash of $614,681 held outside of the escrow account.

Selected Balance Sheet Information

As at	2016		2015			
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Restricted cash and cash equivalents held in escrow						
Government of Canada Treasury Bills	$113,015,124	$112,875,599	$112,752,437	$112,622,159	$112,434,255	$ —
Cash	22	410	765	171	171	—
Total cash and cash equivalents held in escrow	$113,015,146	$112,876,009	$112,753,202	$112,622,330	$112,434,426	$ —
Per Class A Restricted Voting Shares subject to redemption	$ 10.06	$ 10.05	$ 10.04	$ 10.03	$ 10.01	n/a
Cash held outside of escrow	$ 614,681	$ 666,298	$ 748,597	$ 767,719	$ 1,020,828	$24,372

Prior to filing a preliminary prospectus in respect of the Offering, the Corporation's founders, which include the Sponsor and the Corporation's independent directors, purchased an aggregate of 2,984,375 Class B Shares as founders for an

aggregate purchase price of $25,000. On April 21, 2015, we closed the Offering, generating gross proceeds of $100.0 million before underwriters' commission and associated expenses. Concurrent with the closing of the Offering, we completed the sale of Class B Units to the Sponsor, generating proceeds of $4.0 million. On May 20, 2015, the underwriters exercised their Over-Allotment Option which generated further proceeds of $12.3 million, before associated underwriters' commission and associated expenses. Our Sponsor subsequently purchased an additional 30,750 Class B Units for gross proceeds of $307,500. Concurrent with the exercise of the Over-Allotment Option, 69,188 Class B Shares issued to the founders were forfeited.

In accordance with the terms of the Prospectus, an aggregate of $112.3 million has been deposited into an escrow account and will only be released upon certain prescribed conditions. As of June 30, 2016, investment securities in our escrow account consisted of cash and Canadian government treasury bills with a par value of $113.1 million and with a maturity of less than 180 days, including a Canadian government treasury bill with par value of $100.7 million, maturing on September 8, 2016 and a Canadian government treasury bill with a par value of $12.4 million, maturing on October 6, 2016.

We intend to use substantially all of the funds held in the escrow account, including interest (which interest shall be net of taxes payable and certain expenses) to consummate a Qualifying Acquisition. To the extent that, after redemptions, our capital stock or debt is used, in whole or in part, as consideration to consummate a Qualifying Acquisition, the remaining proceeds held in the escrow account may be used as working capital to finance the operations of the target business or businesses, make other acquisitions and/or pursue a growth strategy.

As at June 30, 2016, we had cash held outside of our escrow account of $614,681 which is available to fund our working capital requirements, including any further transaction costs that may be incurred. We expect to generate negative cash flow from operating activities in the future until our Qualifying Acquisition is completed and we commence revenue generation. We currently anticipate incurring expenses for the following purposes:

- Due diligence and investigation of prospective target businesses;
- Legal and accounting fees relating to our public company reporting obligations and general corporate matters;
- Structuring and negotiating a business combination, including the making of a down payment or the payment of exclusivity or similar fees and expenses; and
- Other miscellaneous expenses.

Management intends to seek to ensure that our operational and administrative costs are minimal prior to the completion of a Qualifying Acquisition, with a view to preserving the Corporation's working capital.

We do not believe we will need to raise additional funds until the consummation of our Qualifying Acquisition to meet the expenditures required for operating our business. We believe we will have sufficient available funds outside of the escrow account to operate the business. However, we cannot be assured that this will be the case. To the extent that the Corporation may require additional funding for general ongoing expenses or in connection with sourcing a proposed Qualifying Acquisition, we may seek funding by way of unsecured loans from our Sponsor or from affiliates of our Sponsor, which loans would, unless approved otherwise by the TSX, bear interest at no more than prime rate plus 1%. Our Sponsor will not have recourse against the amounts in escrow. Such loans will collectively be subject to a maximum principal amount of $1.0 million in the aggregate and may be repayable in cash following the closing of a Qualifying Acquisition. At June 30, 2016, we owed $221,986, by way of ordinary course short term accounts payable to our Sponsor, including $61,142 relating to filing fee expenses, $25,244 in media and communications expenses and $135,600 relating to administrative services provided by Dundee Corporation. These amounts are currently non-interest bearing.

Shares and Warrants Outstanding

As at	June 30, 2016
Class B Shares	3,345,937
Warrants	5,830,375
Class A Restricted Voting Shares subject to redemption	11,230,000

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet financing arrangements. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

COMMITMENTS AND CONTINGENCIES

Other than in respect of our administrative services agreement with our Sponsor (see "*Related Party Transactions")*, we do not have any other commitments or contingencies.

RELATED PARTY TRANSACTIONS

Other than as may be described in notes 6 and 16 to the June 2016 Interim Financial Statements, there have been no significant changes in the nature and scope of related party transactions to those described in notes 7 and 17 to the 2015 Audited Financial Statements and accompanying MD&A.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and items in net earnings or loss and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A summary of the more significant judgments and estimates made by management in the preparation of its financial information is provided in note 4 to the 2015 Audited Financial Statements. There have been no significant changes in the accounting policies adopted in the preparation of the Corporation's June 2016 Interim Financial Statements from those detailed in note 3 to the Corporation's 2015 Audited Financial Statements.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators' National Instrument 52-109, the Corporation has filed certificates signed by its Chief Executive Officer and Chief Financial Officer certifying that, among other things, the design of disclosure controls and procedures and the design of internal control over financial reporting are adequate as at June 30, 2016.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Corporation's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as at June 30, 2016, the Corporation's disclosure controls and procedures were effective.

The Chief Executive Officer and Chief Financial Officer of the Corporation have also assessed whether there were any changes to the Corporation's internal control over financial reporting during the six months ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect the Corporation's internal control over financial reporting. There were no changes identified during their assessment.

MANAGING RISK

Except as otherwise disclosed in this MD&A, there have been no significant changes to the nature and scope of the risks faced by the Corporation as described in the Prospectus, which is available on SEDAR at *www.sedar.com.* These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Dundee Acquisition's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or

in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Corporation's objectives and priorities for 2016 and beyond, and strategies or further actions with respect to the Corporation, a Qualifying Acquisition, the Corporation's business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors.

The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the section entitled "Risk Factors" in the Corporation's Prospectus dated April 14, 2015.

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Corporation considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Corporation. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward looking statements. Circumstances affecting the Corporation may change rapidly. Except as may be required by applicable law, the Corporation does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

INFORMATION CONCERNING DUNDEE ACQUISITION

Additional information relating to Dundee Acquisition, including a copy of the Corporation's Annual Information Form, may be found on SEDAR at *www.sedar.com* and the Corporation's website at *www.dundeeacquisition.com.*

Toronto, Ontario
July 11, 2016

CHC Student Housing Corp.

Audited Consolidated Financial Statements

December 31, 2015

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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp.

We have audited the accompanying financial statements of CHC Student Housing Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CHC Student Housing Corp. at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company incurred net losses and used significant cash resources in its operating activities since incorporation. It has relied upon financing to fund its operations and acquisitions, primarily through debt and private equity placements. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Professional Accountants
Licensed Public Accountants
April 28, 2016

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As at December 31, 2015

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As at	December 31, 2015	December 31, 2014
Assets		
Non-Current		
Investment properties (Note 5)	**$ 64,895,000**	**$68,694,530**
Furniture and equipment (Note 6)	**138,969**	**14,801**
	65,033,969	**68,709,331**
Current		
Cash and cash equivalents	**842,808**	**2,232,112**
Deposits and prepaid expenses (Note 7)	**363,393**	**1,636,823**
Accounts receivable (Note 8)	**112,852**	**136,739**
	$ 66,353,022	**$72,715,005**
Liabilities		
Non-Current		
Mortgages payable (Note 9)	**$ 38,155,301**	**$40,919,892**
	38,155,301	**40,919,892**
Current		
Accounts payable and accrued liabilities (Note 10)	**4,090,081**	**993,908**
Mortgages payable (Note 9)	**16,550,952**	**13,730,604**
	58,796,334	**55,644,404**
Shareholders' Equity		
Share Capital (Note 11)	**19,527,459**	**19,528,302**
Contributed Surplus	**969,597**	**536,871**
Deficit	**(12,940,368)**	**(2,994,572)**
	7,556,688	**17,070,601**
	$ 66,353,022	**$72,715,005**

Approved on behalf of the Board

Louis Forbes
Director

Ronald Schwarz
Director

The accompanying notes are an integral part of these financial statements

	December 31, 2015	December 31, 2014
Revenue		
Property revenues (Note 12)	**$ 5,194,800**	**$ 993,831**
Interest income	**2,475**	**20,096**
	5,197,275	**1,013,927**
Expenses		
Property operating expenses (Note 13)	**2,915,965**	**460,904**
General and administrative expenses (Note 14)	**1,479,927**	**594,792**
Interest expense (Note 15)	**2,850,268**	**743,416**
Transaction costs (Note 16)	**2,538,019**	**1,710,354**
Fair value adjustment on investment properties (Notes 5, 21)	**4,176,166**	**—**
Forfeiture of deposit (Note 7)	**750,000**	**—**
Stock based compensation (Note 11)	**432,726**	**174,871**
	15,143,071	**3,684,337**
Net loss and comprehensive loss	**$ (9,945,796)**	**$(2,670,410)**
Loss per share		
Basic and diluted	**$ (4.26)**	**$ (2.66)**
Weighted average number of outstanding common shares		
Basic and diluted (Note 11)	**2,335,181**	**1,004,656**

The accompanying notes are an integral part of these financial statements

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2013	**$ 4,713,716**	**$362,000**	**$ (324,162)**	**$ 4,751,554**
Issuance of shares, net	**14,814,586**	**—**	**—**	**14,814,586**
Stock options	**—**	**174,871**	**—**	**174,871**
Net loss and comprehensive loss for the year	**—**	**—**	**(2,670,410)**	**(2,670,410)**
Balance, December 31, 2014	**$19,528,302**	**$536,871**	**$ (2,994,572)**	**$17,070,601**
Issuance of shares, net of costs	**(843)**	**—**	**—**	**(843)**
Stock options	**—**	**432,726**	**—**	**432,726**
Net loss and comprehensive loss for the year	**—**	**—**	**(9,945,796)**	**(9,945,796)**
Balance, December 31, 2015	**$19,527,459**	**$969,597**	**$(12,940,368)**	**$ 7,556,688**

The accompanying notes are an integral part of these financial statements

Cash provided by (used in) the following activities:

For the year ended	December 31, 2015	December 31, 2014
Operating activities		
Net loss	**$(9,945,796)**	**$ (2,670,410)**
Stock-based compensation (Note 11)	**432,726**	**174,871**
Amortization of financing transaction costs (Note 15)	**237,727**	**319,900**
Forfeiture of property deposit (Note 7)	**750,000**	**—**
Depreciation (Note 6)	**7,914**	**4,355**
Interest expense on mortgages payable (Note 15)	**2,612,541**	**423,516**
Cash interest paid	**(2,410,514)**	**(279,976)**
Straight line rent	**3,505**	**(7,026)**
Fair value adjustment on investment properties (Note 5)	**4,176,166**	**—**
Net change in working capital	**3,307,958**	**231,233**
Net cash changes from operating activities	**$ (827,773)**	**$ (1,803,537)**
Investing activities		
Acquisitions of investment property, net	**$ —**	**$(32,837,390)**
Capital expenditures (Note 5)	**(376,636)**	**(40,768)**
Purchase of furniture and equipment (Note 6)	**(132,082)**	**(18,501)**
Deposits, net (Note 7)	**130,000**	**(1,150,000)**
Net cash changes from investing activities	**$ (378,718)**	**$(34,046,659)**
Financing activities		
Equity issuance, net of costs (Note 11)	**$ (843)**	**$ 14,814,586**
Proceeds from mortgages payable	**—**	**53,800,000**
Principal repayments	**(140,319)**	**(28,822)**
Discharge of mortgages	**—**	**(34,560,000)**
Financing transaction costs paid	**(41,651)**	**(690,583)**
Net cash changes from financing activities	**$ (182,813)**	**$ 33,335,181**
Net decrease in cash and cash equivalents	**$(1,389,304)**	**$ (2,515,015)**
Cash and cash equivalents, beginning of year	**2,232,112**	**4,747,127**
Cash and cash equivalents, end of year	**$ 842,808**	**$ 2,232,112**

The accompanying notes are an integral part of these financial statements

1. Nature of the organization

CHC Student Housing Corp. (the "Company") was incorporated under the Business Corporations Act (Ontario) on April 12, 2013 with the intent 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 consolidated financial statements are prepared on a going concern basis.

The Company's ability to continue as a going concern is subject to a number of risks and uncertainties. The Company has incurred net losses and used significant cash resources in its operating activities since incorporation. It has relied upon financing to fund its operations and acquisitions, primarily through debt and private equity placements.

If the Company is otherwise unable to satisfy its current liabilities through suitable agreements for debt refinancing, equity financing or other measures, planned operations could be scaled back and a portion of the Company's asset could be sold. Additionally, the going concern assumption may no longer be appropriate for these consolidated financial statements and adjustments may 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.

2. Summary of significant accounting policies

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

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

Investment Properties

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition. Purchased software that is integral to the functionality of related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as a separate item of property, plant and equipment.

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

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

Revenue Recognition

The Company has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset.

2. Summary of significant accounting policies (continued)

Rental revenue from investment properties includes rents, parking and other sundry revenues. All residential leases are for one year terms or less and commercial revenue is recognized on a straight-line basis over the term of the lease.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

Deferred Income Taxes

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. To the extent that the Company does not consider it to be more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the amount.

Equity Issuance Costs

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

Stock Options

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees is measured at fair value at the grant date using the Black Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense for stock options granted to non-employees is measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Company received the goods or the services using the Black Scholes option pricing model.

Earnings Per Share

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

Comprehensive Loss

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

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at December 31, 2015:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Mortgages payable	Other financial liabilities

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

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

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

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

2. Summary of significant accounting policies (continued)

Financing transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

3. Critical Accounting Estimates, Assumptions, and Judgments

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

The estimates deemed to be more significant, due to subjectivity and the potential risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities include:

Valuation of Investment Properties

Investment properties are measured at fair value in the consolidated statement of financial position at each reporting date. Fair values are determined by 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 net operating income ("NOI") for each property, determined as property revenues less property operating expenses adjusted for market-based assumptions such as rent increases, long-term vacancy rates, repair and maintenance costs and other forecasted cash flows. Capitalization rates are based on recently closed transactions for similar properties, where available, or investment survey data, taking into account the location, size and quality of the property. The most significant assumption is the capitalization rate as it magnifies the effect of a change in stabilized NOI. An increase in the capitalization rate will result in a decrease to the fair value of an investment property and vice versa. Fair values for investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 20.

4. Future accounting changes

Financial instruments

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

Revenue recognition

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

Leases

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

Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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 is effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

4. Future accounting changes (continued)

Management is currently evaluating the impact of these four future standards on the Company.

5. Investment properties

For the year ended December 31, 2015, all properties were valued by a qualified independent valuator, and the Company relied on these professional appraisals to determine the fair value of investment properties. The weighted average capitalization rate at December 31, 2015 was 5.3% (2014 – 6.0%).

As at	December 31, 2015	December 31, 2014
Income producing property	$64,500,000	$68,299,530
Development	395,000	395,000
Total	$64,895,000	$68,694,530

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	$68,694,530	$ —
Acquisitions	—	68,553,762
Investment in development properties	—	100,000
Capital expenditures	376,636	40,768
Fair value adjustment on investment properties	(4,176,166)	—
Balance at the end of the period	$64,895,000	$68,694,530

One of the Company's investment properties having a fair value of $5.5 million is situated on land subject to a long term lease. The annual lease payment is $1,000 and the term expires in 2047. The fair value of investment property was determined using the income approach whereby stabilized net operating income is capitalized. Valuations determined on this basis are most sensitive to changes in capitalization rates.

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

Rate sensitivity	Fair value	Changes in fair value
+ 50 basis points	$59,283,918	$(5,611,082)
+ 25 basis points	61,960,659	(2,934,341)
Base rate	64,895,000	—
- 25 basis points	68,126,367	3,231,367
- 50 basis points	71,702,731	6,807,731

6. Furniture and equipment

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	$ 18,501	$ —
Additions	132,082	18,501
Less: Accumulated depreciation	(11,614)	(3,700)
Balance at the end of the period	$138,969	$14,801

7. Deposits and prepaid expenses

As at	December 31, 2015	December 31, 2014
Non-refundable deposits on properties	$ 50,000	$ 500,000
Refundable deposits on properties	220,000	650,000
Debt service reserves	—	436,918
Other	93,393	49,905
Total	$363,393	$1,636,823

Non-refundable deposits on properties

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

7. Deposits and prepaid expenses (continued)

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

Refundable deposits on properties

As at December 31, 2015, the Company paid additional deposits of $945,000 (2014 – $650,000) to unrelated parties, in respect of a number of possible property acquisitions for which the Company was conducting due diligence. Of the additional deposits paid during the year, $625,000 was returned to the Company. The Company also decided not to close on a property, and as a result, the deposit of $750,000 was written off during the year. Of the total deposit of $750,000, $200,000 was paid in prior years and $550,000 was paid during 2015.

8. Accounts receivable

As at	December 31, 2015	December 31, 2014
Rent and other receivables	**$160,446**	**$139,945**
Allowance for doubtful accounts	**(47,594)**	**(3,206)**
Accounts receivable	**$112,852**	**$136,739**

9. Mortgages payable

As at December 31, 2015, mortgages payable bear interest at a weighted average interest rate of 4.77% (2014 – 4.97%) and have a weighted average term to maturity of 1.8 years (2014 – 2.5 years). The Company has four fixed rate mortgages in the aggregate amount of $21,880,860 and one floating rate mortgage in the amount of $33,000,000 as of December 31, 2015, representing 40% and 60%, respectively of total mortgages payable. The fair value of the mortgages payable exceeds their carrying value by $189,616. The mortgages payable are secured by the Company's investment properties. The Company has also guaranteed up to $52,100,000 of mortgages payable.

As at December 31, 2015	Principal Amount	% of Total Principal
2016	$16,645,431	30.3%
2017	33,150,788	60.4%
2018	156,324	0.3%
2019	4,928,317	9.0%
Subsequent to 2019	—	0.0%
	$54,880,860	100%
Unamortized financing transaction costs	(174,607)	
Total	$54,706,253	
Less: current portion	16,550,952	
Non-current portion	$38,155,301	

Mortgages that matured during the year consisted of the B tranche of a first mortgage in the amount of $5,500,000 secured by a property located in London, Ontario (the "London Property"), which matured in November 2015, and the second mortgage of $8,250,000 on the same property which matured in June 2015. The Company completed a refinancing of the two expired mortgages in the fourth quarter of 2015; the new combined mortgage will mature on October 1, 2016 and the interest rate is fixed at 9.5% for the first 12 months increasing to 14% beginning in the 13th and final month of the loan term. The remainder of the first mortgage on the London Property has an outstanding balance of $33,000,000 and matures in November 2017.

10. Accounts payable and accrued liabilities

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

As at	December 31, 2015	December 31, 2014
Trade payables (Note 23)	**$3,537,830**	**$401,279**
Accrued interest payable	**129,650**	**143,540**
Security deposits	**422,601**	**449,089**
Total	**$4,090,081**	**$993,908**

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, 2015	2,335,181	$20,784,517	$(1,256,215)	$19,528,302
Issuance of common shares, net	—	—	(843)	(843)
Closing balance at December 31, 2015	**2,335,181**	**$20,784,517**	**$(1,257,058)**	**$19,527,459**

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

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

b) Escrowed Shares

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

c) Stock Options

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

Options awarded in	Number	Expiry date	Fair Value at Grant Date
Nov-13	48,529	Dec-18	$309,000
Dec-14	37,812	Jan-20	$286,048
Jan-15	42,505	Feb-20	$321,548
	128,845		$916,596

The initial cost of the options is determined as the fair value of the options on the grant date.

The stock options awarded in November 2013 vested immediately and were expensed in 2013.

The stock options awarded in December 2014 and January 2015, were to vest 1/3rd immediately and 1/3rd each on the following two anniversaries from the grant date. The cost of the options was to be expensed over the vesting period as follows:

- All of the 1/3rd that vests immediately is recognized in the current year.
- One half of the 1/3rd that vests on the first anniversary is recognized evenly in each of years 1 and 2.
- One third of the 1/3rd that vests on the second anniversary is recognized evenly in each of years 1, 2 and 3.

In January 2015, all 80,317 of the options granted in December 2014 and January 2015 were voluntarily cancelled by the Company, which resulted in accelerated vesting of these options.

For the year ended December 31, 2015, total costs of $432,726 (2014 – $174,871) were recognized in compensation expense related to director fees and employee compensation.

The options outstanding at December 31, 2015, are as follows:

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

11. Share capital (continued)

d) Agent's options

As part of the compensation to the agent of the Company's initial public offering, 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.

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 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.

12. Property revenues

Property revenues for the year ended December 31, 2015 were comprised of the following:

For the year ended	December 31, 2015	December 31, 2014
Residential rent	**$4,681,726**	**$913,860**
Commercial rent	**245,777**	**47,479**
Recoveries and other income	**267,297**	**32,492**
Total	**$5,194,800**	**$993,831**

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 year ended December 31, 2015, approximately 86% of the Company's rental revenue were earned in the province of Ontario and 68% of total revenue is derived from the London Property.

13. Property operating expenses

Property operating expenses consist of the following:

For the year ended	December 31, 2015	December 31, 2014
Realty taxes	**$ 810,469**	**$157,387**
Utilities	**629,005**	**76,315**
Wages and benefits	**485,262**	**62,013**
Repairs and maintenance	**458,385**	**42,591**
Management fees	**180,010**	**44,584**
General and marketing	**159,295**	**57,238**
Insurance	**138,188**	**16,311**
Bad debt expense	**42,176**	**2,016**
Other	**13,175**	**2,450**
Property Operating expenses	**$2,915,965**	**$460,904**

14. General and administrative expenses

General and administrative expenses are comprised of the following:

For the year ended	December 31, 2015	December 31, 2014
Legal and other professional	**$ 231,605**	**$ 39,759**
Audit and accounting	**426,114**	**51,000**
Wages and benefits	**619,860**	**147,308**
Rent	**41,080**	**28,737**
Marketing	**35,255**	**142,152**
Other	**126,013**	**185,837**
General and administrative expenses	**$1,479,927**	**$594,792**

Included in audit and accounting for the year ended December 31, 2015 is $90,400 in connection with security filings related to property acquisitions.

15. Interest expense

Interest expense for the year ended December 31, 2015 was comprised of the following:

For the year ended	December 31, 2015	December 31, 2014
Interest on mortgages payable	**$2,612,541**	**$423,516**
Amortization of financing transaction costs	**237,727**	**319,900**
Total	**$2,850,268**	**$743,416**

16. Transaction costs

Transaction costs are comprised of the following:

For the year ended	December 31, 2015	December 31, 2014
Legal and other professional	**$1,204,237**	**$1,530,289**
Audit and accounting	**1,060,505**	**161,872**
Marketing and other	**273,277**	**18,193**
Transaction costs	**$2,538,019**	**$1,710,354**

Transaction costs for the year ended December 31, 2015 relate almost entirely to the failed equity offering.

17. Income taxes

No income taxes are charged to other comprehensive income or equity for the years ended December 31, 2015 and December 31, 2014.

The Company's statutory income tax rate has remained consistent at 39.5% in 2015.

Reconciliation of tax expense and accounting income for the year ended December 31, 2015 are set out below:

For the year ended	December 31, 2015	December 31, 2014
Net loss for the year	**$(9,945,796)**	**$(2,670,410)**
Expected income recovery	**(3,928,589)**	**(707,659)**
Permanent differences	**1,820,512**	**48,368**
Non-recognition of the benefit of current year's tax losses	**2,108,077**	**659,291**
Income tax expense	**$ —**	**$ —**

Deferred income tax assets and liabilities as at December 31, 2015, relate to the following:

As at	December 31, 2015	December 31, 2014
Non-capital losses	**$ 2,978,274**	**$ 540,395**
Difference in basis	**369,756**	**287,673**
Non-recognition of deferred tax assets	**(3,348,030)**	**(828,068)**
Total net deferred tax asset	**$ —**	**$ —**

The future benefit of these losses and deductible temporary differences has not been recognized in the financial statements.

The Company is a "mutual fund corporation" for income tax purposes. As such, the Company can manage, and intends to manage, its affairs such that capital gains will ultimately not be taxed within the Company, but rather in the hands of its shareholders. Accordingly, deferred taxes are not recognized in respect of temporary differences on capital account, specifically, temporary differences on capital account related to Investment Properties. As at December 31, 2015, the unrecognized deductible temporary difference related to Investment Properties was $4 million (2014 – $0.2 million).

As at December 31, 2015, the expiry dates of the unrecognized deferred tax assets are 2033 to 2035.

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 officer salaries and other expenses on behalf of the Company and $182,689 is included in accounts payable at December 31, 2015 (2014 – $nil).

The compensation of the Company's executives and independent directors for the year ended December 31, 2015 was $218,500 (2014 – $232,371), comprising $nil (2014 – $174,871) in share based payments, $34,250 (2014 – $57,500) in cash compensation and accrued fees of $184,250 (2014 – $nil).

19. Capital management

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

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

Key financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreements. The key financial covenant applicable to the Company is a specified minimum debt service coverage ratio.

The Company is in compliance with all of its debt and financial covenants as it relates to its mortgages at December 31, 2015.

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

20. Financial risk management

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

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity 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.

If the Company is otherwise unable to satisfy its current liabilities through suitable agreements for debt refinancing, equity financing or other measures, planned operations could be scaled back and a portion of the Company's asset could be sold.

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

	Payments due by year					
As at December 31, 2015	**Total**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Mortgages payable[1]	$58,789,357	$19,094,669	$34,336,002	$337,752	$5,065,935	$—
Accounts payable & accrued liabilities	4,090,081	4,090,081	—	—	—	—
	$62,879,438	$23,184,750	$34,336,002	$337,752	$5,065,935	$—

(1) Includes both principal and interest.

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

Credit Risk

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

Market Risk

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

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

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company has both fixed and floating rate mortgages. The fixed rate mortgages range in term from nine months to 4 years. The floating rate mortgage has a terms of two years. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest expense of $165,000 on an annual basis. The impact of a 50 basis point change on fixed rate debt maturing in the next 12 months would be an increase or decrease in interest expense of $109,404 on an annual basis.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk.

20. Financial risk management (continued)

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk.

21. Fair value measurements

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

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

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

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

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

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

The following table presents the Company's estimates of assets and liabilities measured at fair value on a recurring basis based on information available to management as at December 31, 2015, and aggregated by level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Company could ultimate realize.

Recurring measurements	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant other unobservable inputs	Total
Assets				
Investment properties	$—	$ —	$64,895,000	$64,895,000
Liabilities				
Mortgages payable	—	$55,070,476	—	$55,070,476

22. Comparative figures

Certain comparative figures have been reclassified in order to present information on a basis consistent with the current year.

23. Subsequent events

Prior to the financial statements being authorized for issue, 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. At this time, these vendors have agreed to take combined concessions of $765,000 from their fees which will be realized in future periods.

The Company internalized property management of two properties located in London and Windsor, Ontario and terminated the existing management agreements on these properties effective April 1, 2016.

24. Approval of financial statements

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on April 28, 2016.

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

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015

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 and twelve month periods ended December 31, 2015 and its financial position as at December 31, 2015. This MD&A is dated and has been prepared with information available as of April 28, 2016.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015 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 listed real estate company focusing on owning and managing student housing properties. CHC's business model is centered on three distinct strategies through which it expects to achieve its goal of becoming the leading owner of high-quality Canadian student housing real estate: (i) acquiring purpose-built student housing assets based on CHC's stringent investment criteria; (ii) opportunistically acquiring traditional multi-residential assets that management

believes can be repositioned to student housing; and (iii) providing financing for purpose-built student housing development projects which will allow CHC to generate attractive financial returns while also providing it with an identified pipeline of future acquisitions. Please reference the strategic alternatives the Company is reviewing in the Strategy and Outlook section on page 3.

Corporate History

The Company was incorporated under the *Business Corporations Act* (Ontario) on April 12, 2013. On November 28, 2013, 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.

Strategy & Outlook

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

Our Strategy

CHC's business model is centered on three distinct strategies. Firstly, CHC acquires purpose-built student housing assets based on CHC's stringent investment criteria, which focus on the location, valuation and quality of the asset. In evaluating an acquisition, management considers multiple factors including age, amenities, market position, overall design and proximity to campus. Secondly, CHC opportunistically acquires traditional multi-residential assets that management believes can be repositioned to student housing. CHC's strategy here would include adding a social and community aspect to the property that provides a collegiate atmosphere for students. Lastly, CHC intends to provide financing for purpose-built student housing development projects which will generally be completed within 12 to 36 months, and which will allow CHC to generate attractive financial returns through interest income and profit sharing while also providing it with an identified pipeline of future acquisitions through certain options and/or rights of first refusal or offer. It is through the execution of these three strategies that CHC expects to achieve its goal of becoming the leading owner of high-quality Canadian student housing real estate.

Management believes that the student housing real estate sector is benefitting from compelling underlying market fundamentals. A limited supply of high-quality, purpose-built properties combined with strong estimated enrolment 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.

CHC will seek to pursue acquisitions that align with the Company's stringent investment criteria focused on location, valuation and asset quality. However, the Company may also undertake opportunistic acquisitions under circumstances in which management believes a student housing property requiring value-add capital can be acquired at an attractive valuation and its profitability improved upon completion of repositioning efforts.

When evaluating potential acquisition opportunities, CHC focuses on: (i) markets with high student enrolment, either due to the presence of a large post-secondary institution or multiple mid-sized institutions; (ii) markets in which a majority of the student population resides off-campus due to insufficient on-campus capacity; (iii) properties that are located in close proximity to a post-secondary institution, generally within 2.0 km, or which may be farther from campus but located in a downtown area where students spend time away from campus; (iv) properties that have been recently built and have minimal annual capital expenditure requirements; (v) properties characterized by high occupancy, or with potential for value enhancement through repositioning or other value-add initiatives (for example, adding beds to acquired properties, introducing furnished apartments, implementing new marketing strategies and improving property management); and (vi) properties that can be purchased at an attractive valuation, preferably below replacement cost.

Outlook

During the second quarter, the Company determined not to proceed with its proposed public equity offering previously announced on May 14, 2015 due to macro driven volatility within equity markets especially for real estate companies and the inability to achieve offering terms acceptable to the Company, and withdrew its preliminary short form prospectus in respect of the offering. In connection with the termination of the proposed offering, the Company determined not to proceed with the various property acquisitions described in the prospectus, with the exception of the proposed acquisition of the Sudbury Property (as defined below), which remains under contract.

The Company is reviewing various strategic alternatives to the terminated offering and for financing the Company's operations and business plan. In the meantime, the Company is focused in the short term on operational efficiencies in order to improve its financial position and resources.

If the Company is otherwise unable to satisfy its current liabilities through suitable agreements for debt refinancing, equity financing or other measures, planned operations could be scaled back and a portion of the Company's 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.

Portfolio Overview

Since the completion of its Qualifying Transaction, CHC has been pursuing the expansion of its student housing business through additional acquisitions. At December 31, 2015, CHC owned 4 properties having 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.

Completed Acquisitions

Address	City, Province	Purchase Price	Fair value as of 31-Dec-15[1]	Beds	Commercial Sq. Ft.	Date Acquired
335 Barrie Street	Kingston, ON	$ 2,500,000	$ 2,600,000	18	1,108	April 2014
3170-3190 Donnelly Street	Windsor, ON	$ 5,900,000	$ 4,900,000	117	—	September 2014
1620-1720 rue du Père-Marquette	Trois-Rivières, QC	$ 5,500,000	$ 5,000,000	310	—	October 2014
675 Richmond Street	London, ON	$55,000,000	$52,000,000	387	12,642	November 2014
Total		**$68,900,000**	**$64,500,000**	**832**	**13,750**	

(1) Please reference the Fair Value section below.

Kingston, Ontario

On April 3, 2014, CHC completed the acquisition of the QT Property located in Kingston, Ontario. This acquisition represented the Company's Qualifying Transaction. The QT Property has 18 beds in 12 apartments and 1,108 sq. ft. of ancillary ground floor commercial space in one building, and is located approximately 1.0 km from Queen's University.

The purchase price for the QT 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 $1,260,253 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 on the QT Property for a 5-year term with a fixed 4.1% interest rate. The balance of the new mortgage was $1.55 million. The QT Property was 100% leased at December 31, 2015.

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 Windsor Property has 117 beds in 87 student apartments in two buildings, and is located approximately 0.75km from the University of Windsor. This property is a traditional apartment building tenanted primarily by students at the University of Windsor. Occupancy of the property at December 31, 2015, is 92%. CHC views this property as a repositioning opportunity. The Company has begun to market the units strictly as student accommodation and to implement its student-oriented operating strategy. Among other things, management has begun 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 constitutes 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.

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**"). The Trois-Rivières Property has 310 beds in 77 student apartments in six buildings, and is located on the campus of the University of Quèbec at Trois-Rivières under a long-term land lease with the university. 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. On December 31, 2015, the occupancy of the property was 70%, which is up from the approximately 50% when the Company purchased the asset.

During the second quarter of 2015, the Company renovated approximately 10% of the beds including common areas in anticipation of increasing rents and occupancy. During the last half of the year, these renovated beds were leased at an average increase of approximately 31% from the standard rental rates prior to being renovated.

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 the payment to the vendor of the balance of the purchase price in cash. The mortgage was interest only monthly payments fixed at 4% per annum for a 2-year term expiring October 2016.

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**"). The London Property has 387 beds in 187 apartments as well as 12,642 square feet of commercial space in a 17-storey apartment building and is located approximately 2.0 km from Western University. This property is a traditional apartment building tenanted primarily by students at Western University. Occupancy of the residential portion of the property at December 31, 2015, is 91% compared to 82% at the time of acquisition, and the commercial space is 100% leased. The Company has begun 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. Revenue increases will primarily come from plans to increase occupancy from the time of acquisition as well as plans to increase the number of beds at the property by 7% over the next five years as suites become available. 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 Company is adding 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 (using proceeds from its private placement completed in November 2014. 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 2.95%) 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 acquisition of the London Property constitutes 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 will be available for viewing under the Company's profile on SEDAR at www.sedar.com.

Fair Value

The fair value of the property portfolio represents 98% of the total assets of CHC as at December 31, 2015.

	Year Ended 31-Dec-15
Balance at beginning of the period	$68,694,530
Acquisitions	—
Investment in development properties	—
Capital expenditure	376,636
Fair value adjustments on investment properties	(4,176,166)
Total	**$64,895,000**

As at December 31, 2015, the estimated fair value of investment properties reflects a weighted average capitalization rate of 5.3% (December 31, 2014 – 6.0%). A 25 basis point change in the utilized capitalization rate would cause the estimated fair value of investment properties to change by approximately $3 million.

The Company recorded $4.2 million in fair value losses on its portfolio of investment properties in 2015, compared to nil in 2014. The fair value loss is attributable to underperformance of assets and capital expenditures that were not completed due to the cancelled equity offering.

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**") with CHC Investments, to acquire a student housing property located in Sudbury, Ontario (the "**Sudbury Property**") from a vendor at arm's length to both CHC and CHC Investments.

The Sudbury Property is a newly repurposed student housing property situated at 50 Lisgar Street in downtown Sudbury, across the street from the city's main bus terminal, less than 300 meters away from Laurentian University's School of Architecture and approximately 4.7 km from the University's main Sudbury Campus. The Sudbury Property is a six storey former office building originally constructed around 1970 that was converted to a student residence with main floor commercial space in 2013. The building contains a total area of approximately 28,965 sq. ft. and is comprised of 70 beds in 50 student apartments on the upper floors and approximately 4,500 sq. ft. of ground floor commercial space.

The purchase price for the Sudbury Property is $5.5 million, subject to adjustments, which CHC intends to satisfy through mortgage financing on the Sudbury Property and the balance of the purchase price in cash. Under the purchase agreement, the vendor has agreed to pay to the Company an income guarantee on monthly gross rental income from the residential component of the Sudbury Property based on 95% occupancy for a period of 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, which is vacant on closing.

The acquisition of the Sudbury Property was dependent upon vendor's receipt of an acceptable record of site condition issued by a regulatory authority for the property on or before December 31, 2015.

CHC Investments was not paid any fees nor did it receive any consideration for the assignment of the purchase agreement to the Company. CHC Investments had paid a $200,000 deposit to the vendor upon execution of the purchase agreement, which became a non-refundable deposit as a result of the satisfaction of the Company's due diligence condition in respect of the acquisition, and that deposit was repaid by the Company to CHC Investments, without interest, fees or other consideration. CHC also paid the vendor an additional $300,000 non-refundable deposit as a result of the satisfaction of the purchaser's due diligence condition in respect of the acquisition. In the event that the vendor was unable to obtain the record of site condition for the property on or before December 31, 2015, CHC would be entitled to terminate the acquisition and receive a return of the $500,000 in deposits. During 2015, the vendor informed the Company that the record of site condition for the property would not be received until sometime in 2016. It was agreed that the required condition of providing the record of site condition to complete the transaction would be extended until December 31, 2016 in exchange for $450,000 of the $500,000 non-refundable deposit being returned to the Company.

Results of Operations

The financial performance and results of operations contained in this MD&A cover the three and twelve months ended December 31, 2015. During the prior year from January 1, 2014 to March 31, 2014, the Company did not have any operations other than the conduct of its financing activities, including its initial public offering, listing on the TSXV and investigation of a Qualifying Transaction. The Company completed its Qualifying Transaction in April 2014.

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 Unit. 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. CHC calculates its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. 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 loss data	Three Months Ended December 31		Full Year Ended December 31	
	2015	2014	2015	2014
Property revenues	$ 1,371,675	$ 830,208	$ 5,194,800	$ 993,831
Property operating expenses	$ (809,991)	$ (379,275)	$(2,915,965)	$ (460,904)
Net Operating Income (NOI)	$ 561,684	$ 450,933	$ 2,278,835	$ 532,927
General & administrative expense	$ (370,795)	$ (227,175)	$(1,479,927)	$ (594,792)
Transaction costs	$ (233,077)	$(1,385,970)	$(2,538,019)	$(1,710,354)
Interest income	$ 32	$ 7,015	$ 2,475	$ 20,096
Stock-based compensation	—	$ (174,871)	$ (432,726)	$ (174,871)
Forfeiture of deposit	—	—	$ (750,000)	—
Interest expense	$ (622,921)	$ (703,685)	$(2,850,268)	$ (743,416)
Fair value adjustment on investment properties	$(4,176,166)	—	$(4,176,166)	—
Net loss	**$(4,841,243)**	**$(2,033,753)**	**$(9,945,796)**	**$(2,670,410)**
Net loss per share – basic and diluted	$ (2.07)	$ (1.09)	$ (4.26)	$ (2.66)
Funds From Operations (FFO)[1]	$ (432,000)	$ (647,783)	$(3,231,611)	$ (960,056)
FFO per share	$ (0.18)	$ (0.35)	$ (1.38)	$ (0.96)
Adjusted Funds From Operations (AFFO)[1]	$ (518,650)	$ (208,007)	$(2,934,289)	$ (513,079)
AFFO per share	$ (0.22)	$ (0.11)	$ (1.26)	$ (0.51)
Distributions of cash dividends	Nil	Nil	Nil	Nil
Weight average shares outstanding[2]	2,335,181	1,864,636	2,335,181	1,004,656

(1) FFO & AFFO are non-IFRS performance measures. Please refer to definition on pages 7 & 8 as well as the reconciliation from net loss on page below.

(2) After giving retroactive effect to the 85 to 1 common share consolidation that occurred on February 19, 2015.

Statement of financial position data	As at December 31	
	2015	2014
Cash	$ 842,808	$ 2,232,112
Investment properties	$64,895,000	$68,694,530
Total assets	$66,353,022	$72,715,005
Total current financial liabilities	$20,641,033	$14,724,512
Total non-current financial liabilities	$38,155,301	$40,919,892
Total liabilities	$58,796,334	$55,644,404

FFO & AFFO Reconciliation

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

Reconciliation from net loss to FFO & AFFO	Three Months Ended December 31		Full Year Ended December 31	
	2015	2014	2015	2014
Net loss	$(4,841,243)	$(2,033,753)	$(9,945,796)	$(2,670,410)
Add:				
Transaction costs	$ 233,077	$ 1,385,970	$ 2,538,019	$ 1,710,354
Fair value adjustment on investment properties	$ 4,176,166	—	$ 4,176,166	—
Funds From Operations (FFO)	$ (432,000)	$ (647,783)	$(3,231,611)	$ (960,056)
Add (subtract):				
Stock-based compensation[1]	—	$ 174,871	$ 432,726	$ 174,871
Amortization of financing transaction costs	$ 27,769	$ 312,699	$ 237,727	$ 319,900
Straight line rent	$ 3,481	$ (7,026)	$ 3,505	$ (7,026)
Capital expenditures	$ (117,900)	$ (40,768)	$ (376,636)	$ (40,768)
Adjusted Funds From Operations	**$ (518,650)**	**$ (208,007)**	**$(2,934,289)**	**$ (513,079)**

(1) The adjustment for stock-based compensation relates to the accelerated amortization of cancelled options awarded in December 2014 and January 2015. Industry practice normally would not adjust for stock-based compensation in the calculation of AFFO. However, as the options were cancelled and the balance expensed in the fiscal first quarter in its entirety, the Company has determined that under the circumstances adjusting AFFO is reasonable. The Company will follow industry practices under normal course for stock-based compensation that is not cancelled.

FFO for the three and twelve months ended December 31, 2015 amounted to $(432,000) or $(0.18) per share and $(3,231,611) or $(1.38) per share respectively. AFFO for the three and twelve months ended December 31, 2015 was a loss of $(518,650) or $(0.22) per share and $(2,934,290) or $(1.26) per share respectively.

The increased loss was a result of the costs of the cancelled equity offering, the forfeited deposit on the Taylorwood acquisition, an increase in corporate general and administrative expenses due to the full year expenses arising from the previously announced acquisitions and increased interest costs.

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

Reconciliation from cash used in operating activity to AFFO	Three Months Ended December 31		Full Year Ended December 31	
	2015	2014	2015	2014
Cash used in operating activities	$(262,281)	$(1,092,455)	$ (827,773)	$(1,803,537)
Add (subtract):				
Transaction costs	$ 233,077	$ 1,385,970	$ 2,538,019	$ 1,710,354
Changes in non-cash working capital	$(584,506)	$ (331,277)	$(3,307,958)	$ (231,233)
Depreciation	$ (1,701)	$ (4,355)	$ (7,914)	$ (4,355)
Interest expense on mortgages payable	$(595,152)	$ (390,981)	$(2,612,541)	$ (423,516)
Cash interest paid	$ 809,813	$ 265,859	$ 2,410,514	$ 279,976
Write off of deposit on property	—	—	$ (750,000)	—
Capital expenditures	$(117,900)	$ (40,768)	$ (376,636)	$ (40,768)
Adjusted Funds From Operations	**$(518,650)**	**$ (208,007)**	**$(2,934,289)**	**$ (513,079)**

Overall Performance

Statement of comprehensive loss data	Three Months Ended December 31		Full Year Ended December 31	
	2015	2014	2015	2014
Property revenues	$ 1,371,675	$ 830,208	$ 5,194,800	$ 993,831
Property operating expenses	$ (809,991)	$ (379,275)	$(2,915,965)	$ (460,904)
NOI	$ 561,684	$ 450,933	$ 2,278,835	$ 532,927
General & administrative expense	$ (370,795)	$ (227,175)	$(1,479,927)	$ (594,792)
Transaction costs	$ (233,077)	$(1,385,970)	$(2,538,019)	$(1,710,354)
Interest income	$ 32	$ 7,015	$ 2,475	$ 20,097
Interest expense	$ (622,921)	$ (703,685)	$(2,850,268)	$ (743,416)
Fair value adjustment on investment properties	$(4,176,166)	—	$(4,176,166)	—
Stock based compensation	—	$ (174,871)	$ (432,726)	$ (174,871)
Forfeiture of deposit	—	—	$ (750,000)	—
Net loss and comprehensive	**$(4,841,243)**	**$(2,033,753)**	**$(9,945,796)**	**$(2,670,410)**

Acquisition Activity

The Company currently owns 4 operating properties as outlined above in the Portfolio Overview. These properties were purchased as follows during 2014: The Kingston Property was purchased on April 3rd, the Windsor Property was purchased on September 11th, the Trois-Rivières Property was purchased on October 9th and the London Property was purchased on November 19th. It is the timing of these acquisitions that primarily explains the changes in operating results on both a three and twelve month basis.

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 and twelve months ended December 31, 2015, were $1,371,675 and $5,194,800 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 86% of the Company's rental revenue is earned in the province of Ontario and 68% of total revenue is derived from a single property in London, Ontario.

Property revenues for the twelve months ended December 31, 2015 and 2014 were $5,194,800 and $993,831 respectively. The increase in Property revenues is primarily as a result of acquisition activity coupled with: (i) Approximately 20% increase in occupancy at Trois-Rivières since time of acquisition, (ii) $100 per month per bed on average increase due to the renovation of 30 units at Trois-Rivières, (iii) 10% increase in occupancy year-over-year at the London Property, and (iv) increase of parking revenues from $1,200 per month to over $10,000 per month at the London Property.

Property Operating Expenses

Property 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 and twelve months ended December 31, 2015 property expenses were $809,991 and $2,915,965 respectively.

For the twelve months ended December 31, 2015 and 2014 property expenses were $2,915,965 and $460,904. The increase in Property operating expenses during the comparative period is primarily as a result of acquisition activity, along with higher utilities due to colder temperatures in 2015. Other one-time expenses during the year include: (i) higher than average security expenses at the London Property, (ii) higher than average maintenance expenses at the London property, and (iii) a high level of maintenance issues at the Donnelly property, among other items.

Property operating expenses consist of the following:

Statement of financial position data	Twelve Months Ended December 31	
	2015	2014
Realty Taxes	$ 810,469	$157,387
Utilities	629,005	76,315
Wages and benefits	485,262	62,013
Repairs and maintenance	458,385	42,591
Management fees	180,010	44,584
General and marketing	159,295	57,238
Insurance	138,188	16,311
Bad debt expense	42,176	2,016
Other	13,175	2,450
Property operating expenses	**$2,915,965**	**$460,904**

Net Operating Income

NOI for the twelve months ended December 31, 2015 and 2014 was $2,278,835 and $532,927 respectively.

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 and twelve month periods ended December 31, 2015 and 2014 were $370,795 and $1,479,927 and $227,175 and $594,792 respectively.

General and administrative expenses consist of the following:

	Twelve Months Ended December 31	
	2015	2014
Legal and other professional	$ 231,605	$ 39,759
Audit and accounting	426,114	51,000
Wages and benefits	619,860	147,308
Rent	41,080	28,737
Marketing	35,255	142,152
Other	126,013	185,837
General and administrative expenses	**$1,479,927**	**$594,792**

Interest Income

Interest income for the three and twelve months ended December 31, 2015 of $32 and $2,475 respectively was attributable to interest earned from deposits on properties.

Interest Expense

The Company has four fixed rate mortgages and two floating rate mortgages as of December 31, 2015. The interest expense for the three and twelve months ended December 31, 2015 was $622,921 and $2,850,268 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 months ended December 31, 2015 were primarily a result of the two short-term mortgages that were entered into with respect of the London property.

	Three Months Ended December 31	Full Year Ended December 31
	2015	2015
Interest on mortgages payable	$595,152	$2,612,541
Amortization of financing transaction costs	$ 27,769	$ 237,727
	$622,921	**$2,850,268**

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's ability to continue is a going concern is subject to a number of risks and uncertainties. The Company has incurred net losses and used significant cash resources in its operating activities since incorporation. It has relied upon financing to fund its operations and acquisitions, primarily through debt and private equity placements.

If the Company is otherwise unable to satisfy its current liabilities through suitable agreements for debt refinancing, equity financing or other measures, planned operations could be scaled back and a portion of the Company's 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.

Liquidity

CHC intends to fund capital for acquisitions 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 December 31, 2015, the Company had cash on hand of $842,808.

Discussion of cash flows during the period

	Three Months Ended December 31		Full Year Ended December 31	
	2015	2014	2015	2014
Cash generated from/used in operating activities	$(262,281)	$ (1,092,455)	$ (827,773)	$ (1,803,537)
Cash generated from/used in investing activities	$(142,791)	$(25,090,011)	$ (378,718)	$(34,046,659)
Cash generated from/used in financing activities	$ (76,188)	$ 21,964,531	$ (182,813)	$ 33,335,181
Cash generated from/used in the period	**$(481,260)**	**$ (4,217,935)**	**$(1,389,304)**	**$ (2,515,015)**

Cash flows generated from/used in operating activities

For the twelve months ended December 31, 2015, cash flows used in operating activities related primarily to operating losses during the year offset by the fair value adjustment on investment properties and the net change in working capital. Excluding items related to the cancelled equity offering and proposed acquisitions, cash generated from (used) in operating activities would have been $1,710,246 for the year.

Cash flows generated from/used in investing activities

For the twelve months ended December 31, 2015, cash used in investing activities was primarily a result of capital expenditures at the properties. This includes renovations and other capital expenditures of approximately $179,000 at the London property and $166,000 at Trois-Rivières.

Cash flows generated from/used in financing activities

During the twelve months ended December 31, 2015 cash flows used in financing activities related primarily to the repayment of mortgage principal.

Debt

The Company's long-term debt principal repayments as at December 31, 2015 are as follows:

As at December 31, 2015	Principal Amount	% of Total Principal
2016	$ 16,645,431	30.3%
2017	$ 33,150,788	60.4%
2018	$ 156,324	0.3%
2019	$ 4,928,317	9.0%
Subsequent to 2019	$ —	0.0%
	$ 54,880,860	100%
Unamortized financing transaction costs	$ (174,607)	
Total	$ 54,706,253	
Less: Current portion	$(16,550,952)	
Total	**$ 38,155,301**	

Mortgages have fixed rates that range from 3.47% to 14.0%. The variable rate mortgages are at 215 basis points and 475 basis points above the 90-day Bankers' Acceptance rate. Maturity dates range from October 2016 to October 2019. The weighted average interest rate at December 31, 2015 was 4.77% and the weighted average term to maturity was 1.8 years. Excluding the short-term debt related to the London Property the weighted average interest rate drops to 3.77% and the weighted average term to maturity increases to 2.8 years. At December 31, 2015 fixed rate and variable rate debt were $21.9 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 below:

As at December 31, 2015	Total	2016	2017	2018	2019	Thereafter
Mortgages payable[(1)]	$58,789,357	$19,094,669	$34,336,002	$337,752	$5,065,935	Nil
Accounts payable and accrued liabilities	$ 4,090,081	4,090,081	Nil	Nil	Nil	Nil
Total	**$62,879,438**	**$23,184,750**	**$34,336,002**	**$337,752**	**$5,065,935**	**Nil**

(1) Includes both principle and interest.

The Company was able refinance the two mortgages that came due during 2015 and is actively having discussions with a variety of lenders regarding the upcoming debt maturities. This is all subject to the going concern referenced above.

Equity

Disclosure of Outstanding Share Data

	As at December 31	
	2015	2014
Total outstanding at the beginning of the year	2,335,181	55,000,000
Issued	—	68,390,693
Total outstanding at the end of the year	**2,335,181**	**198,495,610**

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. As of December 31, 2015, the Company had 2,335,181 common shares issued and outstanding. The Company did not issue any common shares during the year.

On February 19, 2015, the Company consolidated the common shares of the Company on a basis of one post-consolidation share for every 85 pre-consolidation shares (subject to rounding down for fractional shares at the individual shareholder level). All share information in this MD&A is presented on a post-consolidation basis.

Other Issued Securities

The Company has also issued other securities as outlined in the table below.

Options	Total
2013 issued – vested	48,529
Warrants	871,822
Agent's options	11,764
Total Other Issued Securities	**932,115**

The stock options are exercisable to acquire one common share of the Company at an exercise price of $8.50 per share and have an expiry date of November 2018. During the year, the Company cancelled all of the options awarded in December 2014 and January 2015.

The warrants were issued on November 19, 2014 and have a 36-month term from the date of issue. Each warrant entitles the holder to purchase one common share of the Company for each warrant held at a price of $11.05.

The agent's options were issued in connection with the initial public offering of the Company in December 2013. Each broker warrant is exercisable to acquire one common share of the Company at an exercise price of $8.50 per share until December 4, 2015.

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 $182,689 is included in accounts payable at December 31, 2015 (2014 – $nil).

Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates and assumptions that affect the reported amounts and disclosures made in the consolidated 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 year ended December 31, 2015.

Subsequent Events

Prior to the financial statements being authorized for issue, 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. At this time, these vendors have agreed to take combined concessions of $765,000 from their fees, which will be realized in future periods and will significantly help with the Company's future payment obligations.

The Company internalized property management of two properties located in London and Windsor, Ontario and terminated the existing property management agreements on these properties effective April 1, 2016.

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 80% 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 were entered into during the year and range in term from ten months to 4 years. The floating rate mortgages have terms of one to three years. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest expense of $165,000 on an annual basis. The impact of a 50 basis point change on fixed rate debt would be an increase or decrease in interest expense 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 favourable 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 favourable terms to the Company.

As at December 31, 2015, the Company had outstanding mortgage indebtedness of approximately $54,706,253 (after adjusting for unamortized financing costs of approximately $174,607). 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 favourable 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 audited consolidated financial statements and accompanying notes for the periods ended December 31, 2015 and 2014, and the unaudited interim consolidated financial statements of the Company and accompanying notes for the applicable periods.

	Three Months Ended			
	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Property revenues	$ 1,371,675	$1,219,784	$ 1,239,622	$1,363,719
Net loss and comprehensive loss	$(4,841,243)	$ (325,609)	$(3,808,686)	$ (970,256)
Add (deduct):				
Transaction costs	$ 233,077	—	(228,258)	120,080
Fair value adjustment on investment properties	$ 4,176,166	—	—	—
FFO	**$ (432,000)**	**$ (325,609)**	**$(3,580,428)**	**$ (850,176)**
Net loss per share – basic and diluted	$ (2.07)	$ (0.14)	$ (1.63)	$ (0.42)
FFO per share[1]	$ (0.18)	$ (0.14)	$ (1.53)	$ (0.36)
Weighted average shares outstanding[1]	2,335,181	2,335,181	2,335,181	2,335,181

(1) After giving retroactive effect of the 85 to 1 common share consolidation that occurred on February 19, 2015.

	Three Months Ended			
	31-Dec-14	30-Sep-14	30-Jun-14	31-Mar-14
Property revenues	$ 830,208	$ 103,931	$ 59,692	—
Net loss and comprehensive loss	$(2,033,753)	$ (315,715)	$(297,464)	$ (23,477)
Add (deduct):				
Transaction costs	$ 1,385,970	$ (116,681)	$(189,242)	—
Fair value adjustment on investment properties	—	—	—	—
FFO	**$ (647,783)**	**$ (199,034)**	**$(108,222)**	**$ (23,477)**
Net loss per share – basic and diluted	$ (1.09)	$ (0.31)	$ (0.46)	$ (0.04)
FFO per share[1]	$ (0.35)	$ (0.20)	$ (0.17)	$ (0.04)
Weighted average shares outstanding[1]	1,864,636	1,012,233	647,059	647,059

(1) After giving retroactive effect of the 85 to 1 common share consolidation that occurred on February 19, 2015.

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.

CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

Audited Consolidated Financial Statements
December 31, 2014

Deloitte LLP
Brookfield Place
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Canada

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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of CHC Student Housing Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the year ended December 31, 2014 and the period from April 12, 2013 (date of incorporation) to December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CHC Student Housing Corp. at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the year ended December 31, 2014 and the period from April 12, 2013 (date of incorporation) to December 31, 2013 in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 27, 2015

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As at December 31, 2014

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As at	December 31, 2014	December 31, 2013
Assets		
Non-Current		
Investment properties (Note 6)	**$68,694,530**	**$ —**
Furniture and equipment	**14,801**	**—**
	68,709,331	**—**
Current		
Cash and cash equivalents	**2,232,112**	**4,747,127**
Deposits and prepaid expenses (Note 7)	**1,636,823**	**—**
Accounts receivable	**136,739**	**18,148**
	$72,715,005	**$4,765,275**
Liabilities		
Non-Current		
Mortgages payable (Note 8)	**$40,919,892**	**$ —**
	40,919,892	**—**
Current		
Accounts payable and accrued liabilities (Note 9)	**993,908**	**13,721**
Mortgages payable (Note 8)	**13,730,604**	**—**
	55,644,404	**13,721**
Shareholders' Equity		
Share Capital (Note 10)	**19,528,302**	**4,713,716**
Contributed Surplus	**536,871**	**362,000**
Deficit	**(2,994,572)**	**(324,162)**
	17,070,601	**4,751,554**
	$72,715,005	**$4,765,275**

Approved on behalf of the Board

(signed) "Louis Forbes"
Louis Forbes
Director

(signed) "Ronald Sc*hwarz*"
Ronald Schwarz
Director

The accompanying notes are an integral part of these financial statements

	For the year ended December 31, 2014	For the period from April 12 (date of incorporation) to December 31, 2013
Revenue		
Property revenues (Note 11)	**$ 993,831**	**$ —**
Interest income	**20,096**	**—**
	1,013,927	**—**
Expenses		
Property operating expenses	**$ 460,904**	**—**
General and administrative expenses	**769,663**	**324,162**
Acquisition transaction costs	**1,710,354**	**—**
Interest expense (Note 12)	**743,416**	**—**
	3,684,337	**324,162**
Net loss and comprehensive loss	**$(2,670,410)**	**$(324,162)**
Loss per share		
Basic and diluted	**$ (2.66)**	**$ (3.14)**
Weighted average number of outstanding common shares		
Basic and diluted (Note 10)	**1,004,656**	**103,387**

The accompanying notes are an integral part of these financial statements

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 12, 2013 (date of incorporation)	**$ —**	**$ —**	**$ —**	**$ —**
Issuance of shares, net	**4,713,716**	**—**	**—**	**4,713,716**
Stock options	**—**	**362,000**	**—**	**362,000**
Net loss and comprehensive loss for the period	**—**	**—**	**(324,162)**	**(324,162)**
Balance, December 31, 2013	**4,713,716**	**362,000**	**(324,162)**	**4,751,554**
Issuance of shares, net	**14,814,586**	**—**	**—**	**14,814,586**
Stock options	**—**	**174,871**	**—**	**174,871**
Net loss and comprehensive loss for the year	**—**	**—**	**(2,670,410)**	**(2,670,410)**
Balance, December 31, 2014	**$19,528,302**	**$536,871**	**(2,994,572)**	**$17,070,601**

The accompanying notes are an integral part of these financial statements

Cash provided by the following activities

	For the year ended December 31, 2014	For April 12 (date of incorporation) to December 31, 2013
Operating activities		
Net loss	**$ (2,670,410)**	**$ (324,162)**
Non-cash compensation	**174,871**	**$ 309,000**
Amortization of financing transaction costs	**319,900**	**—**
Depreciation	**4,355**	**—**
Straight line rent	**(7,026)**	**—**
Net change in working capital	**374,773**	**(4,427)**
Net cash changes from operating activities	**$ (1,803,537)**	**$ (19,589)**
Investing activities		
Acquisitions of investment property, net	**$(32,837,390)**	**$ —**
Capital expenditures	**(40,768)**	**—**
Purchase of furniture and equipment	**(18,501)**	
Deposits	**(1,150,000)**	**—**
Net cash changes from investing activities	**$(34,046,659)**	**$ —**
Financing activities		
Equity issuance, net of costs	**$ 14,814,586**	**$4,766,716**
Proceeds from mortgages payable	**53,800,000**	**—**
Principal repayments	**(28,822)**	**—**
Discharge of mortgages	**(34,560,000)**	
Financing transaction costs paid	**(690,583)**	**—**
Net cash changes from financing activities	**$ 33,335,181**	**$4,766,716**
Net (decrease) increase in cash and cash equivalents	**$ (2,515,015)**	**$4,747,127**
Cash and cash equivalents, beginning of period	**4,747,127**	**—**
Cash and cash equivalents, end of period	**$ 2,232,112**	**$4,747,127**

The accompanying notes are an integral part of these financial statements

1. Nature of organization

Description of the business

CHC Student Housing Corp. (formerly CHC Realty Capital 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 Company" 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,

2. Summary of significant accounting policies

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

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

Investment Properties

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

Revenue Recognition

The Company has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset.

Rental revenue from investment properties includes rents, parking and other sundry revenues. All residential leases are for one year terms or less and revenue is recognized as revenue on a straight-line basis over the term of the lease.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

Deferred Income Taxes

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. To the extent that the Company does not consider it to be more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the amount.

Equity Issuance Costs

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

2. Summary of significant accounting policies (continued)

Earnings Per Share

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

Comprehensive Loss

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

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at December 31, 2014:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Mortgages payable	Other financial liabilities

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

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

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

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

Financing transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

Stock Options

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees is measured at fair value at the grant date using the Black Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense for stock options granted to non-employees is measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Company received the goods or the services using the Black Scholes option pricing model.

3. Critical Accounting Estimates, Assumptions, and Judgments

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

The estimates deemed to be more significant, due to subjectivity and the potential risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities include:

Valuation of Investment Properties

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

3. Critical Accounting Estimates, Assumptions, and Judgments (continued)

rates are applied to a stabilized net operating income ("NOI") for each property, determined as property revenues less property operating expenses adjusted for market-based assumptions such as rent increases, long-term vacancy rates, repair and maintenance costs and other forecasted cash flows. Capitalization rates are based on recently closed transactions for similar properties, where available, or investment survey data, taking into account the location, size and quality of the property. The most significant assumption is the capitalization rate as it magnifies the effect of a change in stabilized NOI. An increase in the capitalization rate will result in a decrease to the fair value of an investment property and vice versa. Fair values for investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 17.

4. Application of new International Financial Reporting Standards

The Company has applied International Financial Reporting Interpretation Committee 21 ("IFRIC 21"), "Levies" for the first time in the current year. IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no impact on the disclosures or on the amounts recognized in the consolidated financial statements.

5. Future accounting changes

Financial instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption.

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 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. It will be applied retrospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted.

Management will continue to evaluate the impact of these standards on the Company.

6. Investment properties

As at December 31, 2014, the estimated fair value of investment properties is substantially equal to their purchase price (excluding acquisition transaction costs), as all the properties were acquired in arm's length transactions and management's assessment of stabilized NOI and market capitalization rates have not changed since the properties were acquired. The weighted average capitalization rate at December 31, 2014 was 6.0%.

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.

As at	December 31, 2014	December 31, 2013
Income producing property	**$68,299,530**	**$—**
Development	**395,000**	**—**
Total	**$68,694,530**	**$—**

	For the year ended December 31, 2014	For the period from April 12, 2013 (date of incorporation) to December 31, 2013
Balance at the beginning of the period	**$ —**	**$—**
Acquisitions	**68,553,762**	**—**
Investment in development properties	**100,000**	**—**
Capital expenditures	**40,768**	**—**
Balance at the end of the period	**$68,694,530**	**$—**

7. Deposits and prepaid expenses

As at	December 31, 2014	December 31, 2013
Non-refundable deposits on properties	**$ 500,000**	**$—**
Refundable deposits on properties in due diligence	**650,000**	**—**
Debt service reserves	**436,918**	**—**
Other	**49,905**	**—**
Total	**$1,636,823**	**$—**

Sudbury

The Company assumed, from an entity owned by two directors of the Company, for no payment or other consideration, an agreement to acquire a student housing property located in Sudbury, Ontario (the "Property") from an arm's length party to the Company.

The purchase price for the Property is $5.5 million, subject to adjustments, which the Company intends to satisfy through mortgage financing on the Property and the balance of the purchase price in cash. Closing on the Property is expected 30 days after receipt of a record of site condition. As at December 31, 2014 the Company has made deposits of $500,000. The deposits are non-refundable unless the record of site condition is not received and the transaction could therefore not close.

Additional deposits

The Company has paid additional deposits of $650,000 to unrelated parties, in respect of a number of possible property acquisitions for which the Company is conducting due diligence.

8. Mortgages payable

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

As at December 31, 2014	Principal Amount	% of Total Principal
2015	13,889,871	25.2%
2016	2,895,448	5.3%
2017	33,151,219	60.2%
2018	156,324	0.3%
2019	4,928,317	9.0%
Subsequent to 2019	—	0.0%
	$ 55,021,179	100%
Unamortized financing transaction costs	$ (370,683)	
Total	$ 54,650,496	
Less: current portion	(13,730,604)	
Non-current portion	$ 40,919,892	

9. Accounts payable and accrued liabilities

As at December 31, 2014 accounts payable and accrued liabilities were comprised of the following:

As at	December 31, 2014	December 31, 2013
Trade payables	**$401,279**	**$13,721**
Accrued interest payable	**143,540**	—
Security deposits	**449,089**	—
Total	**$993,908**	**$13,721**

10. Share capital

a) Authorized and issued

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

Issued and outstanding common shares	Number of Shares	Amount	Equity Issuance Costs	Net Equity
Opening balance at January 1, 2014	55,000,000	$ 5,000,000	$ (286,284)	$ 4,713,716
Issuance of common shares September 8, 2014	68,390,693	7,522,976	(311,638)	7,211,338
Issuance of common shares November 19, 2014	75,104,917	8,261,541	(658,293)	7,603,248
Closing balance at December 31, 2014	**198,495,610**	**$20,784,517**	**$(1,256,215)**	**$19,528,302**

On February 19, 2015 the Company completed a share consolidation on a basis of 85 to 1 (refer to Note 18). As the share consolidation occurred prior to the consolidated financial statements being authorized for issue, the effects thereof have been retrospectively applied in the determination of the weighted average number of shares outstanding for purpose of calculating loss per share. After giving retrospective effect to the share consolidation, the number of shares outstanding at December 31, 2014 and the weighted average number of shares for the year then ended are 2,335,242 and 1,004,6556, respectively (2013 – 647,059 and 103,387, respectively).

b) Escrowed Shares

In connection with the Company's initial public offering and listing on the TSXV, 12,795,555 common shares of the Company issued in prior periods were placed and held in escrow under a TSXV CPC escrow agreement. Ten percent (10%) of these common shares were released from escrow on April 7, 2014 and an additional fifteen percent (15%) of these common shares were released from escrow on October 7, 2014 and every six months thereafter until all common shares have been released from escrow.

10. Share capital (continued)

c) Stock Options

During 2013, the Company implemented a stock option plan. The plan entitles directors and all employees of the Company to be awarded options. The options are granted and approved by the Board of Directors and have a strike price based on the preceding 5-day volume weighted average trading price from the grant date. The options vest 1/3rd immediately and 1/3rd each on the following two anniversaries from the grant date.

As at December 31, 2014, the unexpired options were granted as follows:

Options awarded in	Number	Expiry date	Fair Value at Grant Date
Nov-13	4,125,000	Dec-18	$309,000
Dec-14	3,214,026	Jan-20	$286,048
	7,339,026		$595,048

The initial cost of the options is determined, in accordance with IFRS 2 – Share-based Payments ("IFRS 2"), as the fair value of the options on the grant date. The cost of the options is expensed over the vesting period as follows:

- All of the 1/3rd that vests immediately is recognized in the current year.
- One half of the 1/3rd that vests on the first anniversary is recognized evenly in each of years 1 and 2.
- One third of the 1/3rd that vests on the second anniversary is recognized evenly in each of years 1, 2 and 3.

For the year ended December 31, 2014, total costs of $174,871 (2013 – $309,000) were recognized in compensation expense related to director fees and employee compensation.

d) Agent's options

As part of the compensation to the agent of the Company's initial public offering, the Company issued 1,000,000 options exercisable for 24 months from the date of issue at an exercise price of $0.10.

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

11. Property revenues

Property revenues for the year ended December 31, 2014 were comprised of the following:

	For the year ended December 31, 2014	For the period from April 12, 2013 (date of incorporation) to December 31, 2013
Rent	$961,339	$—
Recoveries and other income	32,492	—
Total	$993,831	$—

12. Interest expense

Interest expense for the year ended December 31, 2014 was comprised of the following:

	For the year ended December 31, 2014	For the period from April 12, 2013 (date of incorporation) to December 31, 2013
Interest on mortgages payable	$423,516	$—
Amortization of financing transaction costs	319,900	—
Total	$743,416	$—

13. Income taxes

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rate of 26.5% to the amount recognized in the statement of loss and comprehensive loss:

	For the year ended December 31, 2014	For the period from April 12, 2013 (date of incorporation) to December 31, 2013
Net loss for the period	$(2,670,410)	$(324,162)
Expected income tax recovery at Canadian statutory income tax rates	(707,659)	(85,903)
Permanent differences	48,368	82,216
Valuation allowance	659,291	3,687
Income tax recovery	$ —	$ —

The Company

The Company has net operating losses of $905,041 and total deductible temporary differences of $2,796,225 consisting primarily of transaction costs capitalized for tax purposes and equity issuance costs. The future benefit of these losses and deductible temporary differences has not been recognized in the financial statements. The total cumulative valuation allowance recognized by the Company as at December 31, 2014 is $980,836 (2013 – $65,507).

14. Related party transactions

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

The compensation of the Company's executives and independent directors for the year ended December 31, 2014 was $232,371 (2013 – $309,000), comprising $174,871 (2013 – $309,000) in share based payments and $57,500 (2013 – $Nil) in cash compensation.

15. Capital management

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

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

Key financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreements. The key financial covenants applicable to the Company are as follows:

- A specified minimum debt service coverage ratio
- A specified maximum debt to purchase cost

The Company is in compliance with all of its debt and financial covenants as it relates to its mortgages at December 31, 2014.

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

The Company expects its current capital resources will be sufficient to carry its operations through its current operating period.

16. Financial risk management

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

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity 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.

16. Financial risk management (continued)

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

	Payments due by year						
As at December 31, 2014	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Mortgages payable	$59,974,958	$16,083,244	$4,259,252	$34,245,252	$337,752	$5,049,459	$—
Accounts payable & accrued liabilities	993,908	993,908	—	—	—	—	—
	$60,968,866	$17,077,152	$4,259,252	$34,245,252	$337,752	$5,049,459	$—

(1) Includes both principal and interest.

Credit Risk

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

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company has both fixed and floating rate mortgages. The fixed rate mortgages were entered into during the year and range in term from seven months to 5 years. The floating rate mortgages have terms of one to three years. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest expense of $192,500 on an annual basis. The impact of a 50 basis point change on fixed rate debt maturing in the next 12 months would be an increase or decrease in interest expense of $82,606 on an annual basis.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk.

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk.

17. Fair value measurements

The fair value of the Company's assets and liabilities, except as noted below and elsewhere in the consolidated annual financial statements, approximate their carrying amount due to their short-term and variable nature. The Company has classified and disclosed each fair value measurement based on the fair value hierarchy in accordance with IFRS 13 – Fair Value Measurement. The fair value hierarchy distinguishes between market value data obtained from independent sources and the Company's own assumptions about market value. The hierarchy levels are defined as below:

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

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

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

Financial instruments include cash, accounts receivable, deposits, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to their short term nature. Mortgages payable were entered into during the year and the carrying values of the mortgages payable approximate fair value as interest rates approximate rates at the time the mortgages were entered into.

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

17. Fair value measurements (continued)

The following table presents the Company's estimates of assets and liabilities measured at fair value on a recurring basis based on information available to management as at December 31, 2014, and aggregated by level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Company could ultimate realize.

Recurring measurements	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant other unobservable inputs	Total
Assets				
Investment properties	$—	$ —	$68,694,530	$68,694,530
Liabilities				
Mortgages payable	—	54,650,496	—	54,650,496

18. Subsequent events

Subsequent to the year end the Company determined not to proceed with two separate transactions that were in due diligence and total deposits in the amount of $250,000 were returned to the Company.

The Company also determined that a separate acquisition located in Southern Ontario met the Company's criteria and waived conditions, at which time the original deposit of $200,000 became non-refundable. The Company also paid an additional non-refundable $550,000 second deposit. The total purchase price of the acquisition is $23.5 million. The closing is expected to be in the second quarter of 2015.

Subsequent to the year-end shareholders approved the change of the name of the Company from CHC Realty Capital Corp. to CHC Student Housing Corp. and to consolidate the shares of the Company on a basis of 85 to 1. Both of these changes were effected on February 19, 2015.

19. Approval of financial statements

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

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

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2014

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**") (formerly CHC Realty Capital Corp.) constitutes management's review of the factors that affected the Company's operating performance for the three and twelve month periods ended December 31, 2014 and its financial position as at December 31, 2014. This MD&A is dated and has been prepared with information available as of February 27, 2014.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014 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 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-listed pure play owner and operator of student housing properties. CHC's business model is focused on acquiring quality 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, with the goal of becoming the leading owner of high quality student housing assets in the country.

Corporate History

The Company was incorporated under the *Business Corporations Act* (Ontario) on April 12, 2013. On November 28, 2013, the Company completed an initial public offering as a Capital Pool Company ("**CPC**") pursuant to Policy 2.4 (the "**CPC Policy**") of the TSX Venture Exchange Inc. (the "**TSXV**") and a final prospectus dated November 19, 2013. The common shares of the Company were listed and posted for trading 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 CPC Policy), the business of the Company was restricted to the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction.

The Company 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 adjustments, pursuant to a purchase and sale agreement between the Company and the vendor dated January 9, 2014. 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 as approved by its shareholders at a shareholders meeting held on October 9, 2014. The amendment added 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. 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 as approved pursuant to which the Company's name was changed to "CHC Student Housing Corp." and the Company's common shares were consolidated on the basis of one post-consolidation share for every 85 pre-consolidation shares. See "*Subsequent Events*").

Changes to Board of Directors

On October 9, 2014, Gordon Pridham, Louis Forbes, Philip Gillin and Ronald Schwarz were elected as directors of CHC at an annual and special meeting of its shareholders, together with Craig Smith, a previous director of the Company. At the meeting, certain previous directors of CHC, being Mark Hansen, who is also the President and Chief Executive Officer of CHC, Vaughn MacLellan, who is also the Corporate Secretary of CHC, and Thomas Murphy, did not stand for re-election as directors.

Strategy & Outlook

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

Our Strategy

Management believes that there are compelling market dynamics in Canada at present for investment in quality student housing properties, which include: (i) lack of high quality, purpose-built student housing properties; (ii) consistently high occupancy rates for existing student housing properties; (iii) ownership of existing student housing properties is highly fragmented and largely lacking focus; (iv) access to capital necessary to provide quality accommodations; (v) long term enrolment growth at universities and colleges driving demand for student accommodation; (vi) students and parents increasingly focused on safety, privacy and connectivity in addition to location and price; and (vii) new supply of on-campus housing not keeping up with demand, as educational budgetary constraints limit new construction of on-campus facilities.

CHC is actively pursuing the expansion of its student housing business, by strategically acquiring additional student housing properties in Canada, with the goal of becoming the leading owner of high quality student housing assets in the country. CHC's strategy is to target quality 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 intends to internalize the asset management function and operate with a conservative capital structure featuring staggered and longer term maturity mortgages. The Company believes this strategy will offer an excellent opportunity to build a substantial portfolio of student housing properties, with the objective of providing stable cash flows, and growth over time.

CHC's business objectives include acquiring additional student housing properties to achieve a critical mass of assets. There can be no assurances that the Company will be successful with such objectives and no representation is made to that effect. The timeframe for achieving the business objectives of the Company will be dependent upon opportunities available to the Company to acquire and finance the acquisition of additional properties.

Outlook

In keeping with its strategy, CHC is constantly investigating potential acquisitions of additional student housing properties. At present, the Company has entered into firm agreements to purchase additional properties in Oshawa, Ontario and Sudbury, Ontario as described below. In addition, CHC is examining the possible acquisition of interests in CHC Student Housing Limited Partnership, a private limited partnership formed and managed by CHC Realty Investments Inc. ("**CHC Investments"),** a company owned by Mark Hansen, President, CEO and a former director of the Company and Craig Smith, a director of the Company. CHC Student Housing Limited Partnership co-owns with a Canadian pension fund four contemporary, purpose-built student housing properties in Ontario having approximately 2,000 beds. There can be no assurances that the Company will acquire such properties or interests and no representation is made to that effect.

Portfolio Overview

Since the completion of its Qualifying Transaction, CHC has been pursuing the expansion of its student housing business through additional acquisitions. At the end of 2014, CHC owned 4 properties with 813 beds and 13,750 square feet of ancillary ground floor retail space.

Completed Acquisitions

Address	City, Province	Purchase Price	Beds	Retail Sq. Ft.	Date Acquired
335 Barrie Street	Kingston, ON	$ 2,500,000	18	1,108	April 2014
3170 – 3190 Donnelly St	Windsor, ON	$ 5,900,000	117	—	September 2014
1620 – 1720 rue du Père-Marquette	Trois-Rivières, QC	$ 5,500,000	310	—	October 2014
675 Richmond Street	London, ON	$55,000,000	368	12,642	November 2014
Total		**$68,900,000**	**813**	**13,750**	

Kingston, Ontario Acquisition

On April 3, 2014, CHC completed the acquisition of the QT Property located in Kingston, Ontario. This acquisition represented the Company's Qualifying Transaction. The QT Property has 18 beds in 12 apartments and 1,108 sq. ft. of ground floor commercial space in one building, and is located approximately 1.2km from Queens University.

The purchase price for the QT 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 $1,260,253 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 on the QT Property for a 5-year term with a fixed 4.1% interest rate. The balance of the new mortgage was $1.55 million. During the year the Company entered into a new 5 year lease with the existing commercial tenant at an increased rate from the previous lease. The QT Property is presently 100% leased.

The acquisition of the QT Property constitutes 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 QT Property on June 16, 2014, which is available for viewing under the Company's profile on SEDAR at www.sedar.com.

Windsor, Ontario Acquisition

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 Windsor Property has 117 beds in 87 student apartments in two buildings, and is located approximately 0.75km from the University of Windsor. This property is a traditional apartment building tenanted primarily by students at the University of Windsor. Current occupancy of the property is 92%. CHC views this property as a repositioning opportunity. The Company will begin to market the units strictly as student accommodation and on tenant turnover begin to implement its student-oriented operating strategy. Among other things, management will begin leasing by the bed, furnishing units and improving amenity space. CHC's strategy also includes adding a social and community aspect to the property that provides a collegiate atmosphere. 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 constitutes 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.

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

Trois-Rivières, Québec Acquisition

On October 9, 2014, the Company completed the acquisition of a property located at 1620 – 1720 rue de Pčre-Marquette in Trois-Rivières, Québec (the "**Trois-Rivières Property**"). The Trois-Rivières Property has 310 beds in 78 student apartments in six buildings, and is located on the campus of the University of Quèbec at Trois-Rivières under a long term land lease with the university. Current occupancy of the property is 69%. CHC views this property as a repositioning opportunity. Subject to its ongoing review, 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 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 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. In addition there is a long standing agreement with an international French language school to house its students during the summer months.

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 the payment to the vendor of the balance of the purchase price in cash. The mortgage is interest only monthly payments fixed at 4% per annum for a 2-year term.

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

London, Ontario Acquisition

On November 19, 2014, the Company completed the acquisition of a property located at 675 Richmond Street in London, Ontario (the "**London Property**"). The London Property has 368 beds in 187 apartments as well as 12,642 square feet of commercial space in a 17 storey apartment building and is located approximately 2.0 km from the Western University. This property is a traditional apartment building tenanted primarily by students at the Western University. Current occupancy of the residential portion of the property is 91% and the commercial space is 100% leased. The Company will begin to mar-

ket the units strictly as student accommodation and on tenant turnover begin to implement its student-oriented 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. Revenue increases will primarily come from plans to increase occupancy from 90% at the time of acquisition as well as plans to increase the number of beds at the property by 12%. The additional beds will be added on roll over of the units. 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. 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 Company is adding 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 (using proceeds from its private placement completed in November 2014 – see "*Equity Financing – November Closing"*). 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 3.37%) per annum, maturing in three years from closing 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 6.0% per annum, maturing in one year from closing 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 six months and increasing to 14.0% thereafter, maturing seven months from closing 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 six months and increasing to 18.0% thereafter, maturing seven months from closing and payable with respect to interest only. In December 2014, the Company repaid in full the balance of the $2.5 million debt facility drawn upon for closing.

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

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

Fair Value

The fair value of the property portfolio represents 94.5% of the total assets of CHC as at December 31, 2014.

	Year ended December 31, 2014
Balance at beginning of the period	$ —
Acquisitions	$68,553,762
Investment in development properties	$ 100,000
Capital expenditure	$ 40,768
Fair value adjustments on investment properties	$ —
Total	$68,694,530

As at December 31, 2014, the estimated fair value of investment properties is substantially equal to their purchase price (excluding acquisition transaction costs), as all the properties were acquired in arm's length transactions and management's assessment of stabilized NOI (as defined below) and market capitalization rates have not changed since the properties were acquired.

Pending Transactions

Address	City, Province	Purchase Price	Beds	Retail Sq. Ft.
50 Lisgar Street	Sudbury, ON	$ 5,500,000	70	4,500
2 Taylorwood Road	Oshawa, ON	$23,500,000	260	—
Total		**$29,000,000**	**330**	**4,500**

Sudbury, Ontario Acquisition

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

The Sudbury Property is a newly repurposed student housing property situated at 50 Lisgar Street in downtown Sudbury, across the street from the city's main bus terminal, less than 300 meters away from Laurentian University's School of Architecture and approximately 4.7 km from the University's main Sudbury Campus. The Sudbury Property is a six storey former office building originally constructed around 1970 that was converted to a student residence with main floor commercial space in 2013. The building contains a total area of approximately 28,965 sq. ft. and is comprised of 70 beds in 50 student apartments on the upper floors and approximately 4,500 sq. ft. of ground floor commercial space.

The purchase price for the Sudbury Property is $5.5 million, subject to adjustments, which CHC intends to satisfy through mortgage financing on the Sudbury Property and the balance of the purchase price in cash. Under the purchase agreement, the vendor has agreed to pay to the Company an income guarantee on monthly gross rental income from the residential component of the Sudbury Property based on 95% occupancy for a period of 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, which is vacant on closing.

The acquisition of the Sudbury Property depends upon receipt of an acceptable record of site condition for the property. It is expected that the record of site condition will be issued in the second quarter of 2015.

CHC Investments was not paid any fees nor did it receive any consideration for the assignment of the purchase agreement to the Company. CHC Investments had paid a $200,000 deposit to the vendor upon execution of the purchase agreement, which became a non-refundable deposit as a result of the satisfaction of the Company's due diligence condition in respect of the acquisition, and that deposit was repaid by the Company to CHC Investments, without interest, fees or other consideration. CHC also paid the vendor an additional $300,000 non-refundable deposit as a result of the satisfaction of the purchaser's due diligence condition in respect of the acquisition.

Oshawa, Ontario Acquisition

On January 15, 2015, the Company entered into an agreement of purchase and sale to purchase a student housing property located in Oshawa, Ontario (the "**Oshawa Property**") for $23.5 million, subject to standard adjustments (see "*Subsequent Events*"). CHC has paid a non-refundable deposit of $750,000 as a result of the satisfaction of the purchaser's due diligence condition in respect of the acquisition. Closing of the transaction is expected to occur in the second quarter of 2015.

The Oshawa Property is a newly constructed purpose-built 260-bed student-housing complex that began operations on September 1, 2014. The property is a row townhouse style property with 3 and 5 bedroom units. The Oshawa Property is situated at 2 Taylorwood Road in Oshawa, across the street from the main entrances of the University of Ontario Institute of Technology and Durham College.

Results of Operations

The financial performance and results of operations contained in this MD&A cover the three and twelve months ended December 31, 2014. During the prior period from April 12, 2013 (date of incorporation) to December 31, 2013, the Company did not have any operations other than the conduct of its financing activities, including its initial public offering, listing on the TSXV and investigation of a Qualifying Transaction. The Company completed its Qualifying Transaction in April 2014.

Basis of Presentation

The Financial Statements have been prepared in accordance with IFRS, also referred to in this MD&A as "GAAP".

Non-GAAP Performance Measures

CHC uses non-GAAP key performance indicators including Net Operating Income ("NOI"), Funds From Operations ("FFO"), FFO per Unit, Adjusted Funds From Operations ("AFFO") and AFFO per Unit. CHC believes these non-GAAP measures provide useful supplemental information to both management and investors in measuring the financial performance of CHC.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures and ratios presented by other publicly traded entities, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

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-GAAP 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 or cash flows provided by operating activities determined in accordance with IFRS. CHC calculates its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. 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.

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.

CHC calculates AFFO by adjusting FFO for non-cash income and expenses 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.

Summary of Selected Financial and Operational Information

The selected financial information set out below is based on and derived from the Financial Statements for the year ended December 31, 2014, as well as the comparative audited period from April 12, 2013 (date of incorporation) to December 31, 2013 (which were also prepared in accordance with IFRS).

Statement of Comprehensive Loss Data	Three Months Ended December 31, 2014	Twelve Months Ended December 31, 2014	Year Ended December 31, 2013
Property revenues	$ 830,208	$ 993,831	Nil
Property operating expenses	$ (379,275)	$ (460,904)	
NOI	$ 450,933	$ 532,927	
General & administrative expense	$ (402,046)	$ (769,663)	
Acquisition transaction costs	$(1,385,970)	$(1,710,354)	
Interest income	$ 7,015	$ 20,097	
Interest expense	$ (703,685)	$ (743,416)	
Net loss	$(2,033,753)	$(2,670,410)	$(324,162)
Net loss per share – basic and diluted	$ (1.09)	$ (2.66)	$ (3.14)
FFO[1]	$ (647,783)	$ (960,056)	
FFO per share	$ (0.35)	$ (0.96)	
AFFO[1]	$ (382,878)	$ (687,950)	
AFFO per share	$ (0.20)	$ (0.69)	
Distributions of cash dividends	Nil	Nil	
Weight average shares outstanding[2]	1,864,636	1,009,456	103,387

1 – FFO & AFFO are non-GAAP performance measures. Please refer to definition on pages 7 & 8 as well as the reconciliation from net loss on page below.

2 – After giving retroactive effect to the 85 to 1 common share consolidation that occurred on February 19, 2015. See *"Subsequent Events"*.

Statement of Financial Position Data	As at December 31, 2014	As at December 31, 2013
Cash	$ 2,232,112	$4,747,127
Investment properties	$68,694,530	Nil
Total assets	$72,715,005	$4,765,275
Total current financial liabilities	$14,724,512	$ 13,721
Total non-current financial liabilities	$40,919,892	Nil
Total liabilities	$55,644,404	$ 13,721

FFO & AFFO Reconciliation

The following table reconciles FFO and AFFO to GAAP net loss and comprehensive loss:

Reconciliation from net loss to FFO & AFFO	Three Months Ended December 31, 2014	Twelve Months Ended December 31, 2014
Net loss	$(2,033,753)	$(2,670,410)
Add:		
Acquisition transaction costs	$ 1,385,970	$ 1,710,354
Funds From Operations	$ (647,783)	$ (960,056)
Add (subtract):		
Amortization of financing transaction costs	$ 312,699	$ 319,900
Straight line rent	$ (7,026)	$ (7,026)
Capital expenditures	$ (40,768)	$ (40,768)
Adjusted Funds From Operations	$ (382,878)	$ (687,950)

FFO for the three and twelve months ended December 31, 2014 amounted to $(647,783) or $(0.35) per share and $(960,056) or $(0.96) per share respectively. AFFO for the three and twelve months ended December 31, 2014 was loss of $(382,878) or $(0.20) per share and $(687,950) or $(0.69) per share respectively. Per share amounts give retroactive effect to the 85 to 1 common share consolidation completed on February 19, 2015, see "*Subsequent Events*".

The following table reconciles GAAP cash used in operating activities to AFFO

Reconciliation from cash used in operating activity to AFFO	Three Months Ended December 31, 2014	Twelve Months Ended December 31, 2014
Cash used in operating activities	$ (630,069)	$(1,803,537)
Add (subtract):		
Acquisition transaction costs	$1,385,970	$ 1,710,354
Changes in non-cash working capital	$ (918,785)	$ (374,773)
Non-cash compensation	$ (174,871)	$ (174,871)
Depreciation	$ (4,355)	$ (4,355)
Capital expenditures	$ (40,768)	$ (40,768)
Adjusted Funds From Operations	$ (382,878)	$ (687,950)

Overall Performance

Statement of Comprehensive Loss Data	Three Months Ended December 31, 2014	Twelve Months Ended December 31, 2014
Property revenues	$ 830,208	$ 993,831
Property operating expenses	$ (379,275)	$ (460,904)
NOI	$ 450,933	$ 532,927
General & administrative expense	$ (402,046)	$ (769,663)
Acquisition transaction costs	$(1,385,970)	$(1,710,354)
Interest income	$ 7,015	$ 20,097
Interest expense	$ (703,685)	$ (743,416)
Net loss and comprehensive loss	$(2,033,753)	$(2,670,410)

Property Revenues

Property revenues includes 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. The vast majority of CHC's revenues (94%) are earned from residential tenants.

Property revenues for the three and twelve months ended December 31, 2014 was $830,208 and $993,831 respectively. The majority of the annual revenues were earned in the fourth quarter of 2014 as a result of the timing of the various acquisitions during the year. The most significant acquisition was completed in the fourth quarter of the year with the acquisition of the London Property.

Property Operating Expenses

Property 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 is recoverable from the tenants. Monitoring and controlling property level costs is an important component of CHC's business. For the three and twelve months ended December 31, 2014 property expenses were $379,275 and $460,904 respectively.

Net Operating Income

NOI for the year was concentrated in the three months ended December 31, 2014 as the bulk of the Company's property acquisitions were completed in the fourth quarter of the year.

General & Administrative Expenses

General & administrative expenses relate to head office costs and public company costs. Head office costs include compensation including non-cash compensation of $174,870, rent and corporate marketing including developing a web-site. Public company costs include audit, legal and filing costs related to the Company's listing on the TSXV . General and administrative costs for the year ended December 31, 2014 included $141,006 of non-recurring items such as the corporate marketing and development of the website.

Interest Income

Interest income for the three and twelve months ended December 31, 2014 of $7,015 and $20,097 respectively was attributable to interest earned from investing the Company's available cash in short-term marketable securities.

Interest Expense

The Company has four fixed rate mortgages and two floating rate mortgages as of December 31, 2014. The interest expense for the three and twelve months ended December 31, 2014 was $703,685 and $743,416 respectively.

Amortization of financing transaction costs relate to each of the mortgages entered into during the year. The Company amortizes deferred financing costs over the term of the mortgage. The financing transaction costs amortized in the three months ended December 31, 2014 were primarily a result of two short term mortgages that were entered into with respect to the acquisition of the London Property. In addition a debt facility entered into for the acquisition of the London Property was paid off prior to year end and all related costs were expensed in the current period.

	Three Months Ended December 31, 2014	Twelve Months Ended December 31, 2014
Interest expense	$390,986	$423,516
Amortization of financing transaction costs	$312,699	$319,900
	$703,685	$743,416

Leasing Activity

The future financial performance of CHC will be 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. Current weighted portfolio occupancy is 80%. The Company has begun on closing of each building 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 users are cautioned that actual results may vary.

Liquidity

CHC intends to fund capital for acquisitions 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 December 31, 2014, the Company had cash on hand of $2.2 million.

Discussion of cash flows during the period

	Twelve Months Ended December 31, 2014
Cash used in operating activities	$ (1,803,537)
Cash used in investing activities	$(34,046,659)
Cash generated from financing activities	$ 33,335,181
Cash used in the period	$ (2,515,015)

Cash used during the period was primarily the result of using cash on hand to fund the difference between acquisitions and the cash generated from operating and financing activities.

Cash flows used in operating and investing activities amounted to $1.8million and $34.0 million respectively. Cash flows used in investing activities related primarily to the purchase of from the QT Property $2.5 million, the Windsor Property $5.9 million, the Trois-Rivières Property $5.5 million, and the London Property $55.0 million.

Cash flows generated from financing activities were primarily a result of both short and long-term debt financing as well as proceeds from two separate equity issuances during the year.

Debt

The Company's long-term debt principal repayments as at December 31, 2014 are as follows:

As at December 31, 2014	Principal Amount	% of Total Principal
2015	$ 13,889,871	25.2%
2016	$ 2,895,448	5.3%
2017	$ 33,151,219	60.2%
2018	$ 156,324	0.3%
2019	$ 4,928,317	9.0%
Subsequent to 2019	$ —	0.0%
	$ 55,021,179	100%
Unamortized financing transaction costs	$ (370,683)	
Total	$ 54,650,496	
Less: Current portion	$(13,730,604)	
Total	$ 40,919,892	

Mortgages have fixed rates that range from 3.47% to 12.0%. The variable rate mortgages are at 215 basis points and 475 basis points above the 90 day Bankers Acceptance rate. Maturity dates range from July 2015 to October 2019. The weighted average interest rate at December 31, 2014 was 4.97% and the weighted average term to maturity was 2.5 years. Excluding the short term debt related to the London Property the weighted average interest rate drops to 3.43% and the weighted average term to maturity increases to 3.1 years. At December 31, 2014 fixed rate and variable rate debt were $16.5 million (30% of total debt) and $38.5 million (70% of total debt) respectively. The debt maturing in 2015 includes an $8.25 million second mortgage on the London Property as well as $5.5 million of the first mortgage.

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

The Company's has entered into two agreements of purchase and sale and have waived conditions on these assets such that it is expected to close on a total of $29.0 million of properties in 2015. Of this total the company has paid deposits of $1.3 million.

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

	Payments due by year						
As at December 31, 2014	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Mortgages payable[(1)]	$59,974,958	$16,083,244	$4,259,252	$34,245,252	$337,752	$5,049,459	Nil
Accounts payable and accrued liabilities	$993,908	$993,908	Nil	Nil	Nil	Nil	Nil
	$60,968,866	$17,077,152	$4,259,252	$34,245,252	$337,752	$5,049,459	Nil

1 – includes both principle and interest.

Equity

Disclosure of Outstanding Share Data

	Total
Total outstanding at the beginning of the year	55,000,000
Issued	143,495,610
Total outstanding at the end of the year	198,495,610

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. As of December 31, 2014, the Company had 198,495,610 common shares issued and outstanding. The Company issued 143,495,610 common shares during the year.

As of the date of this MD&A, the Company had 2,335,242 common shares issued and outstanding, after giving effect to a consolidation of the Company's common shares on the basis of one post-consolidation share for every 85 pre-consolidation shares which was effected on February 19, 2015 (and subject to rounding down for fractional shares at the individual shareholder level) . See "*Subsequent Events"*. All share information in this MD&A is presented on a historical, pre-consolidation basis.

Equity Financing – August Closing

On August 18, 2014 and August 28, 2014, the Company completed a private placement of 68,390,693 subscription receipts at a price of $0.11 per subscription receipt for total gross proceeds of $7.5 million. The net proceeds from the placement were to be used to complete the acquisitions of the Windsor Property and the Trois-Rivières Property announced by CHC at the same time as the placement. The Company subsequently satisfied the escrow release conditions under the placement on September 8, 2014, as a result of which the escrowed proceeds from the placement were released to CHC and the subscription receipts issued under the placement were converted for no additional consideration into common shares of CHC on the basis of one common share for each subscription receipt.

Equity Financing – November Closing

On November 19, 2014 the Company completed a brokered private placement of 75,104,917 units at a price of $0.11 per unit for gross proceeds of $8.3 million. Each unit consisted of one common share and one common share purchase warrant of the Company. Each warrant is exercisable to acquire one common share of the Company at an exercise price of $0.13 per share until November 19, 2017. The net proceeds from the placement were used for the equity portion of the London Property acquisition and for working capital.

Other Issued Securities

The Company has also issued other securities as outlined in the table below.

	Total
Options:	
2013 issued – vested	4,125,000
2014 issued – vested	1,073,485
2014 issued – unvested	2,140,541
2015 issued – vested	1,206,709
2015 issued – unvested	2,406,193
Broker warrants	1,000,000
Total Other Issued Securities	11,951,928

The stock options are exercisable to acquire one common share of the Company at exercise prices ranging from $0.10 to $0.12 per share and have expiry dates ranging from November 2018 to January 1, 2020.

The broker warrants were issued in connection with the initial public offering of the Company in December 2013. Each broker warrant is exercisable to acquire one common share of the Company at an exercise price of $0.10 per share until December 4, 2015.

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 fees have been charged.

Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates and assumptions that affect the reported amounts and disclosures made in the consolidated 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 GAAP. 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 year ended December 31, 2014.

Subsequent Events

Oshawa, Ontario Acquisition

On January 15, 2015, the Company entered into an agreement of purchase and sale to purchase the Oshawa Property for $23.5 million, subject to standard adjustments. CHC has paid a non-refundable deposit of $750,000 as a result of the satisfaction of the purchaser's due diligence condition in respect of the acquisition. Closing of the transaction is expected to occur in the second quarter of 2015.

The Oshawa Property is a newly constructed purpose-built 260-bed student-housing complex that began operations on September 1, 2014. The property is a row townhouse style property with 3 and 5 bedroom units. The Oshawa Property is situated at 2 Taylorwood Road in Oshawa, across the street from the main entrances of the University of Ontario Institute of Technology and Durham College.

Name Change & Share Consolidation

On February 19, 2015, CHC filed an amendment to its articles of incorporation as approved by its shareholders at a special meeting of CHC's shareholders held on January 27, 2015, pursuant to which the Company's name was changed from "CHC Realty Capital Corp." to "CHC Student Housing Corp." and the Company's common shares were consolidated on the basis of one post-consolidation share for every 85 pre-consolidation shares. As a result of the share consolidation, the number of issued and outstanding common shares of the Company was reduced from 198,495,610 to 2,335,242, subject to adjustments from rounding at the individual shareholder level (no fractional shares will be issued in connection with the share consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon the share consolidation, such fraction will be rounded down to the nearest whole number). For purposes of calculating per share amounts, the effects of the share consolidation have been applied retrospectively in accordance with requirements of IFRS. Further information regarding the name change and share consolidation are set out in the Company's management information circular dated January 2, 2015 prepared in connection with its shareholders meeting of January 27, 2015, which is available under the Company's profile on SEDAR at www.sedar.com.

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.

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.

While the Company strives to achieve geographic diversification of its Properties, changes in general economic conditions will also affect the performance of the portfolio. The portfolio is currently weighted with 62% 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, 80% of the Company's investment properties are comprised by the London Property.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the Properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the Company due to internal and external limitations on its ability to charge new market-based rents in the short-term.

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 Québecin 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 were entered into during the year and range in term from seven months to 5 years. The floating rate mortgages have terms of one to three years. The impact of a 50 basis point change in floating rate debt would be an increase or decrease in interest expense of $192,500 on an annual basis. The impact of a 50 basis point change on fixed rate debt maturing in the next 12 months would be an increase or decrease in interest expense of $82,606 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 favourable 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 favourable terms to the Company.

As at December 31, 2014, the Company had outstanding indebtedness of approximately $55,020,749 (after adjusting for unamortized financing costs of approximately $370,252). 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 favourable 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 and Robert Waxman. 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 audited consolidated financial statements and accompanying notes for the periods ended December 31, 2014 and 2013, and the unaudited interim consolidated financial statements of the Company and accompanying notes for the applicable periods.

	For the Three Months Ended				
	Dec. 31, 2014	**Sept. 30, 2014**	**June 30, 2014**	**Mar. 31, 2014**	**Dec. 31, 2013**
Property revenues	$ 830,208	$ 103,931	$ 59,692	Nil	Nil
Net loss and comprehensive loss	$(2,033,753)	$(315,715)	$(297,465)	$ (23,477)	$(319,162)
Add (deduct):					
Acquisition transaction costs	$ 1,385,970	$ 116,681	$ 207,703	$ —	$ —
FFO	$ (647,783)	$(199,034)	$ (89,762)	$ (23,477)	$(319,162)
Basic & diluted net loss per share[(1)]	$ (1.09)	$ (0.37)	$ (0.46)	$ (0.04)	$ (3.09)
Basic & diluted FFO per share[(1)]	$ (0.35)	$ (0.23)	$ (0.14)	$ (0.04)	$ (0.04)
Basic & diluted shares outstanding[(1)]	1,864,636	848,208	647,059	647,059	103,387

1 – After giving retroactive effect of the 85 to 1 common share consolidation that occurred on February 19, 2015. See "*Subsequent Events*".

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 Robert Waxman, CFO at 647-288-9375.

CHC Realty Capital Corp.

Financial Statements
December 31, 2013

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Independent Auditor's Report

To the Shareholders of
CHC Realty Capital Corp.

We have audited the accompanying financial statements of CHC Realty Capital Corp., which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the period from April 12, 2013 (date of incorporation) to December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CHC Realty Capital Corp. as at December 31, 2013 and the results of its operations and its cash flows for the period from April 12, 2013 (date of incorporation) to December 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which describes the uncertainties related to the going concern assumption of CHC Realty Capital Corp. Our opinion is not modified in respect of this matter.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

March 21, 2014
Toronto, Canada

CHC Realty Capital Corp.

Statement of Financial Position
As at December 31, 2013

Assets	
Current	
Cash	**$4,747,127**
Accounts receivable	**18,148**
	$4,765,275
Liabilities	
Current	
Accounts payable and accrued liabilities	**$ 13,721**
Shareholders' Equity	
Share capital *(Note 4)*	**$4,713,716**
Contributed surplus	**362,000**
Deficit	**(324,162)**
	4,751,554
	$4,765,275

Nature of organization ***(Note 1)***

Approved on behalf of the Board

(signed) "*Mark Hansen*"	(signed) "*Craig Smith*"
Mark Hansen	***Craig Smith***
President, CEO and Director	***Director***

The accompanying notes are an integral part of these financial statements

CHC Realty Capital Corp.

Statement of Comprehensive Loss

For the period from April 12, 2013 (date of incorporation) to December 31, 2013

Expenses	
Compensation expense	**$ 309,000**
General and administrative expenses	**10,162**
Organization costs	**5,000**
Net loss and comprehensive loss	**$ (324,162)**
Loss per share	
Basic and diluted	**$ (0.04)**
Weighted average number of outstanding common shares	
Basic and diluted	**8,787,879**

The accompanying notes are an integral part of these financial statements

CHC Realty Capital Corp.

Statement of Changes in Shareholders' Equity

For the period from April 12, 2013 (date of incorporation) to December 31, 2013

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 12, 2013 (date of incorporation)	**$ —**	**$ —**	**$ —**	**$ —**
Issuance of shares, net *(Note 4)*	**4,713,716**	**—**	**—**	**4,713,716**
Stock options *(Note 4)*	**—**	**362,000**	**—**	**362,000**
Net loss and comprehensive loss for the period	**—**	**—**	**(324,162)**	**(324,162)**
Balance, December 31, 2013	**$4,713,716**	**$362,000**	**$(324,162)**	**$4,751,554**

The accompanying notes are an integral part of these financial statements

Cash provided by the following activities

Operating activities	
Net loss	$ (324,162)
Add: Non cash compensation expense (*Note 4 (d)*)	309,000
Net change in working capital	(4,427)
Net cash changes from operating activities	**$ (19,589)**
Financing activities	
Proceeds from issuance of common shares	$1,500,000
Proceeds from private placement	3,500,000
Equity issuance costs	(233,284)
Net cash changes from financing activities	**$4,766,716**
Cash, beginning of period	**—**
Cash, end of period	**$4,747,127**

The accompanying notes are an integral part of these financial statements

1. Nature of organization

Description of the business
CHC Realty Capital Corp. (the "Corporation") 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 "Exchange") corporate finance manual. The Corporation has no assets other than cash and accounts receivable and proposes to identify and evaluate potential properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition or participation therein subject to regulatory approval and, if required, shareholders' approval.

As a Capital Pool Company, the proceeds raised by the Corporation from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Corporation and $210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

The Corporation's continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

2. Summary of significant accounting policies

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

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

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investment with original maturities of 90 days or less.

Equity Issuance Costs

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

Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management of the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for items and matters such as accrued liabilities, deferred income taxes and fair value of stock options or other amounts pursuant to the Corporation significant accounting policies.

Deferred Income Taxes

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. To the extent that the Corporation does not consider it to be more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the amount.

Per Share Calculations

Earnings or loss per share is calculated using the weighted average number of shares outstanding during the period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation. Shares that are considered contingently returnable are excluded from the calculation of basic and diluted earnings or loss per share.

Comprehensive Loss

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

2. Summary of significant accounting policies (continued)

Financial Instruments

The following is a summary of the accounting model the Corporation has elected to apply to each of its significant categories of financial instruments outstanding at December 31, 2013:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

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

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

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

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

Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

Stock Options

The Corporation accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees is measured at fair value at the grant date using the Black Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense for stock options granted to non employees is measured at the fair of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Corporation received the goods or the services using the Black Scholes option pricing model.

3. Future Accounting Changes

Financial Instruments

This standard, which replaces IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"), addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. While determination is made at initial recognition, classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The date of application has not been determined.

Levies

IFRIC 21, "Levies" clarifies that a liability for a levy is recognized when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

Management will continue to evaluate the impact of these standards on the Corporation.

4. Share capital

a) Authorized and Issued

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

Issued and outstanding common shares

	Number	Amount ($)
Issuance of common shares – April 12, 2013	**10**	**0.50**
Issuance of common shares – September 16, 2013	**9,999,990**	**499,999.50**
Issuance of common shares – November 8, 2013	**35,000,000**	**3,500,000.00**
Issuance of common shares – November 19, 2013	**10,000,000**	**1,000,000.00**
		5,000,000.00
Equity issuance costs		**(286,284.00)**
	55,000,000	**4,713,716.00**

b) Share Issuance Detail

On April 12, 2013, the Corporation issued 10 shares at a price of $0.05 per common share for total proceeds of $0.50.

On September 16, 2013, the Corporation issued an additional 9,999,990 shares at a price of $0.05 per common share for total proceeds of $499,999.50.

On November 8, 2013 the Corporation completed a non-brokered private placement, and issued 35,000,000 shares at a price of $0.10 per common share for total proceeds of $3,500,000.

On November 19, 2013 the Corporation issued 10,000,000 shares at a price of $0.10 per common share for total proceeds of $1,000,000 from its Initial Public Offering (the "IPO").

c) Escrowed Shares

All of the 10,000,000 common shares of the Corporation issued prior to the private placement and the IPO and all common shares that may be acquired from treasury by Non Arm's Length Parties, as defined in the policies of the Exchange, either under the Offering or otherwise prior to completion of the Qualifying Transaction will be deposited with the Escrow Agent under an escrow agreement (the "Escrow Agreement"). All common shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange (the "Financial Exchange Bulletin").

These shares are considered contingently returnable and have been excluded from the calculation of basic and diluted loss per share.

Additionally, all common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow and, subject to certain permitted exemptions, the securities of the Corporation held by principals of the resulting issuer will also be held in escrow.

All of the common shares deposited in escrow pursuant to the terms of the Escrow Agreement will be released in stages over a period of up to three years after the date of the Final Exchange Bulletin.

d) Stock Options

On November 19, 2013, the directors and officers of the Corporation were granted an aggregate of 4,125,000 options exercisable for 5 years from the date of issue at an exercise price of $0.10 per share. The stock options were valued at $309,000 using the Black-Scholes option pricing model using the following assumptions: expected life of 5 years, risk free rate of 1.78%, expected dividend yield of 0% and expected volatility of 100%.

e) Agent's Options

As part of the compensation to the underwriter of the IPO the Corporation issued 1,000,000 options exercisable for 24 months from the date of issue at an exercise price of $0.10. The stock options were valued at $53,000 using the Black-Scholes option pricing model using the following assumptions: expected life of 2 years, risk free rate of 1.11%, expected dividend yield of 0% and expected volatility of 100%.

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

5. Income taxes

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rate of 26.5% to the amount recognized in the statement of loss and comprehensive loss:

	For the period from April 12, 2013 (date of incorporation) to December 31, 2013
Net loss for the period	$(324,162)
Expected income tax recovery at Canadian statutory income tax rates	(85,903)
Permanent differences	82,216
Valuation allowance	3,687
Income tax recovery	$ —

The Corporation has net operating losses of $56,819 and total deductible temporary differences of $190,377, consisting primarily of equity issuance costs. The future benefit of these losses and deductible temporary differences has not been recognized in the financial statements. The total valuation allowance recognized by the Corporation for the period is $65,507.

6. Capital management

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

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

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

The Corporation expects its current capital resources will be sufficient to carry its operations through its current operating period.

7. Financial instruments and risk management

Risk Management

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

Liquidity Risk

Liquidity risk is the risk that the Corporation 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 Corporation'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.

Credit Risk

Credit Risk rises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of the date of these financial statements the Corporation's debtors are the Government of Canada for harmonized sales tax ("HST") receivable and the Corporation's legal counsel for cash held in trust. Therefore the Corporation does not believe it is currently exposed to any significant credit risk.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Corporation is not currently exposed to significant interest rate risk as it does not have any interest bearing financial assets or financial liabilities.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk.

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

7. Financial instruments and risk management (continued)

Fair Values

Financial instruments including cash held in trust and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short term nature.

8. Subsequent event

Qualifying Transaction

On January 9, 2014, the Corporation entered into an Agreement of Purchase and Sale to acquire a property located at 335 Barrie Street, Kingston, Ontario. The purchase price is $2,500,000 including existing debt and subject to normal closing adjustments. The Corporation has designated this acquisition as its Qualifying Transaction. The Corporation is conducting due diligence on the proposed acquisition and expects to close the acquisition before the end of the first quarter of 2014. Upon completion of the Qualifying Transaction the Corporation expects to be granted Tier 2 status on the TSX Venture Exchange.

9. Approval of financial statements

The financial statements were approved by the Corporation's Board of Directors and authorized for issue on March 21, 2014.

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

FOR THE YEAR ENDED DECEMBER 31, 2013

The following management's discussion and analysis ("**MD&A**") of the financial position and results of operations of CHC Realty Capital Corp. (the "**Company**") constitutes management's review of the factors that affected the Company's operating performance for the period from April 12, 2013 (date of incorporation) to December 31, 2013 and its financial position as at December 31, 2013. This MD&A is dated and has been prepared with information available as of March 21, 2014.

This MD&A should be read in conjunction with the Company's financial statements for the period from April 12, 2013 (date of incorporation) to December 31, 2013 and related notes (the "**Financial Statements**"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The MD&A is prepared in conformity with 51-102F1 and has been approved by the Board of Directors prior to its release.

Cautionary Statements

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 Company's intention to complete a **"Qualifying Transaction"** (as defined by Policy 2.4 (the "**CPC Policy**") of TSX Venture Exchange Inc. (the "**Exchange**")) and to complete future acquisitions and financings and eventual conversion into a real estate investment trust ("**REIT**").

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 satisfaction of the conditions under any definitive agreement in connection with a Qualifying Transaction, satisfaction of Exchange requirements with respect to a Qualifying Transaction, the ability of the Company to complete future acquisitions and the ability of the Company to obtain necessary financing. For more information on these risks and uncertainties you should refer to the Prospectus (as hereinafter defined) and the Filing Statement (as hereinafter defined), both of 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 current date. 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

The Company was incorporated under the *Business Corporations Act* (Ontario) on April 12, 2013. The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value.

On April 12, 2013 and September 16, 2013, the Company issued a total of 10,000,000 common shares at a price of $0.05 per share for gross proceeds of $500,000 (the "**Seed Shares**"). On November 8, 2013, the Company completed a private placement pursuant to which it issued a total of 35,000,000 common shares at a price of $0.10 per share for gross proceeds of $3,500,000. On November 28, 2013, the Company completed its initial public offering under the CPC Policy and its final prospectus dated November 19, 2013 (the "**Prospectus**"), pursuant to which it issued a total of 10,000,000 common shares at a price of $0.10 per share for gross proceeds of $1,000,000. The Company's common shares were listed and posted for trading on the Exchange commencing on December 4, 2013.

The Company is a Capital Pool Company ("**CPC**"), as defined in the CPC Policy. The principal business of the Company is the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction.

The Seed Shares are subject to escrow in accordance with Exchange requirements and will be released in accordance with the terms and conditions of an escrow agreement dated November 18, 2013 among the Company, Equity Financial Trust Company, as the escrow agent, and the holders of the Seed Shares.

Selected Annual Information

The selected financial information set out below is based on and derived from the Financial Statements which have been prepared in accordance with IFRS (the Company was incorporated on April 12, 2013).

Statement of Comprehensive Loss Data	**Year ended December 31, 2013**
Total revenue	Nil
Profit (loss) from continuing operations	$ (324,162)
Profit (loss) per share – basic and diluted	$ (0.03)

Statement of Financial Position Data	**As at December 31, 2013**
Total assets	$4,765,275
Total non-current financial liabilities	Nil
Distributions of cash dividends	Nil

Overall Performance

As stated above, the Company issued a total of 55,000,000 common shares from incorporation on April 12, 2013 to the completion of its IPO on November 28, 2013, for aggregate gross proceeds of $5,000,000. The CPC Policy sets out the permitted use of proceeds realized from the sale of all securities issued by a CPC, which include fees for legal and accounting services, agents' fees, costs and commissions and listing and filing fees. For the period from April 12, 2013 (date of incorporation) to December 31, 2013, the Company had a net loss of $324,162 consisting of $309,000 in compensation expense, $5,000 in organization costs and $10,162 in general and administrative expenses. The Company also incurred share issuance costs of $286,284 during this period.

Results of Operations

As at December 31, 2013, the Company had no business operations other than the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction. The net loss of $324,162 for the period from April 12, 2013 (date of incorporation) to December 31, 2013 was due to the expenses incurred in such period as set out above.

Liquidity and Capital Resources

As at December 31, 2013, the Company had $4,747,127 in cash as a result of net proceeds derived from the issuance of common shares.

Subsequent Events

On January 9, 2014, the Company announced that it had entered into a purchase and sale agreement dated January 9, 2014 (the "**Acquisition Agreement**") with Q4 Realty Inc. (the "**Vendor**") to acquire the "Liberty Terrace" student housing property located in Kingston, Ontario (the "**QT Property**") from the Vendor (the "**Acquisition**"). Subject to the terms and conditions of the Acquisition Agreement and the completion of certain conditions precedent, including receipt of all necessary regulatory approvals, including Exchange approval, the proposed transaction will qualify as the Company's "Qualifying Transaction". The purchase price for the QT Property is $2.5 million, subject to adjustments, which the Company intends to satisfy through the assumption of an existing mortgage on the QT Property with a Canadian chartered bank which has an outstanding principal balance of approximately $1.3 million (the "**Existing Mortgage**") and the payment to the Vendor of the balance of the purchase price of approximately $1.2 million in cash from the Company's existing funds.

For more information on the Acquisition, readers should refer to the filing statement filed by the Company in respect of its proposed Qualifying Transaction on March 21, 2014 (the "**Filing Statement**"), which is available under the Company's profile on SEDAR at www.sedar.com.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

The completion of the Acquisition by the Company will include the assumption of the Existing Mortgage by the Resulting Company. Assumption of the Existing Mortgage may expose the Resulting Company to interest rate risk.

Disclosure of Outstanding Share Data

As more specifically described above under "*Company Overview*", there are 55,000,000 issued and outstanding common shares in the capital of the Company.

Significant Accounting Policies

The Company's significant accounting policies are summarized in Note 2 to the Financial Statements.

International Financial Reporting Standards

The Financial Statements have been prepared in accordance with IFRS.

Off Balance Sheet Arrangements

The Company had no off balance sheet arrangements for the period from April 12, 2013 (date of incorporation) to December 31, 2013.

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. Please refer to the risk factors outlined in the Prospectus and the Filing Statement.

Additional Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

CHC Student Housing Corp.

Condensed Consolidated Interim Financial Statements
June 30, 2016
(Unaudited)

CHC Student Housing Corp.

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June 30, 2016
(Unaudited)

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Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Canadian dollars)

As at	June 30, 2016	December 31, 2015
Assets		
Non-Current		
Investment properties (Note 5)	**$ 64,994,578**	**$ 64,895,000**
Furniture and equipment (Note 6)	**157,307**	**138,969**
	65,151,885	**65,033,969**
Current		
Cash and cash equivalents	**205,069**	**842,808**
Deposits and prepaid expenses (Note 7)	**434,436**	**363,393**
Accounts receivable (Note 8)	**265,216**	**112,852**
Total Assets	**$ 66,056,606**	**$ 66,353,022**
Liabilities		
Non-Current		
Mortgages payable (Note 9)	**$ 38,113,145**	**$ 38,155,301**
	38,113,145	**38,155,301**
Current		
Accounts payable and accrued liabilities (Note 10)	**3,808,647**	**4,090,081**
Mortgages payable (Note 9)	**16,579,241**	**16,550,952**
	58,501,033	**58,796,334**
Shareholders' Equity		
Share capital (Note 11)	**19,527,459**	**19,527,459**
Contributed surplus	**909,597**	**969,597**
Deficit	**(12,881,483)**	**(12,940,368)**
Total Shareholders' Equity	**7,555,573**	**7,556,688**
Total Liabilities and Shareholders' Equity	**$ 66,056,606**	**$ 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 Income (Loss) and Comprehensive Income (Loss)
(Unaudited)
(Canadian dollars)

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Revenue				
Property revenues (Note 12)	**$1,261,010**	**$ 1,239,622**	**$2,550,721**	**$ 2,603,341**
Interest income	**10**	**39**	**40**	**466**
	1,261,020	**1,239,661**	**2,550,761**	**2,603,807**
Expenses				
Property operating expenses (Note 13)	**714,565**	**748,743**	**1,379,870**	**1,458,475**
General and administrative expenses (Note 14)	**252,881**	**227,919**	**544,704**	**508,137**
Transaction costs (concessions) (Note 16)	**11,390**	**2,579,460**	**(753,654)**	**2,721,240**
Interest and other financing charges (Note 15)	**679,665**	**742,225**	**1,354,956**	**1,512,171**
Stock based compensation (Note 11)	**(16,000)**	**—**	**(34,000)**	**432,726**
Forfeiture of deposit on property	**—**	**750,000**	**—**	**750,000**
	1,642,501	**5,048,347**	**2,491,876**	**7,382,749**
Net Income (Loss) and Comprehensive Income (Loss)	**$ (381,481)**	**$(3,808,686)**	**58,885**	**$(4,778,942)**
Income (Loss) per share				
Basic and diluted	**$ (0.16)**	**$ (1.63)**	**$ 0.03**	**$ (2.05)**
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
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	**—**	**—**	**(4,778,942)**	**(4,778,942)**
Balance, June 30, 2015	**$19,527,557**	**$969,597**	**$ (7,773,514)**	**$12,723,640**
Balance, December 31, 2015	**$19,527,459**	**$969,597**	**$(12,940,368)**	**$ 7,556,688**
Stock options (Note 11)	**—**	**(60,000)**	**—**	**(60,000)**
Net income and comprehensive income for the period	**—**	**—**	**58,885**	**58,885**
Balance, June 30, 2016	**$19,527,459**	**$909,597**	**$(12,881,483)**	**$ 7,555,573**

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

Cash provided by the following activities

	For the three month period ended June 30, 2016	For the three month period ended June 30, 2015	For the six month period ended June 30, 2016	For the six month period ended June 30, 2015
Operating activities				
Net income (loss)	**$(381,481)**	**$(3,808,686)**	**$ 58,885**	**$(4,778,942)**
Transaction costs (concessions)	**11,390**	**2,579,460**	**(753,654)**	**2,721,240**
Stock-based compensation (Note 11)	**(16,000)**	**—**	**(34,000)**	**432,726**
Amortization of financing transaction costs (Note 15)	**29,227**	**92,363**	**58,453**	**186,866**
Forfeiture of deposit on property		**750,000**	**—**	**750,000**
Depreciation (Note 6)	**2,753**	**2,137**	**6,288**	**3,036**
Straight line rent	**(2,178)**	**(2,300)**	**(851)**	**(3,845)**
Interest expense on mortgages payable (Note 15)	**650,438**	**649,862**	**1,296,503**	**1,325,305**
Cash interest paid	**(652,055)**	**(594,612)**	**(1,215,234)**	**(963,867)**
Net change in working capital	**(162,618)**	**(296,600)**	**122,396**	**(325,401)**
Net cash changes from operating activities	**$(520,524)**	**$ (628,377)**	**$ (461,214)**	**$ (652,882)**
Investing activities				
Capital expenditures (Note 5)	**(30,914)**	**(107,047)**	**(99,578)**	**(243,184)**
Additions to furniture and equipment (Note 6)	**(26,855)**	**(33,758)**	**(27,857)**	**(81,554)**
Disposals of furniture and equipment (Note 6)	**—**	**—**	**3,231**	**—**
Deposits, net (Note 7)	**—**	**(25,000)**	**20,000**	**(675,000)**
Net cash changes from investing activities	**(57,769)**	**(165,805)**	**(104,204)**	**(999,738)**
Financing activities				
Equity issuance costs, net of costs	**—**	**—**	**—**	**(745)**
Mortgage principal repayments	**(36,240)**	**(35,526)**	**(72,321)**	**(70,775)**
Net cash changes from financing activities	**(36,240)**	**(35,526)**	**(72,321)**	**(71,520)**
Net decrease in cash and cash equivalents	**(614,533)**	**(829,708)**	**(637,739)**	**(1,724,140)**
Cash and cash equivalents, beginning of period	**819,602**	**1,337,680**	**842,808**	**2,232,112**
Cash and cash equivalents, end of period	**205,069**	**$ 507,972**	**$ 205,069**	**$ 507,972**

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

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 the end of November 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 to seek to ensure there is adequate capital in place to continue operations to the close of the transaction with DAQ.

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.

4. Standards, amendments and interpretations issued (continued)

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.

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.

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.

As at	June 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

As at	For the six months ended June 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. Accordingly, no fair value adjustments have been recorded for the current interim period. Management continues to reassess the valuation parameters on an ongoing basis each period.

6. Furniture and equipment

As at	June 30, 2016	December 31, 2015
Balance at the beginning of the period	**$150,583**	$ 18,501
Additions	**27,857**	132,082
Disposals	**(3,231)**	—
Less: Accumulated depreciation	**(17,902)**	(11,614)
Balance at the end of the period	**$157,307**	$138,969

7. Deposits and prepaid expenses

As at	June 30, 2016	December 31, 2015
Non-refundable deposit on property	**$ 50,000**	$ 50,000
Refundable deposits on properties	**200,000**	220,000
Prepaid property taxes	**101,554**	10,736
Other	**82,882**	82,657
Total	**$434,436**	$363,393

8. Accounts receivable

As at	June 30, 2016	December 31, 2015
Rent and other receivables	**$291,738**	$160,446
Allowance for doubtful accounts	**(26,522)**	(47,594)
Accounts receivable	**$265,216**	$112,852

9. Mortgages payable

As at June 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 1.3 years (December 31, 2015 – 1.8 years). The Company has four fixed rate mortgages in the aggregate amount of $21,808,540 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 $477,773 (December 31, 2015 – $189,616). The mortgages payable are secured by the Company's investment properties. The Company has also guaranteed up to $52.1 million of mortgages payable.

As at June 30, 2016	Principal Amount	% of Total Principal
Remainder of 2016	$ 16,573,111	30.2%
2017	33,150,788	60.5%
2018	156,324	0.3%
2019	4,928,317	9.0%
	$ 54,808,540	100%
Unamortized deferred financing costs	(116,154)	
Total	$ 54,692,386	
Less: current portion	(16,579,241)	
Non-current portion	$ 38,113,145	

10. Accounts payable and accrued liabilities

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

As at	June 30, 2016	December 31, 2015
Trade payables	**$3,140,607**	$3,537,830
Accrued interest payable	**210,918**	129,650
Security deposits	**457,122**	422,601
Total	**$3,808,647**	$4,090,081

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 June 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.

a. 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.

b. Stock options

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 June 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
	40,441			$309,000

The fair value of the financial liability related to these options is $26,000 at June 30, 2016, and a recovery of $16,000 and $34,000 has been recognized in stock based compensation for the three and six months ended June 30, 2016, respectively, comprising the mark to market adjustment on the options.

c. 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.

d. Warrants

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

None of the stock options issued to the directors and officers of the Company, 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 June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Residential rent	$1,127,002	$1,111,806	$2,298,243	$2,338,523
Commercial rent	64,488	63,519	125,617	122,433
Recoveries and other income	69,520	64,297	126,861	142,385
Total	$1,261,010	$1,239,622	$2,550,721	$2,603,341

12. Property revenues (continued)

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 six month period ended June 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 June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Realty taxes	$209,542	$208,912	$ 412,967	$ 407,612
Utilities	184,633	176,368	353,889	405,057
Wages and benefits	86,130	132,090	185,279	241,664
Repairs & maintenance	114,617	87,565	182,687	151,606
Management fees	16,723	42,260	65,233	89,768
General & marketing	19,290	41,351	52,130	76,771
Insurance	31,773	40,542	62,857	69,682
Bad debt expense	48,854	14,453	58,573	10,283
Other	3,003	5,203	6,255	6,032
Property operating expenses	$714,565	$748,743	$1,379,870	$1,458,475

14. General and administrative expenses

General and administrative expenses consist of the following:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Legal and other professional	$ 43,585	$ 21,691	$ 90,971	$ 74,806
Audit and accounting	33,900	27,200	73,450	56,500
Wages and benefits	136,764	127,797	274,680	247,754
Rent	11,616	11,616	25,018	22,242
Marketing	3,622	10,212	21,543	22,072
Other	23,394	29,403	59,042	84,763
General and administrative expenses	$252,881	$227,919	$544,704	$508,137

15. Interest and other financing charges

Interest expense consists of the following:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Interest on mortgages payable	$650,438	$649,862	$1,296,503	$1,325,305
Amortization of financing transaction costs	29,227	92,363	58,453	186,866
Interest and other financing charges	$679,665	$742,225	$1,354,956	$1,512,171

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 June 30, 2016 is set out below:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Net income (loss)	$(381,481)	$(3,808,686)	$ 58,885	$(4,778,942)
Expected income tax recovery at statutory income tax rates	(150,685)	(1,504,431)	23,260	(1,887,682)
Permanent differences	(6,320)	—	(13,430)	170,927
Utilization of previously unrecognized tax losses	—	—	(9,830)	—
Non-recognition of the benefit of current year's tax losses	157,005	1,504,431	—	1,716,755
Income tax expense	$ —	$ —	$ —	$ —

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

	June 30, 2016	December 31, 2015
Non-capital losses	**$ 2,759,208**	$ 2,978,274
Difference in basis	**578,992**	369,756
Non-recognition of deferred tax assets	**(3,338,200)**	(3,348,030)
Total net deferred tax asset	**$ —**	$ —

As at June 30, 2016, the expiry dates of unrecognized deferred tax assets range from 2033 to 2035. 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 $299,688 is included in accounts payable at June 30, 2016 (December 31, 2015 – $182,689).

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 Income (Loss) and Comprehensive Income (Loss), forfeiture of deposit of $750,000 incurred during the three and six months ended June 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 six months ended June 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 six months ended June 30, 2015 was reclassified from interest expense to be separately presented 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 Company and DAQ will merge and concurrently acquire a number of additional student housing properties from various third party vendors. See Note 1.

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 August 29, 2016.

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

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

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 periods ended June 30, 2016 and June 30, 2015 and its financial position as at June 30, 2016. This MD&A is dated and has been prepared with information available as of August 29, 2016.

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended June 30, 2016 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.

As announced on August 25, 2016, CHC entered into an arrangement agreement with Dundee Acquisition Ltd. (TSX: DAQ.A, DAQ.WT), the first special purpose acquisition corporation (SPAC) to be listed in Canada, to effect a business combination, and DAQ has concurrently entered into a series of agreements to acquire additional student housing properties from various third party vendors. The aggregate value of the transaction is approximately $420 million for the entire portfolio of assets. The transaction is subject to certain conditions, including corporate and regulatory approvals, and there can be no assurance that it will be completed. If approved, the combined company will be renamed Canadian Student Living Group Inc. (CSL) which intends to be listed on the Toronto Stock Exchange after the qualifying transaction.

CSL will continue to be led by Mark Hansen, President and CEO of CHC and the current CHC management team. Assuming that all the transactions are completed, CSL will own 100% of eleven properties from Fredericton, New Brunswick to Windsor, Ontario with almost 3,100 beds and a 50% interest and management responsibility for nine co-owned properties with 1,600 beds. The remaining 50% interest in the nine co-owned properties is anticipated to be held by an arm's length institutional private real estate investment firm focused on residential rental projects.

Absent the preceding transaction, the Company's ability to continue as a going concern is subject to material risks and uncertainties. See Liquidity and Financial Position – Going Concern section on page 12.

Corporate History

The Company was incorporated under the *Business Corporations Act* (Ontario) on April 12, 2013. On November 28, 2013, 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 arm's length acquisition of the "Liberty Terrace" student housing property located at 335 Barrie Street, Kingston, Ontario (the "QT Property"). 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 its 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.

Strategy & Outlook

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

The student housing sector is a very attractive and low-risk asset class globally, however, the market is underdeveloped in Canada. Management estimates that only 3% of Canadian post-secondary students live in purpose-built student housing which is substantially below more developed markets such as the United States (12%) and the United Kingdom (23%). Management believes Canada is in the early stages of growth and CSL will be well positioned as the market leader to consolidate the sector, and work with local developers to expand the country's portfolio of purpose-built student housing to support it's growing local and international student population.

Our Strategy

CHC's business model is centered on three distinct strategies. Firstly, CHC acquires purpose-built student housing assets based on CHC's stringent investment criteria, which focus on the location, valuation and quality of the asset. In evaluating an acquisition, management considers multiple factors including age, amenities, market position, overall design and proximity to campus. Secondly, CHC opportunistically acquires traditional multi-residential assets that management believes can be repositioned to student housing. CHC's strategy here would include adding a social and community aspect to the property that provides a collegiate atmosphere for students. Lastly, CHC intends to provide financing for purpose-built student housing development projects which will generally be completed within 12 to 36 months, and which will allow CHC to generate attractive financial returns through interest income and profit sharing while also providing it with an identified pipeline of future acquisitions through certain options and/or rights of first refusal or offer. It is through the execution of these three strategies that CHC expects to achieve its goal of becoming the leading owner of high-quality Canadian student housing real estate.

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 enrolment 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.

CHC will seek to pursue acquisitions that align with the Company's stringent investment criteria focused on location, valuation and asset quality. However, the Company may also undertake opportunistic acquisitions under circumstances in which management believes a student housing property requiring value-add capital can be acquired at an attractive valuation and its profitability improved upon completion of repositioning efforts.

When evaluating potential acquisition opportunities, CHC focuses on: (i) markets with high student enrolment, either due to the presence of a large post-secondary institution or multiple mid-sized institutions; (ii) markets in which a majority of the student population resides off-campus due to insufficient on-campus capacity; (iii) properties that are located in close proximity to a post-secondary institution, generally within 2.0 km, or which may be farther from campus but located in a downtown area where students spend time away from campus; (iv) properties that have been recently built and have minimal annual capital expenditure requirements; (v) properties characterized by high occupancy, or with potential for value enhancement through repositioning or other value-add initiatives (for example, adding beds to acquired properties, introducing furnished apartments, implementing new marketing strategies and improving property management); and (vi) properties that can be purchased at an attractive valuation, preferably below replacement cost.

Outlook

At the beginning of 2016, CHC made the decision to internalize property management of two of the Company's properties located in London and Windsor, Ontario to stabilize the existing assets and improve profitability. As a first step, the Company internalized marketing at the beginning of January and as a result of its efforts, including a social media and digital marketing strategy, the properties were 97% leased for the May leasing cycle up 14.5% year over year, and are 99% leased for the upcoming September leasing cycle, up 13% year over year. For the upcoming September leasing cycle, occupancy continues to improve over the same period in 2015 with Kingston's occupancy at 100%; Windsor at 100% versus 83%; Trois-Rivières at 70% versus 60% and London at 99% versus 85%. Initial results during this quarter from the property management internalization at the London and Windsor properties appear promising with further benefits expected over the next several quarters.

In conjunction with the internalization, CHC implemented an industry leading accounting and operations software with online leasing capabilities and communication tools that enable the Company to communicate directly with tenants for greater efficiencies in lease renewals going forward.

Management's focus through the balance of the year remains twofold, completing the proposed transaction with Dundee Acquisition Ltd., and ensuring financial stability and continued operational effectiveness to improve its financial position and resources. See proposed transaction details in the Company Overview section on page 2.

Absent the preceding transaction, the Company's ability to continue as a going concern is subject to material risks and uncertainties. See Liquidity and Financial Position – Going Concern section on page 12.

Portfolio Overview

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

Completed Acquisitions

Address	City, Province	Fair value as of 30-Jun-16[1]	Fair value as of 31-Dec-15[1]	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	$ 4,924,789	$ 4,900,000	117	—	September 2014
1620-1720 rue du Père-Marquette	Trois-Rivières, QC	$ 5,004,436	$ 5,000,000	310	—	October 2014
675 Richmond Street	London, ON	$52,070,353	$52,000,000	387	12,642	November 2014
Total		**$64,599,578**	**$64,500,000**	**832**	**13,750**	

(1) Please reference the Fair Value section below.

Kingston, Ontario

On April 3, 2014, CHC completed the acquisition of the QT Property located in Kingston, Ontario. This acquisition represented the Company's Qualifying Transaction. The QT Property has 18 beds in 12 apartments and 1,108 sq. ft. of ancillary ground floor commercial space in one building, and is located approximately 1.0 km from Queen's University.

The purchase price for the QT 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 $1,260,253 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 on the QT Property for a 5-year term with a fixed 4.1% interest rate. The balance of the new mortgage was $1.55 million. The QT Property was 100% leased at June 30, 2016.

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 Windsor Property has 117 beds in 87 student apartments in two buildings, and is located approximately 0.75 km from the University of Windsor. This property is a traditional apartment building tenanted primarily by students at the University of Windsor. Occupancy of the property at June 30, 2016, is 91% up 14% year over year. CHC views this property as a repositioning opportunity. 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.

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**"). The Trois-Rivières Property has 310 beds in 77 student apartments in six buildings, and is located on the campus of the University of Quèbec at Trois-Rivières under a long-term land lease with the university. 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 the payment to the vendor of the balance of the purchase price in cash. The mortgage was interest only monthly payments fixed at 4% per annum for a 2-year term expiring October 2016. The Company is currently in discussions with a variety of lenders regarding the upcoming debt maturity.

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**"). The London Property has 387 beds in 187 apartments as well as 12,642 square feet of commercial space in a 17-storey apartment building and is located approximately 2.0 km from Western University. This property is a traditional apartment building tenanted primarily by students at Western University. Occupancy of the residential portion of the property at June 30, 2016, is 97% up 12% year over year, and the commercial space is 100% leased. 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. Revenue increases will primarily come from plans to increase occupancy from the time of acquisition as well as plans to increase the number of beds at the property by 7% over the next five years as suites become available. 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 Company is adding 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 2.95%) 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 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 98% of the total assets of CHC as at June 30, 2016.

	As at 30-Jun-16	As at 31-Dec-15
Balance at beginning of the period	$64,895,000	$68,694,530
Capital expenditures	99,578	376,636
Fair value adjustments on investment properties	—	(4,176,166)
Total	**$64,994,578**	**$64,895,000**

As at June 30, 2016, the estimated fair value of investment properties reflects a weighted average stabilized capitalization rate of 5.3% (December 31, 2015 – 5.3%) applied to stabilized NOI. 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.

The fair value loss for the year ended 2015 is attributable to underperformance of assets and capital expenditures that were not completed due to the cancelled equity offering. There is no additional fair value adjustment at June 30, 2016.

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**") with CHC Investments, to acquire a property located at 50 Lisgar Street in Sudbury, Ontario (the "**Sudbury Property**") from an arm's length vendor to both CHC and CHC Investments. The Sudbury Property, constructed in 1970 and converted from an office building into a student residence in 2013, has 70 beds in 50 apartments and 4,500 sq. ft. of commercial space, and is located less than 300 meters away from Laurentian University's School of Architecture and 4.7 km from the University's main campus.

The purchase price for the Sudbury Property is $5.5 million, subject to adjustments, 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, which is vacant on closing. The acquisition is dependent upon vendor's receipt of an acceptable record of site condition for the property on or before December 31, 2015. 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 December 31, 2016 in exchange for $450,000 of the $500,000 non-refundable deposit being returned to the Company.

Results of Operations

The financial performance and results of operations contained in this MD&A cover the three and six months period ended June 30, 2016 and 2015.

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 Unit. 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. CHC calculates its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. 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	
	2016	2015	2016	2015
Property revenues	$1,261,010	$ 1,239,622	$2,550,721	$ 2,603,341
Property operating expenses	714,565	748,743	1,379,870	1,458,475
Net Operating Income (NOI)	$ 546,445	$ 490,879	$1,170,851	$ 1,144,866
General & administrative expense	252,881	227,919	544,704	508,137
Transaction costs	11,390	2,579,460	(753,654)	2,721,240
Interest income	10	39	40	466
Stock-based compensation	(16,000)	—	(34,000)	432,726
Forfeiture of deposit	—	750,000	—	750,000
Interest	679,665	742,225	1,354,956	1,512,171
Net income (loss)	$ (381,481)	$(3,808,686)	58,885	$(4,778,942)
Net income (loss) per share – basic and diluted	$ (0.16)	$ (1.63)	$ 0.03	$ (2.05)
Funds From Operations (FFO)[1]	$ (370,091)	$(1,229,226)	$ (694,769)	$(2,057,702)
FFO per share	$ (0.16)	$ (0.53)	$ (0.30)	$ (0.88)
Adjusted Funds From Operations (AFFO)[1]	$ (389,956)	$(1,246,208)	$ (770,745)	$(1,685,139)
AFFO per share	$ (0.17)	$ (0.53)	$ (0.33)	$ (0.72)
Distributions of cash dividends	Nil	Nil	Nil	Nil
Weight average shares outstanding[2]	**2,335,181**	**2,335,181**	**2,335,181**	**2,335,181**

(1) FFO & AFFO are non-IFRS performance measures. Please refer to definition on pages 7 & 8 as well as the reconciliation from net loss on page below.

(2) After giving retroactive effect to the 85 to 1 common share consolidation that occurred on February 19, 2015.

Statement of financial position data	As at 30-Jun-16	As at 31-Dec-15
Cash	205,069	842,808
Investment properties	64,994,578	64,895,000
Total assets	$66,056,606	$66,353,022
Total current financial liabilities	$20,387,888	$20,641,033
Total non-current financial liabilities	$38,113,145	$38,155,301
Total liabilities	$58,501,033	$58,796,334

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	
	2016	2015	2016	2015
Net income (loss)	$(381,481)	$(3,808,686)	58,885	$(4,778,942)
Add:				
Transaction costs	11,390	2,579,460	(753,654)	2,721,240
Funds From Operations (FFO)	$(370,091)	$(1,229,226)	$(694,769)	$(2,057,702)
Add (subtract):				
Stock-based compensation[(1)]	(16,000)	—	(34,000)	432,726
Amortization of financing transaction costs	29,227	92,363	58,453	186,866
Straight line rent	(2,178)	(2,300)	(851)	(3,845)
Capital expenditures	(30,914)	(107,045)	(99,578)	(243,184)
Adjusted Funds From Operations	$(389,956)	$(1,246,208)	$(770,745)	$(1,685,139)

(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.
The three and six months ended June 30, 2016 adjustment for stock-based compensation relates to the accelerated amortization of cancelled options awarded in December 2014 and January 2015. Industry practice normally would not adjust for stock-based compensation in the calculation of AFFO. However, as the options were cancelled and the balance expensed in the fiscal first quarter in its entirety, the Company has determined that under the circumstances adjusting AFFO is reasonable. The Company will follow industry practices under normal course for stock-based compensation that is not cancelled.

FFO for the three months ended June 30, 2016 and 2015 amounted to $(370,091) or $(0.16) per share and $(1,229,226) or $(0.53) per share respectively. FFO for the six months ended June 30, 2016 and 2015 amounted to $(694,769) or $(0.30) per share and $(2,057,702) or $(0.88) per share respectively. AFFO for the three months ended June 30, 2016 and 2015 was $(389,956) or $(0.17) per share and $(1,246,208) or $(0.53) per share respectively. AFFO for the six months ended June 30, 2016 and 2015 was $(770,745) or $(0.33) per share and $(1,685,139) or $(0.72) per share respectively. The AFFO improvement is primarily driven by a reduction in capital spending due to the Company closely monitoring cash flow and improved cash flows from operations before financing and a forfeiture of the $750,000 deposit which negatively affected results in the comparable period.

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	
	2016	2015	2016	2015
Cash used in operating activities	$(520,524)	(628,377)	(461,214)	(652,882)
Add (subtract):				
Net changes in working capital	162,618	296,600	(122,396)	325,401
Depreciation	(2,753)	(2,137)	(6,288)	(3,036)
Interest expense on mortgages payable	(650,438)	(649,862)	(1,296,503)	(1,325,305)
Cash interest paid	652,055	594,612	1,215,234	963,867
Write off of deposit on property	—	(750,000)	—	(750,000)
Capital expenditures	(30,914)	(107,045)	(99,578)	(243,184)
Adjusted Funds From Operations	$(389,956)	$(1,246,208)	(770,745)	$(1,685,139)

Overall Performance

Statement of comprehensive income (loss) data	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2016	2015	2016	2015
Property revenues	$1,261,010	$ 1,239,622	$2,550,721	$ 2,603,341
Property operating expenses	714,565	748,743	1,379,870	1,458,475
NOI	$ 546,445	$ 490,879	$1,170,851	$ 1,144,866
General & administrative expense	252,881	227,919	544,704	508,137
Transaction costs	11,390	2,579,460	(753,654)	2,721,240
Interest income	10	39	40	466
Interest and other financing charges	679,665	742,225	1,354,956	1,512,171
Fair value adjustment on investment properties	—	—	—	—
Stock based compensation	(16,000)	—	(34,000)	432,726
Forfeiture of deposit	—	750,000	—	750,000
Net income (loss) and comprehensive income (loss)	$ (381,481)	$(3,808,686)	58,885	$(4,778,942)

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, 2016, and 2015 were $1,261,010 and $1,239,622 respectively. Property revenues for the six months ended June 30, 2016, and 2015 were $2,550,721 and $2,603,341, 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 down slightly for the six months ended June 30, 2016 compared to the same period in 2015 as occupancy levels fell at the London Property due to leasing incentives expiring from the previous management company and transitioning the property from multi-family residential to student housing including eliminating month to month leases, and converting to a May and September lease cycle.

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, 2016 and 2015 property operating expenses were $714,565 and $748,743 respectively, a decline of approximately $67,000 primarily driven by savings from the internalization of property management for the Company's London and Windsor properties, offset by a bad debt expense of approximately $34,000 realized post internalization of property management. The $27,000 increase in repairs and maintenance due to outsourcing of maintenance are offset by the approximately $46,000 decline in wages and benefits as a result of internalizing property management. For the six months ended June 30, 2016 and 2015 property operating expenses were $1,379,870 and $1,458,475 respectively, a decline primarily driven by a decrease in utility costs of approximately $52,000, savings from the internalization of property management of approximately $73,000, offset by a bad debt expense of approximately $48,000 realized post the internalization of property management. 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	
	2016	2015	2016	2015
Realty taxes	$209,542	$208,912	$ 412,967	$ 407,612
Utilities	184,633	176,368	353,889	405,057
Wages and benefits	86,130	132,090	185,279	241,664
Repairs and maintenance	114,617	87,565	182,687	151,606
Management fees	16,723	42,260	65,233	89,768
General and marketing	19,290	41,351	52,130	76,771
Insurance	31,773	40,542	62,857	69,682
Bad debt expense (recovery)	48,854	14,453	58,573	10,283
Other	3,003	5,203	6,255	6,032
Property operating expenses	$714,565	$748,743	$1,379,870	$1,458,475

Net Operating Income

NOI for the three months ended June 30, 2016 and 2015 was $546,445 and $490,879, respectively. NOI for the six months ended June 30, 2016 and 2015 was $1,170,851 and $1,144,866 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, 2016 and 2015 were $252,881 and $227,919 respectively. General and administrative costs for the six months ended June 30, 2016 and 2015 were $544,704 and $508,137 respectively.

General and administrative expenses consist of the following:

	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2016	2015	2016	2015
Legal and other professional	$ 43,585	$ 21,691	$ 90,971	$ 74,806
Audit and accounting	33,900	27,200	73,450	56,500
Wages and benefits	136,764	127,797	274,680	247,754
Rent	11,616	11,616	25,018	22,242
Marketing	3,622	10,212	21,543	22,072
Other	23,394	29,403	59,042	84,763
General and administrative expenses	$252,881	$227,919	$544,704	$508,137

Interest Income

Interest income for the three months ended June 30, 2016 and 2015 of $10 and $39 respectively was attributable to interest earned from deposits on properties. Interest income for the six months ended June 30, 2016 and 2015 of $40 and $466 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, 2016. The interest and other financing charges for the three months ended June 30, 2016 and 2015 was $679,665 and $742,225 respectively. The interest and other financing charges for the six months ended June 30, 2016 and 2015 was $1,354,956 and $1,512,171 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	
	2016	2015	2016	2015
Interest on mortgages payable	$650,438	$649,862	$1,296,503	$1,325,305
Amortization of financing transaction costs	29,227	92,363	58,453	186,866
	$679,665	**$742,225**	**$1,354,956**	**$1,512,171**

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'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 the end of November 2016. The transaction is subject to certain conditions such as corporate or regulatory approvals, and there can be no assurance that it will be completed.

The Company has taken certain measures to seek to ensure there is adequate capital in place to continue operations to the close of the transaction with DAQ.

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.

Liquidity

CHC intends to fund its capital acquisitions 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, 2016, the Company had cash on hand of $205,069. 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	
	2016	2015	2016	2015
Cash generated from/(used in) operating activities	$(520,524)	$(628,377)	$(461,214)	$(652,882)
Cash generated from/(used in) investing activities	(57,769)	(165,805)	(104,204)	(999,738)
Cash generated from/(used in) financing activities	(36,240)	(35,526)	$(72,321)	(71,520)
Cash generated from/(used in) the period	$(614,533)	(829,708)	$(637,739)	(1,724,140)

Cash flows generated from/used in operating activities

For the six months ended June 30, 2016, cash flows used in operating activities related primarily to operating income generated in the period, and due to concessions granted during the first quarter from key vendors related to the cancelled equity offering.

Cash flows generated from/used in investing activities

For the six months ended June 30, 2016, cash used in investing activities was primarily a result of capital expenditures at the properties. This includes renovations and other capital expenditures of approximately $70,353 at the London property and $24,789 at the Windsor property.

Cash flows generated from/used in financing activities

During the six months ended June 30, 2016 cash flows used in financing activities related primarily to the repayment of mortgage principal.

Debt

The Company's long-term debt principal repayments as at June 30, 2016 are as follows:

	Principal Amount	% of Total Principal
2016	$ 16,573,111	30.2%
2017	33,150,788	60.5%
2018	156,324	0.3%
2019	4,928,317	9.0%
	$ 54,808,540	100%
Unamortized financing transaction costs	(116,154)	
Total	$ 54,692,386	
Less: Current portion	(16,579,241)	
Total	$ 38,113,145	

Mortgages have fixed rates that range from 3.47% to 14.0%. The variable rate mortgages are at 215 basis points and 475 basis points above the 90-day Bankers' Acceptance rate. Maturity dates range from October 2016 to October 2019. The weighted average interest rate at June 30, 2016 was 4.84% and the weighted average term to maturity was 1.3 years. Excluding the short-term debt related to the London Property the weighted average interest rate drops to 3.77% and the weighted average term to maturity increases to 2.3 years. At June 30, 2016 fixed rate and variable rate debt were $21.8 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 Company was able to refinance the two mortgages that came due during 2015 and is actively having discussions with a variety of lenders regarding the upcoming debt maturities. This is all subject to the going concern referenced above.

Equity

Disclosure of Outstanding Share Data

	As at 30-Jun	
	2016	**2015**
Total outstanding at the beginning of the period	2,335,181	2,335,181
Issued	—	—
Total outstanding at the end of the period	**2,335,181**	**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, 2016, the Company had 2,335,181 common shares issued and outstanding. The Company did not issue any common shares during the quarter.

On February 19, 2015, the Company consolidated the common shares of the Company on a basis of one post-consolidation share for every 85 pre-consolidation shares (subject to rounding down for fractional shares at the individual shareholder level). All share information in this MD&A is presented on a post-consolidation basis.

Other Issued Securities

The Company also has other securities issued and outstanding as of June 30, 2016 as outlined in the table below.

Options	**Total**
2013 issued – vested	40,441
Warrants	871,822
Total Other Issued Securities	**912,263**

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 is $26,000 at June 30, 2016, and $(16,000) and $(34,000) has been recognized as compensation recovery for the three and six months ended June 30, 2016.

The warrants were issued on November 19, 2014 and have a 36-month term from the date of issue. Each warrant entitles the holder to purchase one common share of the Company at a price of $11.05.

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 $299,688 is included in accounts payable at June 30, 2016 (2015 – $182,689).

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 areal 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, 2016.

Subsequent Events

As announced on August 25, 2016, the Company has entered into an arrangement agreement with DAQ to effect a business combination, and has concurrently entered into a series of agreements to acquire additional student housing properties from various third parties. See Company Overview section.

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 $109,042 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 favourable 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 favourable terms to the Company.

As at June 30, 2016, the Company had outstanding mortgage indebtedness of approximately $54,692,386 (after adjusting for unamortized financing costs of approximately $116,154). 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 favourable 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, 2016 and 2015, and the unaudited consolidated financial statements of the Company for the period ended June 30, 2016.

	Six Months Ended 30-Jun		Six Months Ended 30-Jun	
	2016	2015	2016	2015
Property revenues	$1,261,010	$ 1,239,622	$2,550,721	$ 2,603,341
Net income (loss) and comprehensive income (loss)	$ (381,481)	$(3,808,686)	58,885	$(4,778,942)
Add (deduct):				
Transaction costs	11,390	2,579,460	(753,654)	2,721,240
FFO	$ (370,091)	$(1,229,226)	$ (694,769)	$(2,057,702)
Net income (loss) per share – basic and diluted	$ (0.16)	$ (1.63)	$ 0.03	$ (2.05)
FFO per share[(1)]	$ (0.16)	$ (0.53)	$ (0.30)	$ (0.88)
Weighted average shares outstanding[(1)]	2,335,181	2,335,181	2,335,181	2,335,181

(1) After giving retroactive effect of the 85 to 1 common share consolidation that occurred on February 19, 2015.

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.

Financial Statements of

20 – 30 Dunns Crossing Road, Fredericton, New Brunswick

For the six months ended June 30, 2016 and 2015, year ended December 31, 2015 and eight months ended December 31, 2014

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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of 20-30 Dunns Crossing Road, Fredericton, New Brunswick (the "Property"), which comprise the balance sheet as at December 31, 2015, and the statement of income and comprehensive income, statement of changes in net assets attributable to owner and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of the Property as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Property as at and for the six months ended June 30, 2016 and June 30, 2015 and as at and for the eight months ended December 31, 2014 were not audited.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
October 14, 2016

20 – 30 Dunns Crossing Road, Fredericton, New Brunswick

Balance Sheets

(Canadian $)	Notes	Jun. 30, 2016 (Unaudited)	Dec. 31, 2015	Dec. 31, 2014 (Unaudited)
Assets				
Non-current assets				
Investment property	4	**6,400,000**	6,400,000	6,100,000
Current assets				
Accounts receivable		**490**	490	449
Total assets		**6,400,490**	6,400,490	6,100,449
Liabilities				
Non-current liabilities				
Property debt	5	**4,070,431**	4,254,011	—
Current liabilities				
Accounts payable		**4,487**	4,655	6,168
Property debt	5	**113,191**	105,631	3,545,704
		117,678	110,286	3,551,872
Total liabilities		**4,188,109**	4,364,297	3,551,872
Net assets attributable to Owner		**2,212,381**	2,036,193	2,548,577
Total liabilities and net assets		**6,400,490**	6,400,490	6,100,449

See accompanying notes to the financial statements.

20 – 30 Dunns Crossing Road, Fredericton, New Brunswick

Statements of Income and Comprehensive Income

(Canadian $)	Notes	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	8 months ended Dec. 31, 2014
		(Unaudited)	**(Unaudited)**		**(Unaudited)**
Property revenues		**352,530**	332,988	664,570	429,733
Property expenses	6, 7	**(134,890)**	(134,651)	(253,782)	(157,812)
Net rental income		**217,640**	198,337	410,788	271,921
Interest expense and other	5	**(91,376)**	(170,258)	(266,096)	(101,484)
Fair value gain	4	**—**	150,000	300,000	100,000
Net income and comprehensive income		**126,264**	178,079	444,692	270,437

See accompanying notes to the financial statements.

20 – 30 Dunns Crossing Road, Fredericton, New Brunswick

Statements of Changes in Net Assets Attributable to Owner

(Canadian $)	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year Ended Dec. 31, 2015	8 Months Ended Dec. 31, 2014
	(Unaudited)	(Unaudited)		(Unaudited)
Net assets attributable to Owner, beginning of period	**2,036,193**	2,548,577	2,548,577	2,396,807
Net income and comprehensive income (loss)	**126,264**	178,079	444,692	270,437
Contributions (distributions), net	**49,924**	(891,481)	(957,076)	(118,667)
Net assets attributable to Owner, end of period	**2,212,381**	1,835,175	2,036,193	2,548,577

See accompanying notes to the financial statements.

20 – 30 Dunns Crossing Road, Fredericton, New Brunswick

Statements of Cash Flows

(Canadian $)	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	8 months ended Dec. 31, 2014
	(Unaudited)	(Unaudited)		(Unaudited)
Net income and comprehensive income	**126,264**	178,079	444,692	270,437
Adjustments:				
Fair value gain	**—**	(150,000)	(300,000)	(100,000)
Changes in working capital	**(168)**	50	(1,553)	5,718
Cash flows provided by operating activities	**126,096**	28,129	143,139	176,155
Financing activities				
Property debt repayments	**(176,020)**	(47,633)	(97,047)	(57,488)
Property debt obtained	**—**	4,436,000	4,436,000	—
Property debt discharged	**—**	(3,525,015)	(3,525,015)	—
Contributions (distributions), net	**49,924**	(891,481)	(957,076)	(118,667)
Cash flows provide by (used in) financing activities	**(126,096)**	(28,129)	(143,139)	(176,155)
Increase (decrease) in cash	**—**	—	—	—
Cash, beginning of period	**—**	—	—	—
Cash, end of period	**—**	—	—	—

See accompanying notes to the financial statements.

20 – 30 Dunns Crossing Road, Fredericton, New Brunswick

Notes to the Financial Statements
June 30, 2016, December 31, 2015, and December 31, 2014

NOTE 1: GENERAL

These financial statements represent the assets, liabilities, revenues and expenses of 20-30 Dunns Crossing Road, Fredericton, New Brunswick (the "Property") and do not include all the assets, liabilities, revenues or expenses of Bourgoin Properties Inc. (the "Owner"). The Property is owned 100% by the Owner.

The principal business of the Property is to earn rental income from its residential tenants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Property are prepared by management of CHC Student Housing Corp. on behalf of the Property ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Property. The accounting policies set out below have been applied consistently in all material respects.

(c) Investment property

Investment property includes property held to earn rental income or for capital appreciation or both. Investment property is carried at fair value, determined based on available market evidence at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

(d) Revenue recognition

The Owner has retained substantially all of the risks and benefits of ownership of the Property and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Rental revenue includes residential tenant rental income.

(e) Financial instruments

The following summarizes the Property's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Accounts receivable	Loans and receivables	Amortized cost
Property debt	Other liabilities	Amortized cost
Accounts payable	Other liabilities	Amortized cost

(f) Critical accounting estimates and assumptions

The Property makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The critical estimates and assumptions underlying the valuation of investment property are set out in Note 4.

(g) Cash

The Property does not have a separate bank account. Any cash receipts or disbursements are deposited to or made from a bank account of the Owner on behalf of the Property and are recorded as distributions and contributions, respectively, in net assets attributable to Owner.

(h) Income taxes

The Property is not subject to Federal or Provincial income taxes as it is not a legal entity; accordingly, the Property makes no provision for income taxes in its financial statements. Taxable income or loss is reportable by the Owner.

(i) Fair Value Measurement

The Property adopted IFRS 13, "Fair Value Measurement" effective January 1, 2013. IFRS 13 establishes a single source for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and required disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS's require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The Property has assessed its fair value measurement framework and concluded that no change to the current treatment was required.

NOTE 3: FUTURE ACCOUNTING CHANGES

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard.

Revenue recognition

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

Leases

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

Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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. Earlier adoption is permitted. Management will continue to evaluate the impact of these amendments.

NOTE 4: INVESTMENT PROPERTY

	6 months ended Jun. 30, 2016	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)		**(Unaudited)**
Balance at beginning of period	**$6,400,000**	$6,100,000	$6,000,000
Fair value gain	**—**	300,000	100,000
Balance at end of period	**$6,400,000**	$6,400,000	$6,100,000

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

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

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

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

The fair value of the Property is determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflow in respect of such leases. Fair values were determined using the income approach whereby stabilized net operating income is capitalized and applying an overall capitalization rate of 6.5% (unaudited) for June 30,

NOTE 4: INVESTMENT PROPERTY (continued)

2016 and December 31, 2015 and 6.75% (unaudited) for 2014 period, respectively. Valuations determined on this basis are most sensitive to changes in the capitalization rate. The fair value of the Property is applied based on Level 3 inputs. The fair value of the Property was based on valuations prepared by independent appraisers having the relevant professional qualifications and experience in the market in which the Property is located.

The following table summarizes the sensitivity of fair value of the Property to changes in the capitalization rate:

	6 months ended Jun. 30, 2016		**Year ended Dec. 31, 2015**		**Year ended Dec. 31, 2014**	
Rate sensitivity	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
+ 50 basis points	**$5,985,643**	**$(414,357)**	$5,985,643	$(414,357)	$5,665,923	$(434,077)
+ 25 basis points	**6,207,333**	**(192,667)**	6,207,333	(192,667)	5,868,277	(231,723)
Base Rate	**6,400,000**	**—**	6,400,000	—	6,100,000	—
- 25 basis points	**6,703,920**	**303,920**	6,703,920	303,920	6,319,683	219,683
- 50 basis points	**6,983,250**	**583,250**	6,983,250	583,250	6,572,471	472,471

NOTE 5: PROPERTY DEBT

At June 30, 2016, the balance of the Property debt was $4,183,622 (December 31, 2015 – $4,359,642 and December 31, 2014 – $3,545,704 (unaudited)).

On March 13, 2015, the Property retired the previous mortgage with National Bank in the amount of $3,525,015, and refinanced with a new mortgage with Atlantic Central for $4,436,000 and incurred discharge costs in the amount of $107,945. The Property debt is secured by the Property, bears interest at a fixed rate of 4.25% and matures on March 15, 2018.

As at June 30, 2016	**Principal Amount**	**% of Total Principal**
2016	$ 56,001	1%
2017	115,596	3%
2018	4,012,025	96%
	4,183,622	100%
Less: current portion	113,191	
Non-current portion	**$4,070,431**	

As at June 30, 2016, the fair value of property debt was $4,218,680 (unaudited) (December 31, 2015 – $4,171,673, December 31, 2014 – $3,619,360 (unaudited)). The fair value of Property debt is based on Level 2 inputs and determined by discounting contractual principal and interest payments at estimated current market interest rates for the instrument. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

NOTE 6: PROPERTY EXPENSES

The following are the components of Property expenses:

	6 months ended Jun. 30, 2016	**6 months ended Jun. 30, 2015**	**Year ended Dec. 31, 2015**	**8 months ended Dec. 31, 2014**
	(Unaudited)	**(Unaudited)**		**(Unaudited)**
Utilities	**$ 46,161**	$ 49,930	$ 89,667	$ 45,486
Property tax	**40,461**	42,846	85,692	58,366
Management services	**17,264**	19,845	37,606	31,464
Repairs and maintenance	**26,809**	18,327	33,411	17,559
Insurance	**4,195**	3,703	7,406	4,937
	$134,890	$134,651	$253,782	$157,812

NOTE 7: RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2016 and eight months ended, December 31, 2014, the Property obtained certain management services in the amount of $17,264 (unaudited) and $31,464 (unaudited), respectively from Teneo Properties Ltd. Teneo Properties Ltd. also entered into an option agreement with the Owner on April 30, 2014 to purchase the Property for a certain amount at any time until April 30, 2017.

NOTE 8: FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

Liquidity risk is the risk that the Property cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net rental income, which is used to finance working capital and capital expenditure requirements, and to meet the Property's financial obligations associated with financial liabilities. Additional sources of liquidity is debt, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

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

NOTE 9: AUTHORIZATION AND APPROVAL

The financial statements have been approved and authorized for issue by Management on October 14, 2016.

NOTE 10: SUBSEQUENT EVENT

Teneo Properties Ltd exercised the option agreement referenced in Note 7 on August 24, 2016 and concurrently entered into the Letter of Intent to sell the property to Dundee Acquisition Ltd.

In connection with the exercise of the option agreement, the Property is intended to be sold to Dundee Acquisition Ltd. or its successors or nominees pursuant to an agreement of purchase and sale currently being negotiated between the Owner and Dundee Acquisition Ltd.

Financial Statements of

326 Alfred Street, Kingston, Ontario

For the six months ended June 30, 2016 and 2015, years ended December 31, 2015 and December 31, 2014

Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of 326 Alfred Street, Kingston, Ontario (the "Property"), which comprise the balance sheet as at December 31, 2015 and the statement of income and comprehensive income, statement of changes in net assets attributable to owner and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of the Property as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Property as at and for the six months ended June 30, 2016 and 2015 and as at and for the year ended December 31, 2014 were not audited.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
October 14, 2016

326 Alfred Street, Kingston, Ontario

Balance Sheets

(Canadian $)	Notes	June 30, 2016 (Unaudited)	Dec. 31, 2015	Dec. 31, 2014 (Unaudited)
Assets				
Non-current assets				
Investment property	5	**6,700,000**	6,700,000	6,000,000
Current assets				
Due from Varsity Properties Inc.	9	**104,119**	160,710	38,122
Prepaid property taxes		**7,357**	—	—
Cash	4	**1,778**	1,827	1,658
		113,254	162,537	39,780
Total assets		**6,813,254**	6,862,537	6,039,780
Liabilities				
Non-current liabilities				
Property debt	6	**—**	—	3,851,935
Current liabilities				
Accounts payable and accrued liabilities		**5,174**	2,000	2,000
Security deposits		**50,028**	71,960	96,715
Prepaid rents		**—**	31,074	25,319
Property debt	6	**3,680,738**	3,761,117	—
Podium Realty Inc. loan	9	**685,728**	681,324	606,699
Varsity Holdings Ltd. loan	9	**685,794**	681,397	606,699
		5,107,462	5,228,872	1,337,432
Total liabilities		**5,107,462**	5,228,872	5,189,367
Net assets attributable to Owner		**1,705,792**	1,633,665	850,413
Total liabilities and net assets		**6,813,254**	6,862,537	6,039,780

See accompanying notes to the financial statements.

326 Alfred Street, Kingston, Ontario

Statement of Income and Comprehensive Income

(Canadian $)	Notes	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
		(Unaudited)	(Unaudited)		(Unaudited)
Property revenues	7	**284,495**	279,199	565,841	553,628
Property expenses	8	**(113,411)**	(104,719)	(205,803)	(238,542)
Net rental income		**171,084**	174,480	360,038	315,086
Interest expense	6, 9	**(151,965)**	(147,827)	(295,786)	(154,829)
Fair value gain		**—**	350,000	700,000	100,000
Net income and comprehensive income		**19,119**	376,653	764,252	260,257

See accompanying notes to the financial statements.

326 Alfred Street, Kingston, Ontario

Statement of Changes in Net Assets Attributable to Owner

(Canadian $)	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)	(Unaudited)		(Unaudited)
Net assets attributable to Owner, beginning of period	**1,633,665**	850,413	850,413	589,304
Net income and comprehensive income	**19,119**	376,653	764,252	260,257
Contributions (distributions), net	**53,008**	16,539	19,000	852
Net assets attributable to Owner, end of period	**1,705,792**	1,243,605	1,633,665	850,413

See accompanying notes to the financial statements.

326 Alfred Street, Kingston, Ontario

Statement of Cash Flows

(Canadian $)	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)	(Unaudited)		(Unaudited)
Net income and comprehensive income	**19,119**	376,653	764,252	260,257
Adjustments:				
Fair value gain	**—**	(350,000)	(700,000)	(100,000)
Changes in working capital	**(599)**	(60,023)	(141,590)	(26,245)
Cash flows provided by (used in) operating activities	**18,520**	(33,370)	(77,338)	134,012
Financing activities				
Property debt repayments	**(80,379)**	(56,442)	(90,818)	(108,386)
Podium Realty Inc. loan additions/(repayments)	**4,404**	36,331	74,625	(12,500)
Varsity Holdings Ltd. loan additions/(repayments)	**4,398**	36,331	74,698	(12,500)
Contributions (distributions), net	**53,008**	16,539	19,000	852
Cash flows provided by/(used in) financing activities	**(18,569)**	32,759	77,505	(132,534)
(Decrease)/increase in cash	**(49)**	(611)	167	1,478
Cash, beginning of period	**1,827**	1,658	1,658	180
Cash, end of period	**1,778**	1,047	1,825	1,658

See accompanying notes to the financial statements.

326 Alfred Street, Kingston, Ontario

Notes to the Financial Statements
June 30, 2016, December 31, 2015, and December 31, 2014

NOTE 1: GENERAL

These financial statements represent the assets, liabilities, revenues and expenses of 326 Alfred Street, Kingston, Ontario (the "Property") and do not include all the assets, liabilities, revenues or expenses of 326 Alfred Street Ltd. (the "Owner"). The Property is owned 100% by the Owner.

The principal business of the Property is to earn rental income from its residential tenants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Property are prepared by management of CHC Student Housing Corp. on behalf of the Property ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Property. The accounting policies set out below have been applied consistently in all material respects.

(c) Investment property

Investment property includes property held to earn rental income or for capital appreciation or both. Investment property is carried at fair value, determined based on available market evidence at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

(d) Revenue recognition

The Owner has retained substantially all of the risks and benefits of ownership of the Property and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Rental revenue includes residential tenant rental income and parking income.

(e) Financial instruments

The following summarizes the Property's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Cash	Cash	Amortized cost
Due from Varsity Properties Inc.	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost
Property debt	Other liabilities	Amortized cost
Podium Realty Inc. loan	Other liabilities	Amortized cost
Varsity Holdings Ltd. loan	Other liabilities	Amortized cost

(f) Critical accounting estimates and assumptions

The Property makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The critical estimates and assumptions underlying the valuation of investment property are set out in Note 5.

(g) Income taxes

The Property is not subject to Federal or Provincial income taxes as it is not a legal entity; accordingly, the Property makes no provision for income taxes in its financial statements. Taxable income or loss is reportable by the Owner.

(h) Fair Value Measurement

The Property adopted IFRS 13, "Fair Value Measurement" effective January 1, 2013. IFRS 13 establishes a single source for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and required disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS's require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The Property has assessed its fair value measurement framework and concluded that no change to the current treatment was required.

NOTE 3: FUTURE ACCOUNTING CHANGES

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard.

Revenue recognition

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

Leases

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

Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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 judgment in determining what information to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. Management will continue to evaluate the impact of these amendments.

NOTE 4: CASH

The Property has a separate operating bank account but does not have a separate bank account for security deposits held. Any of these cash receipts are deposited to a bank account of the Owner on behalf of the Property and are recorded as contributions or distributions, respectively, in net assets attributable to the Owner.

NOTE 5: INVESTMENT PROPERTY

	6 Months Ended Jun. 30, 2016	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)		(Unaudited)
Balance at beginning of period	**$6,700,000**	$6,000,000	$5,900,000
Fair value gain	**—**	700,000	100,000
Balance at end of period	**$6,700,000**	$6,700,000	$6,000,000

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

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

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

NOTE 5: INVESTMENT PROPERTY (continued)

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

The fair value of the Property is determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflow in respect of such leases. Fair values were determined using the income approach whereby stabilized net operating income is capitalized and applying an overall capitalization rate of 5.5% (unaudited) for 2016, 5.5% for 2015 and 6.0% (unaudited) for 2014 periods, respectively. Valuations determined on this basis are most sensitive to changes in the capitalization rate. The fair value of the Property is applied based on Level 3 inputs. The fair value of the Property was based on valuations prepared by independent appraisers having the relevant professional qualifications and experience in the market in which the Property is located.

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

	6 months ended Jun. 30, 2016		Year ended Dec. 31, 2015		Year ended Dec. 31, 2014	
Rate sensitivity	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
+ 50 basis points	**$6,158,067**	$(541,933)	$6,158,067	$(541,933)	$5,572,911	$(427,089)
+ 25 basis points	**6,425,809**	(274,191)	6,425,809	(274,191)	5,795,827	(204,173)
Base Rate	**6,700,000**	—	6,700,000	—	6,000,000	—
- 25 basis points	**7,037,790**	337,790	7,037,790	337,790	6,299,812	299,812
- 50 basis points	**7,389,680**	689,680	7,389,680	689,680	6,586,168	586,168

NOTE 6: PROPERTY DEBT

The Property debt is secured by the Property, bears interest at a fixed rate of 3.96% per annum which is paid monthly.

As at December 31, 2015, the fair value of property debt was $3,645,742 (December 31, 2014 – $3,619,238 (unaudited)). As at June 30, 2016, the fair value of the property was $3,623,844 (unaudited). The fair value of property debt is based on Level 2 inputs and determined by discounting contractual principal payments at estimated current market interest rates for the instrument. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

For the year ended December 31, 2015, interest expense of $150,463 (year ended December 31, 2014 – $154,829 (unaudited)) was recorded on the property debt. For the six months ended June 30, 2016, interest expense of $73,164 (unaudited) was recorded (six months ended June 30, 2015 – $75,166 (unaudited)).

NOTE 7: PROPERTY REVENUES

The following are the components of property revenues:

	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)	**(Unaudited)**		**(Unaudited)**
Residential rent	**$281,301**	$275,899	$559,096	$547,388
Parking income	**3,194**	3,300	6,745	6,240
	$284,495	$279,199	$565,841	$553,628

NOTE 8: PROPERTY EXPENSES

The following are the components of property expenses:

	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)	**(Unaudited)**		**(Unaudited)**
Property tax	**$ 36,785**	$ 36,950	$ 73,543	$ 72,424
Repairs and maintenance	**22,211**	35,127	63,144	67,047
Management services	**44,937**	21,732	44,725	66,924
Insurance	**8,743**	10,249	17,933	19,741
Other	**—**	493	5,607	9,041
Utilities	**735**	168	851	3,365
	$113,411	$104,719	$205,803	$238,542

NOTE 9: RELATED PARTY TRANSACTIONS

326 Alfred Street Ltd. is the entity that holds the Property and is equally owned by Podium Realty Inc. and Varsity Holdings Ltd.

Due from Varsity Properties Inc. is payable on demand and non-interest bearing.

The Property obtains certain management services from Varsity Properties Inc. The fees paid for such management services for the year ended December 31, 2015 were $44,725 (December 31, 2014 – $66,924 (unaudited)), and six months ended June 30, 2016 and 2015 were $44,937 (unaudited) and $21,732 (unaudited) respectively.

Varsity Holding Ltd. loan and Podium Realty Ltd. loan (the "loans") are interest bearing at a rate of 12% per annum compounded annually beginning January 1, 2015 and are payable on demand. The interest is accrued in each period and added to the value of the respective loans.

For the year ended December 31, 2015, interest expense of $145,323 (year ended December 31, 2014 – $nil (unaudited)) was recorded on the loans. For the six months ended June 30, 2016, interest expense of $78,801 (unaudited) was recorded (six months ended June 30, 2015 – $72,661 (unaudited)) on the loans.

NOTE 10: FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

Liquidity risk is the risk that the Property cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net rental income, which is used to finance working capital and capital expenditure requirements, and to meet the Property's financial obligations associated with financial liabilities. Additional sources of liquidity is debt, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

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

NOTE 11: AUTHORIZATION AND APPROVAL

The financial statements have been approved and authorized for issue by Management on October 14, 2016.

NOTE 12: SUBSEQUENT EVENT

The Property is intended to be sold to Dundee Acquisition Ltd. or its successors or nominees pursuant to an agreement of purchase and sale between the Owner and Dundee Acquisition Ltd. on August 24, 2016.

Financial Statements of

1 Mack Street, Kingston, Ontario

For the six months ended June 30, 2016 and 2015, years ended December 31, 2015 and December 31, 2014

Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada.

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Fax: 416-601-6151
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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of 1 Mack Street, Kingston, Ontario (the "Property"), which comprise the balance sheet as at December 31, 2015 and the statement of income and comprehensive income, statement of changes in net assets attributable to owner and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of the Property as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Property as at and for the six months ended June 30, 2016 and 2015 and as at and for the year ended December 31, 2014 were not audited.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
October 14, 2016

1 Mack Street, Kingston, Ontario

Balance Sheets

(Canadian $)	Notes	Jun. 30, 2016 (Unaudited)	Dec. 31, 2015	Dec. 31, 2014 (Unaudited)
Assets				
Non-current assets				
Investment property	5	**7,800,000**	7,800,000	7,000,000
Current assets				
Prepaid expenses		**9,601**	143	143
Cash	4	**25,971**	1,280	1,117
		35,572	1,423	1,260
Total assets		**7,835,572**	7,801,423	7,001,260
Liabilities				
Non-current liabilities				
Property debt	6	**—**	—	5,013,527
Current liabilities				
Accounts payable and accrued liabilities		**3,161**	4,742	2,836
Security deposits		**55,916**	80,597	87,758
Prepaid rent		**273**	27,465	21,817
Property debt	6	**4,793,846**	4,897,239	—
Due to Varsity Properties	9	**12,193**	14,829	74,849
Par 5 Realty Inc. loan	9	**439,999**	439,999	439,999
Varsity Holding Ltd. loan	9	**445,999**	439,999	447,999
311 Queen Street Ltd. Loan	9	**130,000**	130,000	—
		5,881,387	6,034,870	1,075,258
Total liabilities		**5,881,387**	6,034,870	6,088,785
Net assets attributable to Owner		**1,954,185**	1,766,553	912,475
Total liabilities and net assets		**7,835,572**	7,801,423	7,001,260

See accompanying notes to the financial statements.

1 Mack Street, Kingston, Ontario

Statements of Income and Comprehensive Income

(Canadian $)	Notes	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
		(Unaudited)	(Unaudited)		(Unaudited)
Property revenues	7	**326,588**	300,084	617,807	599,248
Property expenses	8	**(128,487)**	(114,498)	(269,676)	(279,618)
Net rental income		**198,101**	185,586	348,131	319,630
Interest expense	6	**(62,341)**	(83,027)	(159,909)	(171,021)
Fair value gain		**—**	373,562	664,343	163,379
Net income and comprehensive income		**135,760**	476,121	852,565	311,988

See accompanying notes to the financial statements.

1 Mack Street, Kingston, Ontario

Statement of Changes in Net Assets Attributable to Owner

(Canadian $)	6 months ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)	(Unaudited)		(Unaudited)
Net assets attributable to Owner, beginning of period	**1,766,553**	912,475	912,475	644,452
Net income and comprehensive income	**135,760**	476,121	852,565	311,988
Contributions (distributions), net	**51,872**	50,252	1,513	(43,965)
Net assets attributable to Owner, end of period	**1,954,185**	1,438,848	1,766,553	912,475

See accompanying notes to the financial statements.

1 Mack Street, Kingston, Ontario

Statement of Cash Flows

(Canadian $)	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
	(Unaudited)	(Unaudited)		(Unaudited)
Net income and comprehensive income	**135,760**	476,121	852,565	311,988
Adjustments:				
Fair value gain	**—**	(373,562)	(664,343)	(163,379)
Changes in working capital	**(65,548)**	(55,952)	(59,627)	82,711
Cash flows provided by operating activities	**70,212**	46,607	128,595	231,320
Investing activities				
Capital expenditures	**—**	(26,438)	(135,657)	(36,621)
Cash flows used in investing activities	**—**	(26,438)	(135,657)	(36,621)
Financing activities				
Property debt repayments	**(103,393)**	(70,835)	(116,288)	(136,792)
Par 5 Realty Inc. loan	**—**	—	—	(10,000)
Varsity Holding Ltd. loan	**6,000**	—	(8,000)	(2,500)
311 Queen Street Ltd. loan	**—**	—	130,000	(500)
Contributions/(distributions), net	**51,872**	50,252	1,513	(43,965)
Cash flows (used in)/provided by financing activities	**(45,521)**	(20,583)	7,225	(193,757)
Increase (decrease) in cash	**24,691**	(414)	163	942
Cash, beginning of period	**1,280**	1,117	1,117	175
Cash, end of period	**25,971**	703	1,280	1,117

See accompanying notes to the financial statements.

1 Mack Street, Kingston, Ontario

Notes to the Financial Statements
June 30, 2016, December 31, 2015, and December 31, 2014

NOTE 1: GENERAL

These financial statements represent the assets, liabilities, revenues and expenses of 1 Mack Street (including 318 & 320 Alfred Street), Kingston, Ontario (the "Property") and do not include all the assets, liabilities, revenues or expenses of 1 Mack Street Ltd. (the "Owner"). The Property is owned 100% by the Owner.

The principal business of the Property is to earn rental income from its residential tenants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Property are prepared by management of CHC Student Housing Corp. on behalf of the Property ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Property. The accounting policies set out below have been applied consistently in all material respects.

(c) Investment property

Investment property includes property held to earn rental income or for capital appreciation or both. Investment property is carried at fair value, determined based on available market evidence at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

(d) Revenue recognition

The Owner has retained substantially all of the risks and benefits of ownership of the Property and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Rental revenue includes residential tenant rental income and parking income.

(e) Financial instruments

The following summarizes the Property's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Cash	Cash	Amortized cost
Property tax receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost
Due to Varsity Properties Inc.	Other liabilities	Amortized cost
Par 5 Realty Inc. loan	Other liabilities	Amortized cost
Varsity Holding Ltd. loan	Other liabilities	Amortized cost
311 Queen Street Ltd. loan	Other liabilities	Amortized cost
Property debt	Other liabilities	Amortized cost

(f) Critical accounting estimates and assumptions

The Property makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The critical estimates and assumptions underlying the valuation of investment property are set out in Note 5.

(g) Income taxes

The Property is not subject to Federal or Provincial income taxes as it is not a legal entity; accordingly, the Property makes no provision for income taxes in its financial statements. Taxable income or loss is reportable by the Owner.

(h) Fair Value Measurement

The Property adopted IFRS 13, "Fair Value Measurement" effective January 1, 2013. IFRS 13 establishes a single source for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and required disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS's require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The Property has assessed its fair value measurement framework and concluded that no change to the current treatment was required.

NOTE 3: FUTURE ACCOUNTING CHANGES

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard.

Revenue recognition

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

Leases

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

Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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 judgment in determining what information to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. Management will continue to evaluate the impact of these amendments.

NOTE 4: CASH

The Property has a separate operating bank account but does not have a separate bank account for security deposits held. Any of these cash receipts are deposited to a bank account of the Owner on behalf of the Property and are recorded as contributions or distributions, respectively, in net assets attributable to the Owner.

NOTE 5: INVESTMENT PROPERTY

	6 months ended Jun. 30, 2016	**Year ended Dec. 31, 2015**	**Year ended Dec. 31, 2014**
	(Unaudited)		**(Unaudited)**
Balance at beginning of period	**$7,800,000**	$7,000,000	$6,800,000
Capital expenditures	**—**	135,657	36,621
Fair value gain	**—**	664,343	163,379
Balance at end of period	**$7,800,000**	$7,800,000	$7,000,000

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

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

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

NOTE 5: INVESTMENT PROPERTY (continued)

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

The fair value of the Property is determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflow in respect of such leases. Fair values were determined using the income approach whereby stabilized net operating income is capitalized and applying an overall capitalization rate of 5.5% (unaudited) for 2016, 5.5% for 2015 and 6.0% (unaudited) for 2014 periods, respectively. Valuations determined on this basis are most sensitive to changes in the capitalization rate. The fair value of the Property is applied based on Level 3 inputs. The fair value of the Property was based on valuations prepared by independent appraisers having the relevant professional qualifications and experience in the market in which the Property is located.

The following table summarizes the sensitivity of fair value of the Property to changes in the capitalization rates:

	6 months ended Jun. 30, 2016		**Year ended Dec. 31, 2015**		**Year ended Dec. 31, 2014**	
Rate sensitivity	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
+ 50 basis points	**$7,106,117**	**$(693,883)**	$7,106,117	$(693,883)	$6,430,875	$(569,125)
+ 25 basis points	**7,415,078**	**(384,922)**	7,415,078	(384,922)	6,688,110	(311,890)
Base Rate	**7,800,000**	**—**	7,800,000	—	7,000,000	—
- 25 basis points	**8,121,276**	**321,276**	8,121,276	321,276	7,269,685	269,685
- 50 basis points	**8,527,340**	**727,340**	8,527,340	727,340	7,600,125	600,125

NOTE 6: PROPERTY DEBT

The Property debt had original maturity of August 31, 2015, at a fixed rate of 3.36%. The Property debt is secured by the Property, bears interest at a fixed rate of 2.59% per annum which is paid monthly. The Property debt matured on August 31, 2016, and was subsequently extended (Note 10).

As at December 31, 2015, the fair value of property debt was $4,796,569 (December 31, 2014 – $4,759,834 (unaudited)). As at June 30, 2016, the fair value of property debt was $4,769,018 (unaudited). The fair value of property debt is based on Level 2 inputs and determined by discounting contractual principal payments at estimated current market interest rates for the instrument. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

For the year ended December 31, 2015, interest expense of $159,909 (December 31, 2014 – $171,021 (unaudited)) was recorded on the property debt. For the six months ended June 30, 2016, interest expense of $62,341 (unaudited) was recorded (six months ended June 30, 2015 – $83,027 (unaudited)).

NOTE 7: PROPERTY REVENUES

The following are the components of Property revenues:

	6 months ended Jun. 30, 2016	**6 months ended Jun. 30, 2015**	**Year ended Dec. 31, 2015**	**Year ended Dec. 31, 2014**
	(Unaudited)	**(Unaudited)**		**(Unaudited)**
Residential rent	**$320,178**	$295,139	$607,862	$591,259
Parking income	**6,410**	4,945	9,945	7,989
	$326,588	$300,084	$617,807	$599,248

NOTE 8: PROPERTY EXPENSES

The following are the components of Property expenses:

	6 months ended Jun. 30, 2016	**6 months ended Jun. 30, 2015**	**Year ended Dec. 31, 2015**	**Year ended Dec. 31, 2014**
	(Unaudited)	**(Unaudited)**		**(Unaudited)**
Property tax	**$ 19,561**	$ 46,230	$ 94,581	$ 92,462
Repairs and maintenance	**34,867**	26,763	80,957	82,306
Management services	**51,365**	23,477	48,708	57,268
Insurance	**10,483**	8,684	20,131	19,152
Utilities	**6,384**	8,668	13,316	18,428
Other	**5,827**	676	11,983	10,002
	$128,487	$114,498	$269,676	$279,618

NOTE 9: RELATED PARTY TRANSACTIONS

The Property obtains certain management services from Varsity Properties Inc. The fees paid for such management services for the year ended December 31, 2015 were $48,708 (December 31, 2014 – $57,268 (unaudited)) and six months ended June 30, 2016 and 2015 were $51,365 (unaudited) and $23,477 (unaudited), respectively.

1 Mack Street Ltd. is the entity that holds the Property and is equally owned by Par 5 Realty Inc. and Varsity Holdings Ltd. 311 Queen Street Ltd. is equally owned by Par 5 Realty Inc. and Varsity Holdings Ltd.

Related party loans are non-interest bearing and payable on demand.

NOTE 10: FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

Liquidity risk is the risk that the Property cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net rental income, which is used to finance working capital and capital expenditure requirements, and to meet the Property's financial obligations associated with financial liabilities. Additional sources of liquidity is debt, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

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

NOTE 11: AUTHORIZATION AND APPROVAL

The financial statements have been approved and authorized for issue by Management on October 14, 2016.

NOTE 12: SUBSEQUENT EVENT

The Property debt which matured on August 31, 2016 (Note 6), was subsequently extended as the original mortgage under an automatic renewal at an interest rate of 1.75% per annum above the Bank of Montreal's primate interest rate.

The Property is intended to be sold to Dundee Acquisition Ltd. or its successors or nominees pursuant to an agreement of purchase and sale between the Owner and Dundee Acquisition Ltd. on August 24, 2016.

Financial Statements of

2 Taylorwood Road, Oshawa, Ontario

For the six months ended June 30, 2016 and 2015, year ended December 31, 2015 and four months ended December 31, 2014

Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of 2 Taylorwood Road, Oshawa, Ontario (the "Property"), which comprise the balance sheets as at December 31, 2015 and 2014 and the statements of income and comprehensive income, statements of changes in net assets attributable to owner and statements of cash flow for the year ended December 31, 2015 and four months ended December 31, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Property as at December 31, 2015 and 2014 and its financial performance and its cash flows for the year ended December 31, 2015 and four months ended December 31, 2014 in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Property as at and for the six months ended June 30, 2016 were not audited.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
October 14, 2016

2 Taylorwood Road, Oshawa, Ontario

Balance Sheets

(Canadian $)	Notes	Jun. 30, 2016	Dec. 31, 2015	Dec. 31, 2014
		(unaudited)		
Assets				
Current asset				
Due from Varisty Properties Inc.	8	**11,982**	11,982	—
Non-current asset				
Investment property	4	**27,100,000**	25,900,000	24,900,000
Total assets		**27,111,982**	**25,911,982**	**24,900,000**
Liabilities				
Current liabilities				
Property debt	5	**17,926,836**	18,181,718	14,306,775
Accounts payable and accrued liabilities		**6,313**	14,022	24,789
Property tax accrual		**63,950**	120,963	56,333
Due to Varisty Properties Inc.	8	**22,718**	22,718	—
Security deposits		**179,204**	150,271	194,266
Prepaid rent		**62,029**	45,592	40,990
		18,261,050	18,535,284	14,623,153
Total liabilities		**18,261,050**	**18,535,284**	**14,623,153**
Net assets attributable to Owner		**8,850,932**	**7,376,698**	**10,276,847**
Total liabilities and net assets		**27,111,982**	**25,911,982**	**24,900,000**

See accompanying notes to the financial statements.

2 Taylorwood Road, Oshawa, Ontario

Statements of Income and Comprehensive Income

(Canadian $)	Notes	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	4 months ended Dec. 31, 2014
		(unaudited)	(unaudited)		
Property revenues	6	**893,689**	985,649	1,965,678	672,766
Property operating expenses	7	**(320,638)**	(332,282)	(640,908)	(220,150)
Net rental income		**573,051**	**653,367**	**1,324,770**	**452,616**
Interest expense	5	**255,234**	298,127	572,183	222,700
Fair value gain		**1,200,000**	500,000	1,000,000	1,392,229
Net income and comprehensive income		**1,517,817**	**855,240**	**1,752,587**	**1,622,145**

See accompanying notes to the financial statements.

2 Taylorwood Road, Oshawa, Ontario

Statements of Changes in Net Assets Attributable to Owner

(Canadian $)	6 months ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	Year Ended Dec. 31, 2015	4 months ended Dec. 31, 2014
	(unaudited)	(unaudited)		
Net assets attributable to Owner, beginning of period	**7,376,698**	10,276,847	10,276,847	13,616,376
Net income and comprehensive income	**1,517,817**	855,240	1,752,587	1,622,145
Contributions (distributions), net	**(43,583)**	(297,768)	(4,652,736)	(4,961,674)
Net assets attributable to Owner, end of period	**8,850,932**	10,833,319	7,376,698	10,276,847

See accompanying notes to the financial statements.

2 Taylorwood Road, Oshawa, Ontario

Statements of Cash Flows

(Canadian $)	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	4 months ended Dec. 31, 2014
	(unaudited)	(unaudited)		
Operating activities				
Net income and comprehensive income	**1,517,817**	855,240	1,752,587	1,622,145
Adjustments:				
Fair value gain	**(1,197,720)**	(500,000)	(1,000,000)	(1,392,229)
Changes in working capital	**(19,352)**	(56,472)	25,206	316,378
Cash flows provided by operating activities	**300,745**	298,768	777,793	546,294
Investing activities				
Capital expenditures	**(2,280)**	—	—	(7,771)
Cash flows used in investing activities	**(2,280)**	—	—	(7,771)
Financing activities				
Property debt obtained	**—**	—	18,221,024	4,423,151
Property debt discharged	**—**	—	(14,306,775)	—
Property debt repayments	**(254,882)**		(39,306)	
Contributions/(distributions), net	**(43,583)**	(298,768)	(4,652,736)	(4,961,674)
Cash flows used in financing activities	**(298,465)**	(298,768)	(777,793)	(538,523)
Increase/(decrease) in cash	**—**	—	—	**—**
Cash, beginning of period	**—**	—	—	—
Cash, end of period	**—**	**—**	**—**	**—**

See accompanying notes to the financial statements.

2 Taylorwood Road, Oshawa, Ontario

Notes to the Financial Statements
June 30, 2016, December 31, 2015, and December 31, 2014

NOTE 1: GENERAL

These financial statements represent the assets, liabilities, revenues and expenses of the 2 Taylorwood Road , Oshawa, Ontario (the "Property") and do not include all the assets, liabilities, revenues or expenses of 2 Taylorwood Road Limited, (the "Owner"). The Property is owned 100% by the Owner.

The principal business of the Property is to earn rental income from its residential tenants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Property are prepared by management of CHC Student Housing Corp. on behalf of the Property ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Property. The accounting policies set out below have been applied consistently in all material respects.

(c) Investment property

Investment property includes property held to earn rental income or for capital appreciation or both. Investment property is carried at fair value, determined based on available market evidence, at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

(d) Revenue recognition

The Owner has retained substantially all of the risks and benefits of ownership of the Property and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Rental revenue includes residential tenant rental income.

(e) Financial instruments

The following summarizes the Property's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Due from Varsity Properties Inc.	Loans and receivables	Amortized cost
Property debt	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to Varsity Properties Inc.	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost
Property tax accrual	Other liabilities	Amortized cost

(f) Critical accounting estimates and assumptions

The Property makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The critical estimates and assumptions underlying the valuation of investment property are set out in Note 4.

(g) Cash

The Property does not have a separate bank account. Any cash receipts or disbursements are deposited to or made from a bank account of the Owner on behalf of the Property and are recorded as contributions or distributions, respectively, in net assets attributable to Owner.

(h) Income taxes

The Property is not subject to Federal or Provincial income taxes as it is not a legal entity; accordingly, the Property makes no provision for income taxes in its financial statements. Taxable income or loss is reportable by the Owner.

(i) Fair Value Measurement

The Property adopted IFRS 13, "Fair Value Measurement" effective January 1, 2013. IFRS 13 establishes a single source for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS's require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. Management has assessed its fair value measurement framework and concluded that no change to the current treatment was required.

NOTE 3: FUTURE ACCOUNTING CHANGES

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard.

Revenue recognition

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

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Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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. Earlier adoption is permitted. Management will continue to evaluate the impact of these amendments.

NOTE 4: INVESTMENT PROPERTY

	6 months ended Jun. 30, 2016	**Year ended Dec. 31, 2015**	**4 months ended Dec. 31, 2014**
	(unaudited)		
Balance at beginning of period	**$25,900,000**	$24,900,000	$23,500,000
Capital expenditures	**2,280**	—	7,771
Fair value gain	**1,197,720**	1,000,000	1,392,229
Balance at end of period	**$27,100,000**	$25,900,000	$24,900,000

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

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

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

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

The fair value of the Property is determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflow in respect of such leases. Fair values were determined using the income approach whereby stabilized net operating income is capitalized and applying an overall capitalization rate of 5.5% (unaudited) for June 30,

NOTE 4: INVESTMENT PROPERTY (continued)

2016, 5.75% for December 31, 2015 and 6.0% (unaudited) for 2014 period, respectively. Valuations determined on this basis are most sensitive to changes in the capitalization rate. The fair value of the Property is applied based on Level 3 inputs. The fair value of the Property was based on valuations prepared by independent appraisers having the relevant professional qualifications and experience in the market in which the Property is located.

The following table summarizes the sensitivity of fair value of the investment Property to changes in the capitalization rates:

	6 months ended Jun. 30, 2016		Year ended Dec. 31, 2015		4 months ended Dec. 31, 2014	
Rate sensitivity	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
+ 50 basis points	**$24,805,048**	$(2,294,952)	$23,812,846	$(2,087,154)	$23,892,308	$(1,007,692)
+ 25 basis points	**25,883,529**	(1,216,471)	24,805,048	(1,094,952)	24,848,000	(52,000)
Base Rate	**27,100,000**	—	25,900,000	—	24,900,000	—
- 25 basis points	**28,348,627**	1,248,627	27,060,053	1,160,053	27,008,696	2,108,696
- 50 basis points	**29,766,058**	2,666,058	28,348,627	2,448,627	28,236,364	3,336,364

NOTE 5: PROPERTY DEBT

As at December 31, 2014, $14,306,775 of property debt was outstanding. It was subsequently repaid in full on October 1, 2015. On October 1, 2015, a mortgage specific to this property was obtained. At June 30, 2016, the balance of this property debt was $17,926,836 (unaudited) (December 31, 2015 – $18,181,718). The entire balance is current as the loan matures on October 1, 2016. The property debt is secured by the Property, bears interest rate at a fixed rate of 2.87% per half-yearly which is paid monthly. The property debt which matured on October 1, 2016 was subsequently extended under an automatic renewal.

As at June 30, 2016, the fair value of property debt was $17,787,746 (unaudited) (December 31, 2015 – $17,715,735) (December 31, 2014 – $13,940,103 (unaudited)). The fair value of the property debt is based on Level 2 inputs and determined by discounting contractual principal payments as estimated current market interest rates for the instrument. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

NOTE 6: PROPERTY REVENUES

The following are the components of Property revenues:

	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	4 months ended Dec. 31, 2014
	(unaudited)	**(unaudited)**		
Residential rent	**$875,031**	$973,482	$1,937,953	$664,152
Other	**18,658**	12,167	27,725	8,614
	$893,689	$985,649	$1,965,678	$672,766

NOTE 7: PROPERTY OPERATING EXPENSES

The following are the components of Property operating expenses:

	6 months ended Jun. 30, 2016	6 months ended Jun. 30, 2015	Year ended Dec. 31, 2015	4 months ended Dec. 31, 2014
	(unaudited)	**(unaudited)**		
Payroll	**$ 81,779**	$ 87,559	$171,630	$ 64,492
Property tax	**78,382**	78,382	156,763	56,333
Miscellaneous	**43,621**	56,232	91,086	49,053
Management fees	**47,757**	34,471	84,311	24,789
Repairs and maintenance	**24,911**	35,857	66,792	10,505
Insurance	**23,690**	21,188	36,393	13,433
Utilities	**20,498**	18,593	33,933	1,545
	$320,638	$332,282	$640,908	$220,150

NOTE 8: RELATED PARTY TRANSACTIONS

The Property obtains certain management services from Varsity Properties Inc. The fees and other compensation paid for such management services for the year ended December 31, 2015 were $84,311 (four month period ended December 31, 2014 – $24,789 (unaudited) in addition to $49,053 (unaudited) of miscellaneous expenses which were paid to Varsity Properties Inc. The fees and other compensation paid for such management services for the six months ended June 30, 2016 were $47,757 (unaudited) (six months ended June 30, 2015 – $34,471 (unaudited)).

The Property is also carrying a receivable from and payable to Varsity Properties Inc. At June 30, 2016, the receivable was $11,982 (unaudited) (December 31, 2015 – $11,982) and the payable was $22,718 (unaudited) (December 31, 2015 – $22,718).

NOTE 9: COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to present information on a basis consistent with the current period. In Note 7, $49,053 of expenses incurred during the four months ended December 31, 2014, have been reclassified from management fees to miscellaneous, to be separately presented consistent with the current period presentation. On the balance sheet, accounts payable and accrued liabilities as at December 31, 2014, have been reclassified to be consistent with the current period presentation.

NOTE 10: FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

Liquidity risk is the risk that the Property cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net rental income, which is used to finance working capital and capital expenditure requirements, and to meet the Property's financial obligations associated with financial liabilities. Additional sources of liquidity is debt, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

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

NOTE 11: AUTHORIZATION AND APPROVAL

The financial statements have been authorized and approved for issue by Management on October 14, 2016.

NOTE 12: SUBSEQUENT EVENT

The Property is intended to be sold to Dundee Acquisition Ltd. or its successors or nominees pursuant to an agreement of purchase and sale between the Owner and Dundee Acquisition Ltd. on August 24, 2016.

Financial Statements of

2015-2019 Simcoe Street, Oshawa, Ontario

For the six months ended June 30, 2016 and four months ended December 31, 2015

Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of 2015-2019 Simcoe Street, Oshawa, Ontario (the "Property"), which comprise the balance sheet as at December 31, 2015 and the statement of income and comprehensive income, statement of changes in net assets attributable to owner and statement of cash flow for the four months ended December 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Property as at December 31, 2015 and its financial performance and its cash flows for the four months ended December 31, 2015 in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Property as at and for the six months ended June 30, 2016 were not audited.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
October 14, 2016

2015-2019 Simcoe Street, Oshawa, Ontario

Balance Sheets

(Canadian $)	Notes	Jun. 30, 2016 (unaudited)	Dec. 31, 2015
Assets			
Non-current asset			
Investment property	4	**11,600,000**	11,100,000
Total assets		**11,600,000**	11,100,000
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,770**	6,074
Property tax accrual		**27,302**	17,048
Property debt	5	**7,653,380**	7,762,195
Security deposits		**125,690**	99,218
Prepaid rent		**51,187**	31,358
		7,860,329	7,915,893
Total liabilities		**7,860,329**	7,915,893
Net assets attributable to Owner		**3,739,671**	3,184,107
Total liabilities and net assets		**11,600,000**	11,100,000

See accompanying notes to the financial statements.

2015-2019 Simcoe Street, Oshawa, Ontario

Statements of Income and Comprehensive Income

(Canadian $)	Notes	Jun. 30, 2016	Dec. 31, 2015
		(unaudited)	
Property revenues	6	**419,335**	311,830
Property operating expenses	7	**(136,880)**	(94,629)
Net rental income		**282,455**	217,201
Interest expense	5	**(108,965)**	(74,270)
Fair value gain	4	**500,000**	—
Net income and comprehensive income		**673,490**	**142,931**

See accompanying notes to the financial statements.

2015-2019 Simcoe Street, Oshawa, Ontario

Statements of Changes in Net Assets Attributable to Owner

(Canadian $)	6 months ended Jun. 30, 2016	4 months ended Dec. 31, 2015
	(unaudited)	
Net assets attributable to Owner, beginning of period	**3,184,107**	5,623,038
Net income and comprehensive income	**673,490**	142,931
Contributions (distributions), net	**(117,926)**	(2,581,862)
Net assets attributable to Owner, end of period	**3,739,671**	3,184,107

See accompanying notes to the financial statements.

2015-2019 Simcoe Street, Oshawa, Ontario

Statements of Cash Flows

(Canadian $)	6 Months Ended Jun. 30, 2016	4 Months Ended Dec. 31, 2015
	(unaudited)	
Operating activities		
Net income and comprehensive income	**673,490**	142,931
Adjustments:		
Fair value gain	**(500,000)**	—
Changes in working capital	**53,251**	153,698
Cash flows provided by operating activities	**226,741**	296,629
Financing activities		
Property debts obtained	**—**	7,778,976
Property debt discharged	**—**	(5,476,962)
Property debt repayments	**(108,815)**	(16,781)
Contributions/(distributions), net	**(117,926)**	(2,581,862)
Cash flows (used in) financing activities	**(226,741)**	(296,629)
Increase (decrease) in cash	**—**	**—**
Cash, beginning of period	**—**	—
Cash, end of period	**—**	**—**

See accompanying notes to the financial statements.

2015-2019 Simcoe Street, Oshawa, Ontario

Notes to the Financial Statements
June 30, 2016 and December 31, 2015

NOTE 1: GENERAL

These financial statements represent the assets, liabilities, revenues and expenses of the 2015-2019 Simcoe Street, Oshawa, Ontario (the "Property") and do not include all the assets, liabilities, revenues or expenses of 2015-2019 Simcoe Limited, (the "Owner"). The Property is owned 100% by the Owner.

The principal business of the Property is to earn rental income from its residential tenants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Property are prepared by management of CHC Student Housing Corp. on behalf of the Property ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Property. The accounting policies set out below have been applied consistently in all material respects.

(c) Investment property

Investment property includes property held to earn rental income or for capital appreciation or both. Investment property is carried at fair value, determined based on available market evidence, at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

(d) Revenue recognition

The Owner has retained substantially all of the risks and benefits of ownership of the Property and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Rental revenue includes residential tenant rental income.

(e) Financial instruments

The following summarizes the Property's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Property tax accrual	Other liabilities	Amortized cost
Property debt	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost

(f) Critical accounting estimates and assumptions

The Property makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The critical estimates and assumptions underlying the valuation of investment property are set out in Note 4.

(g) Cash

The Property does not have a separate bank account. Any cash receipts or disbursements are deposited to or made from a bank account of the Owner on behalf of the Property and are recorded as contributions or distributions, respectively, in net assets attributable to Owner.

(h) Income taxes

The Property is not subject to Federal or Provincial income taxes; accordingly, the Property makes no provision for income taxes in its financial statements. Taxable income or loss is reportable by the Owner.

(i) Fair Value Measurement

The Property adopted IFRS 13, "Fair Value Measurement" effective January 1, 2013. IFRS 13 establishes a single source for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS's require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. Management has assessed its fair value measurement framework and concluded that no change to the current treatment was required.

NOTE 3: FUTURE ACCOUNTING CHANGES

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard.

Revenue recognition

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

Leases

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

Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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. Earlier adoption is permitted. Management will continue to evaluate the impact of these amendments.

NOTE 4: INVESTMENT PROPERTY

	As at Jun. 30, 2016	As at Dec. 31, 2015
	(unaudited)	
Balance at beginning of period	$11,100,000	$11,100,000
Fair value gain	500,000	—
Balance at end of period	$11,600,000	$11,100,000

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

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

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

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

The fair value of the Property is determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflow in respect of such leases. Fair values were determined using the income approach whereby stabilized net operating income is capitalized and applying an overall capitalization rate of 5.5% (unaudited) for June 30,

NOTE 4: INVESTMENT PROPERTY (continued)

2016, and 5.75% for December 31, 2015 periods, respectively. Valuations determined on this basis are most sensitive to changes in the capitalization rate. The fair value of the Property is applied based on Level 3 inputs. The fair value of the Property was based on valuations prepared by independent appraisers having the relevant professional qualifications and experience in the market in which the Property is located.

The following table summarizes the sensitivity of fair value of the investment Property to changes in the capitalization rate:

	6 months ended Jun. 30, 2016		Year ended Dec. 31, 2015	
Rate sensitivity	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
+ 50 basis points	**$10,630,735**	$ (969,265)	$10,205,506	$ (894,494)
+ 25 basis points	**11,092,941**	(507,059)	10,630,735	(469,265)
Base Rate	**11,600,000**	—	11,100,000	—
- 25 basis points	**12,149,411**	549,411	11,597,165	497,165
- 50 basis points	**12,756,882**	1,156,882	12,149,411	1,049,411

NOTE 5: PROPERTY DEBT

As at September 30, 2015, $5,476,962 of property debt was outstanding. It was subsequently repaid in full on October 1, 2015. On October 1, 2015, a mortgage specific to this property was obtained. At June 30, 2016, the balance of this property debt was $7,653,380 (unaudited) (December 31, 2015 – $7,762,195). The entire balance is current as the loan matures on October 1, 2016. The property debt is secured by the Property, bears interest rate at a fixed rate of 2.87% per half-yearly which is paid monthly. The property debt which matured on October 1, 2016 was subsequently extended under an automatic renewal.

As at June 30, 2016, the fair value of property debt was $7,593,999 (unaudited) (December 31, 2015 – $7,563,256). The fair value of the property debt is based on Level 2 inputs and determined by discounting contractual principal payments as estimated current market interest rates for the instrument. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

NOTE 6: PROPERTY REVENUES

The following are the components of Property revenues:

	6 Months Ended Jun. 30, 2016	4 Months Ended Dec. 31, 2015
	(unaudited)	
Residential rent	**$410,580**	$307,464
Parking income	**8,755**	4,366
	$419,335	$311,830

NOTE 7: PROPERTY OPERATING EXPENSES

The following are the components of Property operating expenses:

	6 Months Ended Jun. 30, 2016	4 Months Ended Dec. 31, 2015
	(unaudited)	
Payroll	**$ 34,914**	$22,845
Property taxes	**33,463**	22,309
Management fees	**20,389**	14,078
Miscellaneous	**18,192**	12,960
Repairs and maintenance	**11,057**	11,409
Insurance	**10,114**	4,983
Utilities	**8,751**	6,045
	$136,880	$94,629

NOTE 8: RELATED PARTY TRANSACTIONS

The Property obtains certain management services from Varsity Properties Inc. The fees and other compensation paid for such management services for the four months ended December 31, 2015 were $14,078. The fees and other compensation paid for such management services for the six months ended June 30, 2016 were $20,389 (unaudited).

NOTE 9: FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

Liquidity risk is the risk that the Property cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net rental income, which is used to finance working capital and capital expenditure requirements, and to meet the Property's financial obligations associated with financial liabilities. Additional sources of liquidity is debt, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

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

NOTE 10: AUTHORIZATION AND APPROVAL

The financial statements have been authorized and approved for issue by Management on October 14, 2016.

NOTE 11: SUBSEQUENT EVENT

The Property is intended to be sold to Dundee Acquisition Ltd. or its successors or nominees pursuant to an agreement of purchase and sale between the Owner and Dundee Acquisition Ltd. on August 24, 2016.

Financial Statements of

50 Lisgar Street, Sudbury, Ontario

For the years ended April 30, 2016, April 30, 2015 and April 30, 2014

Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
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Independent Auditor's Report

To the Shareholders of
CHC Student Housing Corp. (formerly CHC Realty Capital Corp.)

We have audited the accompanying financial statements of 50 Lisgar Street, Sudbury, Ontario (the "Property"), which comprise the balance sheets as at April 30, 2016, 2015 and 2014 and the statements of income and comprehensive income, statements of changes in net assets attributable to owner and statements of cash flow for the years ended April 30, 2016 and 2015 and eight months ended April 30, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheets of the Property as at April 30, 2016, 2015 and 2014 and its financial performance and its cash flows for the years ended April 30, 2016, 2015 and eight months ended April 30, 2014 in accordance with International Financial Reporting Standards.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
October 14, 2016

50 Lisgar Street, Sudbury, Ontario
Balance Sheets

(Canadian $)	Notes	April 30, 2016	April 30, 2015	April 30, 2014
Assets				
Non-current asset				
Investment property	4	**6,300,000**	6,200,000	5,900,000
Current assets				
Accounts receivable	8	**12,735**	6,530	3,009
Prepaids		**15,883**	6,916	11,551
		28,618	13,446	14,560
Total assets		**6,328,618**	6,213,446	5,914,560
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		**20,119**	14,480	41,472
Security deposits		**27,965**	33,777	15,800
Total liabilities		**48,084**	48,257	57,272
Net assets attributable to Owner		**6,280,534**	6,165,189	5,857,288
Total liabilities and net assets		**6,328,618**	6,213,446	5,914,560

See accompanying notes to the financial statements.

50 Lisgar Street, Sudbury, Ontario

Statements of Income and Comprehensive Income

(Canadian $)	Notes	Year ended April 30, 2016	Year ended April 30, 2015	8 months ended April 30, 2014
Property revenues	5	**513,844**	462,930	212,106
Property operating expenses	6, 7	**146,463**	162,558	116,877
Net rental income		**367,381**	300,372	95,229
Fair value gain	4	**100,000**	300,000	100,000
Net income and comprehensive income		**467,381**	600,372	195,229

See accompanying notes to the financial statements.

50 Lisgar Street, Sudbury, Ontario

Statements of Changes in Net Assets Attributable to Owner

(Canadian $)	Year ended April 30, 2016	Year ended April 30, 2015	8 months ended April 30, 2014
Net assets attributable to Owner, beginning of period	**6,165,189**	5,857,288	5,803,707
Net income and comprehensive income	**467,381**	600,372	195,229
Contributions (distributions), net	**(352,036)**	(292,471)	(141,648)
Net assets attributable to Owner, end of period	**6,280,534**	6,165,189	5,857,288

See accompanying notes to the financial statements.

50 Lisgar Street, Sudbury, Ontario

Statements of Cash Flows

(Canadian $)	Year Ended April 30, 2016	Year Ended April 30, 2015	8 months ended April 30, 2014
Operating activities			
Net income	**467,381**	600,372	195,229
Adjustments:			
Fair value gain	**(100,000)**	(300,000)	(100,000)
Changes in working capital	**(15,345)**	(7,901)	46,419
Cash flows provided by operating activities	**352,036**	292,471	141,648
Financing activities			
Contributions, (distributions), net	**(352,036)**	(292,471)	(141,648)
Cash flows used in financing activities	**(352,036)**	(292,471)	(141,648)
Increase (decrease) in cash	**—**	—	—
Cash, beginning of period	**—**	—	—
Cash, end of period	**—**	—	—

See accompanying notes to the financial statements.

50 Lisgar Street, Sudbury, Ontario

Notes to the Financial Statements
April 30, 2016, April 30, 2015 and April 30, 2014

NOTE 1: GENERAL

These financial statements represent the assets, liabilities, revenues and expenses of 50 Lisgar Street, Sudbury, Ontario (the "Property") and do not include all the assets, liabilities, revenues or expenses of 979101 Ontario Limited (the "Owner"). The Property is owned 100% by the Owner.

The principal business of the Property is to earn rental income from its residential and commercial tenants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Property are prepared by management of CHC Student Housing Corp. on behalf of the Property ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Property. The accounting policies set out below have been applied consistently in all material respects.

(c) Investment property

Investment property is held to earn rental income. Investment property is carried at fair value, determined based on available market evidence, at the balance sheet date. Related fair value gains and losses are recorded in net income in the year in which they arise.

(d) Revenue recognition

The Owner has retained substantially all of the risks and benefits of ownership of the Property and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Rental revenue includes residential tenant rental income including the hydro unit recoveries and a commercial tenant rental income.

(e) Financial instruments

The following summarizes the Property's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost

(f) Critical accounting estimates and assumptions

The Property makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The critical estimates and assumptions underlying the valuation of investment property are set out in Note 4.

(g) Cash

The Property does not have a separate bank account. Any cash receipts or disbursements are deposited to or made from a bank account of the Owner on behalf of the Property and are recorded as contributions or distributions, respectively, in net assets attributable to Owner.

(h) Income taxes

The Property is not subject to Federal or Provincial income taxes; accordingly, the Property makes no provision for income taxes in its financial statements. Taxable income or loss is reportable by the Owner.

(i) Fair Value Measurement

The Property adopted International Financial Reporting Standard 13, "Fair Value Measurement" ("IFRS 13") effective January 1, 2013. IFRS 13 establishes a single source for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS's require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. Management has assessed its fair value measurement framework and concluded that no change to the current treatment was required.

NOTE 3: FUTURE ACCOUNTING CHANGES

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard.

Revenue recognition

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

Leases

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

Materiality

On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. 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 judgment in determining what information to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. Management will continue to evaluate the impact of these amendments.

NOTE 4: INVESTMENT PROPERTY

	Year ended April 30, 2016	Year ended April 30, 2015	8 months ended April 30, 2014
Balance at beginning of period	**$6,200,000**	$5,900,000	$5,800,000
Fair value gain	**100,000**	300,000	100,000
Balance at end of period	**$6,300,000**	$6,200,000	$5,900,000

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

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

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

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

The fair value of the Property is determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflow in respect of such leases. Fair values were determined using the income approach whereby stabilized net operating income is capitalized and applying an overall capitalization rate of 6% for 2016, 6.25% for 2015

NOTE 4: INVESTMENT PROPERTY (continued)

and 6.5% for 2014 periods, respectively. Valuations determined on this basis are most sensitive to changes in the capitalization rate. The fair value of the Property is applied based on Level 3 inputs. The fair value of the Property was based on valuations prepared by independent appraisers having the relevant professional qualifications and experience in the market in which the Property is located.

The following table summarizes the sensitivity of fair value of the Property to changes in the capitalization rates as of:

Rate sensitivity	30-Apr-16 Fair Value	Change in Fair Value	30-Apr-15 Fair Value	Change in Fair Value	30-Apr-14 Fair Value	Change in Fair Value
+ 50 basis points	**$5,796,231**	**$(503,769)**	$5,730,622	$(469,378)	$5,523,563	$(376,437)
+ 25 basis points	**6,028,080**	**(271,920)**	5,951,031	(248,969)	5,722,252	(177,748)
Base Rate	**6,300,000**	**—**	6,200,000	—	5,900,000	—
- 25 basis points	**6,552,261**	**252,261**	6,446,950	246,950	6,165,837	265,837
- 50 basis points	**6,850,091**	**550,091**	6,727,252	527,252	6,414,460	514,460

NOTE 5: PROPERTY REVENUES

The following are the components of Property revenues:

	Year ended April 30, 2016	Year ended April 30, 2015	8 months ended April 30, 2014
Residential rent	**$450,437**	$401,680	$172,488
Commercial rent	**42,960**	43,578	29,052
Recovery income	**20,447**	17,672	10,566
	$513,844	$462,930	$212,106

NOTE 6: PROPERTY OPERATING EXPENSES

The following are the components of Property operating expenses:

	Year ended April 30, 2016	Year ended April 30, 2015	8 months ended April 30, 2014
Utilities	**$ 76,789**	$ 84,410	$ 55,346
Property tax	**18,239**	26,853	11,767
Repairs and maintenance	**15,650**	20,559	33,573
Office and general	**22,519**	17,319	9,184
Insurance	**9,908**	10,211	5,139
Telephone and communication	**3,358**	3,206	1,868
	$146,463	$162,558	$116,877

NOTE 7: RELATED PARTY TRANSACTIONS

The Property obtains certain management services from an affiliate of the Owner. The fees paid for such management services for the year ended April 30, 2015 was $13,798 (for the eight month period ended April 30, 2014 was $6,624). The fees for the year ended April 31, 2016 were $nil.

NOTE 8: FINANCIAL RISK MANAGEMENT

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

Credit Risk

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

NOTE 9: AUTHORIZATION AND APPROVAL

The financial statements have been authorized and approved for issue by Management on October 14, 2016.

NOTE 10: SUBSEQUENT EVENT

The Property is intended to be sold to Dundee Acquisition Ltd. or its successors or nominees pursuant to an agreement of purchase and sale currently being negotiated between the Owner and Dundee Acquisition Ltd.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CHC STUDENT HOUSING LIMITED PARTNERSHIP

DECEMBER 31, 2015

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RosenswigMcRaeThorpeLLP
Chartered Professional Accountants
Associated Worldwide with CPA Associates International, Inc.

Michael Rosenswig
Jeff McRae
Lori Thorpe
Tony Rosso
Lorraine Varga

INDEPENDENT AUDITORS' REPORT

To the Partners of CHC Student Housing Limited Partnership

We have audited the balance sheet of CHC Student Housing Limited Partnership as at December 31, 2015 and the statements of income and other comprehensive income, partners' equity and cash flows for the year ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of CHC Student Housing Limited Partnership as at December 31, 2015, and the results of its operations, changes in partners' equity and cash flows for the year ended December 31, 2015 in accordance with International Financial Reporting Standards.

Toronto, Canada
March 16, 2016

Chartered Professional Accountants
Licensed Public Accountants

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36 Toronto Street, Suite 800, Toronto, Ontario, Canada M5C 2C5

CHC STUDENT HOUSING LIMITED PARTNERSHIP

BALANCE SHEET

DECEMBER 31, 2015

	2015	2014
ASSETS		
Investment properties (Note 3)	$86,163,721	$86,700,000
Cash	428,730	758,165
Accounts receivable	128,831	87,503
Due from CHC Student Housing Management Inc. (Note 4)	666,916	696,916
Prepaid expenses and deposits	79,004	63,502
	$87,467,202	$88,306,086
LIABILITIES		
Mortgages payable (Note 5)	$48,356,643	$49,675,289
Accounts payable and accrued liabilities	508,531	460,909
Tenant deposits and prepaid rent	750,884	665,134
Finance lease obligations (Note 6)	166,080	213,028
	49,782,138	51,014,360
EQUITY		
Partners' equity (Note 8)	37,685,064	37,291,726
	$87,467,202	$88,306,086

Approved by:

(signed) "*Mark Hansen*"

(signed) "*Craig Smith*"

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' EQUITY

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Balance, beginning of year	$37,291,726	$40,051,362
Distributions	(545,677)	(2,881,480)
Net income for the year	939,015	121,844
Balance, end of year	$37,685,064	$37,291,726

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Revenue		
Rent	$ 6,829,889	$ 6,631,597
Recoveries and other income	287,252	240,866
	7,117,141	6,872,463
Expenses		
Utilities	711,120	673,954
Property taxes	615,307	602,530
Salaries and benefits	578,165	548,373
Asset management fees (Note 9)	434,559	436,380
General and administration	342,216	255,818
Repair and maintenance	245,455	276,856
Property management fees	213,532	228,545
Promotion	52,182	75,459
Professional fees	35,305	93,303
Interest on finance leases	13,412	15,061
	3,241,253	3,206,279
Income before undernoted items	3,875,888	3,666,184
Fair value (loss) gain on investment properties, net (Note 3)	(1,072,323)	(1,585,377)
Interest on long-term debt and amortization of financing costs	(1,864,550)	(1,958,963)
Net income and other comprehensive income for the year	$ 939,015	$ 121,844

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash flow from operating activities		
Net income for the year	$ 939,015	$ 121,844
Adjustment for:		
Fair value (gain) loss on investment properties, net	1,072,323	1,585,377
Cost adjustment on buildings (Note 3)	—	944,167
Amortization of deferred financing costs	45,605	91,210
	2,056,943	2,742,598
Changes in non-cash working capital:		
(Increase) Decrease in accounts receivable	(41,328)	19,362
Decrease (increase) in due from CHC Student Housing Management Inc.	29,999	(39,570)
Increase in prepaid expenses and deposits	(15,502)	(488)
Increase (decrease) in accounts payable and accrued liabilities	47,622	(969,308)
Increase (decrease) in tenant deposits and prepaid rent	85,750	(51,226)
	2,163,484	1,701,368
Cash flow used in investing activities		
Building improvements	(536,043)	(542,072)
Cash flow from financing activities		
Decrease in mortgages payable	(1,364,251)	(1,314,924)
(Decrease) increase in finance lease obligation	(46,948)	213,028
Distributions to partners	(545,677)	(2,881,480)
	(1,956,876)	(3,983,376)
Decrease in cash	(329,435)	(2,824,080)
Cash, beginning of year	758,165	3,582,245
Cash, end of year	$ 428,730	$ 758,165
Supplementary information		
Interest paid	$ 1,815,809	$ 1,866,601

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. Limited partnership

CHC Student Housing Limited Partnership (the "Limited Partnership") was formed under the laws of the Province of Ontario on April 10, 2012 and is governed by a limited partnership agreement dated April 10, 2012. CHC Student Housing GP Inc. (the "General Partner"), a corporation incorporated under the laws of the Province of Ontario, is the general partner of the Limited Partnership. The registered office of the Limited Partnership is 53 Yonge Street, 5th Floor, Toronto, Ontario M5E 1J3.

The Limited Partnership was formed for the purpose of investing in student housing properties and incidental operational and investing activities. The Limited Partnership has acquired the properties that it owns to date on a 50% co-ownership basis with Alberta Investment Management Corporation ("AIMCO"), an unrelated third party. For each property investment in which they co-invest, the Limited Partnership and AIMCO enter into and are bound by a co-owners' agreement which governs their participation in the ownership of the property investment.

The Limited Partnership is managed by CHC Student Housing Management Inc. (the "Asset Manager"), an affiliate of the General Partner, pursuant to asset management agreements entered into among the Limited Partnership, AIMCO, and the Asset Manager. The Asset Manager provides investment, portfolio management and administrative services to the Limited Partnership and has general responsibility for the overall management and operation of the Limited Partnership and its properties. Management services for specific property investments are outsourced to third-party property managers at cost to the Limited Partnership and the specific properties.

2. Summary of significant accounting policies

The financial statements of the Limited Partnership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The presentation and functional currency of the Limited Partnership is the Canadian dollar. Significant accounting policies used in the preparation of the financial statements are summarized below.

a) Joint arrangements

The Limited Partnership enters into joint arrangements with AIMCO whereby economic activity and decision-making are shared. These arrangements take the form of jointly- controlled assets. A jointly-controlled asset is a shared asset to which each party has rights and a contractual agreement exists as to sharing of benefits and risks generated from the asset. The Limited Partnership has elected to apply IFRS 11 to account for joint arrangements. Under IFRS 11, the Limited Partnership recognizes its share of the assets, liabilities, revenues, and expenses generated from the asset in proportion to its rights.

b) Investment properties

Investment properties are held to earn rental income and for capital appreciation. Investment properties are initially measured at cost including related transaction costs and subsequently at fair value. Changes to the fair value of the investment properties at the balance sheet date are recorded in net income for the year.

c) Revenue recognition

The Limited Partnership has not transferred substantially all of the benefits and risks of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from investment properties is recognized in net income on a straight-line basis over the term of the related lease. Other income and recovery of operating costs are recognized when earned.

d) Financial assets and liabilities

Financial assets include the Limited Partnership's cash, accounts receivable, and other receivables. Such assets are recognized at fair value through profit or loss. Financial liabilities include the Limited Partnership's mortgages, accounts payable, and accrued liabilities. Such liabilities are initially recognized at fair value, and in the case of financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The Limited Partnership applies IFRS 13 in measuring fair value of financial instruments.

e) Offering costs

Offering costs are considered to be transaction costs of equity transactions. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

f) Finance leases

Finance leases are recognized in investment properties and liabilities at amounts equal to fair value of the leased property or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Subsequently, the minimum lease payments are apportioned between interest expense and the reduction of the outstanding liability.

2. Summary of significant accounting policies (continued)

g) Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

i) Valuation of investment properties

Valuations of these properties are prepared by either qualified external valuation professionals or by management. Estimates and assumptions used in the valuation of investment properties are described in Note 3.

ii) Valuation of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet or disclosed in the notes cannot be derived from active markets, the Limited Partnership applies professional judgment to determine the fair value of these assets and liabilities using the best available estimates and assumptions.

iii) Impairment of investment properties and financial assets

The Limited Partnership assesses, at each reporting date, whether there is objective evidence of an indicator of impairment for each investment property and each class or group of asset. If so, the Limited Partnership calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the asset and recognizes that amount in net income. The recoverable amount is determined based on professional judgment and relies on estimates and assumptions.

h) New standards and interpretations not yet adopted:

Standards issued but not yet effective up to the date of issuance of these financial statements are described below if they are expected to have a potential impact on the Limited Partnership's financial statements when adopted. The Limited Partnership intends to adopt these standards when they become effective.

i) IFRS 9 – Financial instruments: disclosures is a new standard for financial instruments scheduled to replace IAS 39 – Financial instruments: recognition and measurement. The approach to classifying an asset as either amortized cost or fair value in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 will also introduce a new impairment model that requires a more timely recognition of expected losses. The potential impact of IFRS 9 on the Limited Partnership's financial statements have not been determined.

3. Investment properties

Investment properties consist of revenue-producing properties, including properties or property additions held under a finance or operating lease.

Revenue-producing properties

	2015	2014
Balance, beginning of year	$86,700,000	$88,687,472
Building improvements	536,044	542,072
Cost adjustments due to HST credits	—	(944,167)
Fair value (losses) gains	(1,072,323)	(1,585,377)
Balance, end of year	$86,163,721	$86,700,000

There were no assets held under finance leases included in capital expenditures (2014 – $252,675).

There were no disposals of any investment properties for the year ended December 31, 2015 or December 31, 2014. There are no properties under development and no properties held for sale.

The Limited Partnership relies on external independent valuators to determine the fair value of the investment properties. During the year ended December 31, 2015, external independent valuations were prepared for all the properties. Management used a combination of external valuations and internal valuations to arrive at the fair value for invesment properties of $86,163,721. The average capitalization rate used for these valuations is 5.75% (2014 – 6.00%).

4. Due from CHC Student Housing Management Inc.

The Limited Partnership advanced funds to the Asset Manager to assist with the payment of certain offering and organizational costs. The Limited Partnership is responsible for these costs to an amount not to exceed 1% of aggregate capital commitments of the Limited Partnership. Such funds advanced to the Asset Manager in excess of this amount will be offset against future installments of the management fee payable by the Limited Partnership to the Asset Manager (see Note 9).

5. Mortgages payable

Mortgages payable are financial instruments recorded at amortized cost.

	2015	2014
Mortgage on Village Suites (Oshawa) repayable in blended monthly payments of $132,025, interest at 3.646%, due April 1, 2018	$12,004,337	$12,355,179
Mortgage on West Village Suites (Hamilton) repayable in blended monthly payments of $123,677, interest at 3.54%, due June 1, 2018	11,528,218	11,858,832
Mortgage on Luxe – Phase I (Waterloo) repayable in blended monthly payments of $155,215, interest at 3.84%, due September 1, 2020	14,057,724	14,445,418
Mortgage on Luxe – Phase II (Waterloo) repayable in blended monthly payments of $120,033, interest at 3.84%, due September 1, 2020	10,997,622	11,292,723
Total mortgages	48,587,901	49,952,152
Deferred financing costs	(231,258)	(276,863)
	$48,356,643	$49,675,289

The schedule of repayments over the next five years is as follows:

2016	$ 1,415,942
2017	1,468,552
2018	22,859,923
2019	794,999
2020 and onwards	22,048,485
	$48,587,901

6. Finance lease obligations

Finance lease obligations are financial instruments recorded at amortized cost.

2015	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 60,041	$ 9,722	$ 50,319
Between one and five years	125,085	9,324	115,761
	$185,126	$19,046	$166,080

2014	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 60,041	$13,093	$ 46,948
Between one and five years	185,126	19,046	166,080
	$245,167	$32,139	$213,028

7. Income taxes

These financial statements include only the assets and liabilities of the Limited Partnership and do not include the assets and liabilities, including income taxes, of the limited partners.

8. Partners' equity

As at December 31, 2015 there were 39,837.962 (2014 – 39,837.962) units issued and outstanding. All units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Limited Partnership, and the right to one vote per unit held at any meeting of the limited partners. There were no new units issued in 2015.

9. Asset management fees

Under the terms of the asset management agreements, the Limited Partnership pays the Asset Manager an annual management fee, payable monthly in arrears, equal to 1.25% of the original invested capital drawn from the Limited Partnership for the performance of its asset management services.

9. Asset management fees (continued)

The General Partner, an affiliate of the Asset Manager, is entitled to a performance fee of 20% of the investment returns in excess of 6% per annum. This fee is only payable after the Limited Partners' capital contributions has been returned and the 6% return have been paid. No allowance has been made for this potential payment as at December 31, 2015.

10. Financial instruments

a) Fair value of financial instruments

The fair values of the Limited Partnership's accounts receivable, prepaid expenses and other assets, accounts payable, accrued liabilities, and prepaid rent and tenant deposits approximate their carrying values as at December 31, 2015 due to their short-term nature. Cash is measured at fair value. The fair value of each class of financial instrument of the Limited Partnership based on the fair value hierarchy in accordance with IFRS 13 is disclosed below. The hierarchy levels are defined as follows:

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

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

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

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers of financial assets or liabilities between the hierarchy levels during the years ended December 31, 2015 and December 31, 2014.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$—	$86,163,721	$86,163,721
Cash	428,730	—	—	428,730
Accounts receivable	128,831	—	—	128,831
Prepaid expenses and other assets	79,004	—	—	79,004
Liabilities				
Accounts payable andaccrued liabilities	(508,531)	—	—	(508,531)
Prepaid rent and tenant deposits	(750,884)	—	—	(750,884)
Total	$(622,850)	$—	$86,163,721	$85,540,871

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$—	$86,700,000	$86,700,000
Cash	758,165	—	—	758,165
Accounts receivable	87,503	—	—	87,503
Prepaid expenses and other assets	63,502	—	—	63,502
Liabilities				
Accounts payable and accrued liabilities	(460,909)	—	—	(460,909)
Prepaid rent and tenant deposits	(665,134)	—	—	(665,134)
Total	$(216,873)	$—	$86,700,000	$86,483,127

Fair values for investment properties are calculated using the direct income capitalization and discounted cash flow methods, which result in these measurements being classified as Level 3 in the fair value hierarchy. See Note 3 for detailed information on the valuation methodologies and fair value reconciliation.

b) Credit risk

The Limited Partnership is exposed to normal credit risk as an owner of investment properties in that tenants may experience financial difficulty and be unable to fulfill their lease obligations or due to the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Accounts receivable in the amount of $128,831 (2014 – $87,503) is exposed to credit risk. Credit risk concentration is minimized because of the large number of tenants in a student housing complex.

10. Financial instruments (continued)

c) Interest risk

The Limited Partnership is financed through fixed-rate mortgages. The interest rate risk is the risk of higher market rates upon the maturity of the Limited Partnership's mortgages. The interest rate risk is concentrated in the four mortgages disclosed in Note 5. The Limited Partnership intends to mitigate this risk by staggering the maturity dates of its mortgages.

d) Liquidity risk

Liquidity risk is the risk the Limited Partnership will encounter difficulty in paying annual distributions and meeting its financial obligations as they come due. The Limited Partnership monitors its cash balance to ensure it has sufficient funds to meet upcoming obligations. The Limited Partnership is also subject to liquidity risk whereby it may not be able to refinance or pay its debt obligations when they become due. The terms to maturity of mortgages payable subject to liquidity risk are disclosed in Note 5.

11. Capital risk management

The Limited Partnership's primary objectives when managing capital are:

a) to provide partners with stable and growing distributions generated by revenue it derives from investments in real estate assets; and

b) to maximize unit value through the ongoing active management of the Limited Partnership assets and acquisition of additional properties.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2014

CHC STUDENT HOUSING LIMITED PARTNERSHIP

DECEMBER 31, 2014

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Rosenswig McRae Thorpe LLP

Chartered Accountants
Associated worldwide with CPA Associates International, Inc.

Michael Rosenswig
Jeff McRae
Lori Thorpe
David Westerveld
Tony Rosso

INDEPENDENT AUDITORS' REPORT

To the Partners of CHC Student Housing Limited Partnership

We have audited the balance sheet of CHC Student Housing Limited Partnership as at December 31, 2014 and the statements of net income and other comprehensive income, partners' equity and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of CHC Student Housing Limited Partnership as at December 31, 2014, and the results of its operations, changes in partners' equity and cash flows for the year ended December 31, 2014 in accordance with International Financial Reporting Standards.

Rosenswig McRae Thorpe LLP

Toronto, Canada
February 4, 2015

Chartered Accountants
Licensed Public Accountants

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CHC STUDENT HOUSING LIMITED PARTNERSHIP

BALANCE SHEET

DECEMBER 31, 2014

	2014	2013
ASSETS		
Investment properties (Note 3)	$86,700,000	$88,687,472
Cash	758,165	3,582,245
Accounts receivable	87,503	106,864
Due from CHC Student Housing Management Inc. (Note 4)	696,916	657,347
Prepaid expenses and deposits	63,502	63,014
	$88,306,086	$93,096,942
LIABILITIES		
Mortgages payable (Note 5)	$49,675,289	$50,899,003
Accounts payable and accrued liabilities	460,909	1,430,217
Tenant deposits and prepaid rent	665,134	716,360
Finance lease obligations (Note 6)	213,028	—
	51,014,360	53,045,580
EQUITY		
Partners' equity (Note 8)	37,291,726	40,051,362
	$88,306,086	$93,096,942

Approved by:

(signed) "*Mark Hansen*"

(signed) "*Craig Smith*"

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' EQUITY

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Balance, beginning of year	$40,051,362	$20,770,105
Contributions	—	17,503,515
Distributions	(2,881,480)	(3,664,258)
Net income for the year	121,844	5,598,702
Offering costs and other adjustments	—	(156,702)
Balance, end of year	$37,291,726	$40,051,362

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Rent	$ 6,631,597	$ 5,740,635
Recoveries and other income	240,866	318,238
	6,872,463	6,058,873
Expenses		
Utilities	673,954	508,047
Property taxes	602,530	415,135
Salaries and benefits	548,373	452,058
Asset management fees (Note 9)	436,380	390,055
Repair and maintenance	276,856	474,504
General and administration	255,818	241,103
Property management fees	228,545	204,806
Professional fees	93,303	160,364
Promotion	75,459	101,408
Interest on finance leases	15,061	—
	3,206,279	2,947,480
Income before undernoted items	3,666,184	3,111,393
Fair value (loss) gain on investment properties, net (Note 3)	(1,585,377)	4,256,034
Interest on long-term debt and amortization of financing costs	(1,958,963)	(1,768,725)
Net income and other comprehensive income for the year	$ 121,844	$ 5,598,702

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Cash flow from operating activities		
Net income for the year	$ 121,844	$ 5,598,702
Adjustment for:		
Fair value loss (gain) on investment properties, net	1,585,377	(4,256,034)
Cost adjustment on buildings (Note 3)	944,167	—
Amortization of deferred financing costs	91,210	77,616
	2,742,598	1,420,284
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	19,362	(15,250)
Increase in due from CHC Student Housing Management Inc.	(39,570)	(341,997)
(Increase) decrease in prepaid expenses and deposits	(488)	794,312
(Decrease) increase in accounts payable and accrued liabilities	(969,308)	1,202,574
(Decrease) increase in tenant deposits and prepaid rent	(51,226)	376,060
	1,701,368	3,435,983
Cash flow used in investing activities		
Purchase and construction of investment properties	(542,072)	(44,644,245)
Cash flow from financing activities		
(Decrease) increase in mortgages payable	(1,314,924)	27,054,860
Increase in finance lease obligation	213,028	—
Financing costs	—	(348,086)
Offering costs and other adjustments	—	(156,702)
Distributions to partners	(2,881,480)	(3,664,258)
Contributions by partners	—	17,503,515
	(3,983,376)	40,389,329
Decrease in cash	(2,824,080)	(818,933)
Cash, beginning of year	3,582,245	4,401,178
Cash, end of year	$ 758,165	$ 3,582,245
Supplementary information		
Interest paid	$ 1,866,601	$ 1,519,210

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. Limited partnership

CHC Student Housing Limited Partnership (the "Limited Partnership") was formed under the laws of the Province of Ontario on April 10, 2012 and is governed by a limited partnership agreement dated April 10, 2012. CHC Student Housing GP Inc. (the "General Partner"), a corporation incorporated under the laws of the Province of Ontario, is the general partner of the Limited Partnership. The registered office of the Limited Partnership is 53 Yonge Street, 5th Floor, Toronto, Ontario M5E 1J3.

The Limited Partnership was formed for the purpose of investing in student housing properties and incidental operational and investing activities. The Limited Partnership has acquired the properties that it owns to date on a 50% co-ownership basis with Alberta Investment Management Corporation ("AIMCO"), an unrelated third party. For each property investment in which they co-invest, the Limited Partnership and AIMCO enter into and are bound by a co-owners' agreement which governs their participation in the ownership of the property investment.

The Limited Partnership is managed by CHC Student Housing Management Inc. (the "Asset Manager"), an affiliate of the General Partner, pursuant to asset management agreements entered into among the Limited Partnership, AIMCO, and the Asset Manager. The Asset Manager provides investment, portfolio management and administrative services to the Limited Partnership and has general responsibility for the overall management and operation of the Limited Partnership and its properties. Management services for specific property investments are outsourced to third-party property managers at cost to the Limited Partnership and the specific properties.

2. Summary of significant accounting policies

The financial statements of the Limited Partnership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The presentation and functional currency of the Limited Partnership is the Canadian dollar. Significant accounting policies used in the preparation of the financial statements are summarized below.

a) Joint arrangements

The Limited Partnership enters into joint arrangements with AIMCO whereby economic activity and decision-making are shared. These arrangements take the form of jointly-controlled assets. A jointly-controlled asset is a shared asset to which each party has rights and a contractual agreement exists as to sharing of benefits and risks generated from the asset. The Limited Partnership has elected to apply IFRS 11 to account for joint arrangements. Under IFRS 11, the Limited Partnership recognizes its share of the assets, liabilities, revenues, and expenses generated from the asset in proportion to its rights.

b) Investment properties

Investment properties are held to earn rental income and for capital appreciation. Investment properties are initially measured at cost including related transaction costs and subsequently at fair value. Changes to the fair value of the investment properties at the balance sheet date are recorded in net income for the year.

c) Revenue recognition

The Limited Partnership has not transferred substantially all of the benefits and risks of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from investment properties is recognized in net income on a straight-line basis over the term of the related lease. Other income and recovery of operating costs are recognized when earned.

d) Financial assets and liabilities

Financial assets include the Limited Partnership's cash, accounts receivable, and other receivables. Such assets are recognized at fair value through profit or loss. Financial liabilities include the Limited Partnership's mortgages, accounts payable, and accrued liabilities. Such liabilities are initially recognized at fair value, and in the case of financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The Limited Partnership applies IFRS 13 in measuring fair value of financial instruments.

e) Offering costs

Offering costs are considered to be transaction costs of equity transactions. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

f) Finance leases

Finance leases are recognized in investment properties and liabilities at amounts equal to fair value of the leased property or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Subsequently, the minimum lease payments are apportioned between interest expense and the reduction of the outstanding liability.

2. Summary of significant accounting policies (continued)

g) Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

i) Valuation of investment properties

Valuations of these properties are prepared by either qualified external valuation professionals or by management. Estimates and assumptions used in the valuation of investment properties are described in Note 3.

ii) Valuation of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet or disclosed in the notes cannot be derived from active markets, the Limited Partnership applies professional judgment to determine the fair value of these assets and liabilities using the best available estimates and assumptions.

iii) Impairment of investment properties and financial assets

The Limited Partnership assesses, at each reporting date, whether there is objective evidence of an indicator of impairment for each investment property and each class or group of asset. If so, the Limited Partnership calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the asset and recognizes that amount in net income. The recoverable amount is determined based on professional judgment and relies on estimates and assumptions.

h) New standards and interpretations not yet adopted:

Standards issued but not yet effective up to the date of issuance of these financial statements are described below if they are expected to have a potential impact on the Limited Partnership's financial statements when adopted. The Limited Partnership intends to adopt these standards when they become effective.

i) IFRS 9 – Financial instruments: disclosures is a new standard for financial instruments scheduled to replace IAS 39 – Financial instruments: recognition and measurement. The approach to classifying an asset as either amortized cost or fair value in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 will also introduce a new impairment model that requires a more timely recognition of expected losses. The potential impact of IFRS 9 on the Limited Partnership's financial statements have not been determined.

3. Investment properties

Investment properties consist of revenue-producing properties, including properties or property additions held under a finance or operating lease.

Revenue-producing properties

	2014	2013
Balance, beginning of year	$88,687,472	$39,787,195
Acquisitions	—	44,644,243
Capital expenditures	542,072	—
Cost adjustments due to HST credits	(944,167)	—
Fair value (losses) gains	(1,585,377)	4,256,034
Balance, end of year	$86,700,000	$88,687,472

Included in capital expenditures are $252,675 (2013 – nil) of assets held under finance leases.

The gain from cost adjustment due to the HST credit is a result of a HST credit related to the construction of the property of Luxe – Phase II. This credit was pending approval from Canada Revenue Agency ("CRA") and was recorded as part of the cost of the investment property as at December 31, 2013. During the year ended December 31, 2014, CRA approved the credit and the cost component of the investment property was reduced the amount of the credit.

There were no disposals of any investment properties for the year ended December 31, 2014 or December 31, 2013. There are no properties under development and no properties held for sale.

The Limited Partnership relies on external independent valuators to determine the fair value of the investment properties. During the year ended December 31, 2014, external independent valuations were prepared for all the properties, and was valued at $86,700,000. The average capitalization rate used for these valuations is 6.00% (2013 – 6.25%).

4. Due from CHC Student Housing Management Inc.

The Limited Partnership advanced funds to the Asset Manager to assist with the payment of certain offering and organizational costs. The Limited Partnership is responsible for these costs to an amount not to exceed 1% of aggregate capital commitments of the Limited Partnership. Such funds advanced to the Asset Manager in excess of this amount will be offset against future installments of the management fee payable by the Limited Partnership to the Asset Manager (see Note 9).

5. Mortgages payable

Mortgages payable are financial instruments recorded at amortized cost.

	2014	2013
Mortgage on Village Suites (Oshawa) repayable in blended monthly payments of $132,025, interest at 3.646%, due April 1, 2018	$12,355,179	$12,693,576
Mortgage on West Village Suites (Hamilton) repayable in blended monthly payments of $123,677, interest at 3.54%, due June 1, 2018	11,858,832	12,178,045
Mortgage on Luxe – Phase I (Waterloo) repayable in blended monthly payments of $155,215, interest at 3.84%, due September 1, 2020	14,445,418	14,818,644
Mortgage on Luxe – Phase II (Waterloo) repayable in blended monthly payments of $120,033, interest at 3.84%, due September 1, 2020	11,292,723	11,576,811
Total mortgages	49,952,152	51,267,076
Deferred financing costs	(276,863)	(368,073)
	$49,675,289	$50,899,003

The schedule of repayments over the next five years is as follows:

2015	$ 1,364,255
2016	1,415,942
2017	1,468,552
2018	22,859,923
2019 and thereafter	22,843,480
	$49,952,152

6. Finance lease obligations

Finance lease obligations are financial instruments recorded at amortized cost.

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 60,041	$13,093	$ 46,948
Between one and five years	185,126	19,046	166,080
	$245,167	$32,139	$213,028

The Limited Partnership had no finance lease obligations as at December 31, 2013.

7. Income taxes

These financial statements include only the assets and liabilities of the Limited Partnership and do not include the assets and liabilities, including income taxes, of the limited partners.

8. Partners' equity

As at December 31, 2014 there were 39,837.962 units issued and outstanding. All units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Limited Partnership, and the right to one vote per unit held at any meeting of the limited partners.

8. Partners' equity (continued)

The outstanding units are as follows:

	2014	2013
Units outstanding, beginning of year	39,837.962	20,814.219
Units issued	—	19,023.743
Balance, end of year	39,837.962	39,837.962

9. Asset management fees

Under the terms of the asset management agreements, the Limited Partnership pays the Asset Manager an annual management fee, payable monthly in arrears, equal to 1.25% of the original invested capital drawn from the Limited Partnership for the performance of its asset management services.

The General Partner, an affiliate of the Asset Manager, is entitled to a performance fee of 20% of the investment returns in excess of 6% per annum. This fee is only payable after the Limited Partners' capital contributions has been returned and the 6% return have been paid. No allowance has been made for this potential payment as at December 31, 2014.

10. Financial instruments

a) Fair value of financial instruments

The fair values of the Limited Partnership's accounts receivable, prepaid expenses and other assets, accounts payable, accrued liabilities, and prepaid rent and tenant deposits approximate their carrying values as at December 31, 2014 due to their short-term nature. Cash is measured at fair value. The fair value of each class of financial instrument of the Limited Partnership based on the fair value hierarchy in accordance with IFRS 13 is disclosed below. The hierarchy levels are defined as follows:

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

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

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

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers of financial assets or liabilities between the hierarchy levels during the years ended December 31, 2014 and December 31, 2013.

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Investment properties	$ —	$—	$86,700,000	$86,700,000
Cash	758,165	—	—	758,165
Accounts receivable	87,503	—	—	87,503
Prepaid expenses and other assets	63,502	—	—	63,502
Liabilities				
Accounts payable and accrued liabilities	(460,909)	—	—	(460,909)
Prepaid rent and tenant deposits	(665,134)	—	—	(665,134)
Total	$(216,873)	$—	$86,700,000	$86,483,127

10. Financial instruments (continued)

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$—	$88,687,472	$88,687,472
Cash	3,582,245	—	—	3,582,245
Accounts receivable	106,864	—	—	106,864
Prepaid expenses and other assets	63,014	—	—	63,014
Liabilities				
Accounts payable and accrued liabilities	(1,430,217)	—	—	(1,430,217)
Prepaid rent and tenant deposits	(716,360)	—	—	(716,360)
Total	$ 1,605,546	$—	$88,687,472	$90,293,018

Fair values for investment properties are calculated using the direct income capitalization and discounted cash flow methods, which result in these measurements being classified as Level 3 in the fair value hierarchy. See Note 3 for detailed information on the valuation methodologies and fair value reconciliation.

b) Credit risk

The Limited Partnership is exposed to normal credit risk as an owner of investment properties in that tenants may experience financial difficulty and be unable to fulfill their lease obligations or due to the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Accounts receivable in the amount of $87,503 (2013 – $106,864) is exposed to credit risk. Credit risk concentration is minimized because of the large number of tenants in a student housing complex.

c) Interest risk

The Limited Partnership is financed through fixed-rate mortgages. The interest rate risk is the risk of higher market rates upon the maturity of the Limited Partnership's mortgages. The interest rate risk is concentrated in the four mortgages disclosed in Note 5. The Limited Partnership intends to mitigate this risk by staggering the maturity dates of its mortgages.

d) Liquidity risk

Liquidity risk is the risk the Limited Partnership will encounter difficulty in paying annual distributions and meeting its financial obligations as they come due. The Limited Partnership monitors its cash balance to ensure it has sufficient funds to meet upcoming obligations. The Limited Partnership is also subject to liquidity risk whereby it may not be able to refinance or pay its debt obligations when they become due. The terms to maturity of mortgages payable subject to liquidity risk are disclosed in Note 5.

11. Capital risk management

The Limited Partnership's primary objectives when managing capital are:

a) to provide partners with stable and growing distributions generated by revenue it derives from investments in real estate assets; and

b) to maximize unit value through the ongoing active management of the Limited Partnership assets and acquisition of additional properties.

12. Comparative figures

Certain comparative figures have been restated to conform with current year presentation.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2013

CHC STUDENT HOUSING LIMITED PARTNERSHIP

DECEMBER 31, 2013

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Rosenswig McRae Thorpe LLP

Chartered Accountants
Associated worldwide with CPA Associates International, Inc.

Michael Rosenswig
Jeff McRae
Lori Thorpe
David Westerveld
Tony Rosso

INDEPENDENT AUDITORS' REPORT

To the Partners of CHC Student Housing Limited Partnership

We have audited the balance sheet of CHC Student Housing Limited Partnership as at December 31, 2013 and at December 31, 2012 and the statements of net income and other comprehensive income, partners' equity and cash flows for the year ended December 31, 2013 and period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of CHC Student Housing Limited Partnership as at December 31, 2013 and at December 31, 2012, and the results of its operations, changes in partners' equity and cash flows for the year ended December 31, 2013 and period ended December 31, 2012 in accordance with International Financial Reporting Standards.

Rosenswig McRae Thorpe LLP

Toronto, Canada
March 13, 2014

Chartered Accountants
Licensed Public Accountants

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CHC STUDENT HOUSING LIMITED PARTNERSHIP

BALANCE SHEET

DECEMBER 31, 2013

	2013	2012
ASSETS		
Investment properties (Note 4)	$88,687,472	$39,787,195
Cash	3,582,245	4,401,178
Accounts receivable	106,864	91,614
Due from CHC Student Housing Management Inc. (Note 5)	657,347	315,350
Prepaid expenses and deposits	63,014	857,326
	$93,096,942	$45,452,663
LIABILITIES		
Mortgages payable (Note 6)	$50,899,003	$24,114,615
Accounts payable and accrued liabilities	1,430,217	227,643
Tenant deposits and prepaid rent	716,360	340,300
	53,045,580	24,682,558
EQUITY		
Partners' equity (Note 8)	40,051,362	20,770,105
	$93,096,942	$45,452,663

Approved by:

(signed) "*Mark Hansen*"

(signed) "*Craig Smith*"

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' EQUITY

YEAR ENDED DECEMBER 31, 2013

	2013	2012*
Balance, beginning of year	$20,770,105	$ —
Contributions	17,503,515	20,814,219
Distributions	(3,664,258)	(109,830)
Net income for the year	5,598,702	288,545
Offering costs and other adjustments	(156,702)	(222,829)
Balance, end of year	$40,051,362	$20,770,105

* For the period from April 10, 2012 to December 31, 2012

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2013

	2013	2012*
Revenue		
Rent	$ 5,626,873	$2,096,601
Recoveries and other income	432,000	219,783
	6,058,873	2,316,384
Expenses		
Utilities	508,047	243,831
Repair and maintenance	474,504	180,486
Salaries and benefits	452,058	174,599
Property taxes	415,135	167,113
Asset management fees (Note 9)	390,055	135,049
General and administration	241,103	88,821
Property management fees	204,806	84,599
Professional fees	160,364	26,518
Promotion	101,408	25,980
	2,947,480	1,126,996
Income before undernoted items	3,111,393	1,189,388
Fair value gain on investment properties, net (Note 4)	4,256,034	—
Interest on long-term debt and amortization of financing costs	(1,768,725)	(900,843)
Net income and other comprehensive income for the year	$ 5,598,702	$ 288,545

* For the period from April 10, 2012 to December 31, 2012

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012*
Cash flow from (used in) operating activities		
Net income for the year	$ 5,598,702	$ 288,545
Adjustment for:		
Fair value gain on investment properties, net	(4,256,034)	—
Amortization of deferred financing costs	77,616	104,586
	1,420,284	393,131
Changes in non-cash working capital:		
Increase in accounts receivable	(15,250)	(91,614)
Increase in due from CHC Student Housing Management Inc.	(341,997)	(315,350)
Decrease (increase) in prepaid expenses and deposits	794,312	(857,326)
Increase in accounts payable and accrued liabilities	1,202,574	227,643
Increase in tenant deposits and prepaid rent	376,060	340,300
	3,435,983	(303,216)
Cash flow used in investing activities		
Purchase and construction of investment properties	(44,644,245)	(39,787,192)
Cash flow from financing activities		
Increase in mortgages payable	27,054,860	24,212,215
Financing costs	(348,086)	(202,189)
Offering costs and other adjustments	(156,702)	(222,829)
Distributions to partners	(3,664,258)	(109,830)
Contributions by partners	17,503,515	20,814,219
	40,389,329	44,491,586
(Decrease) increase in cash	(818,933)	4,401,178
Cash, beginning of year	4,401,178	—
Cash, end of year	$ 3,582,245	$ 4,401,178
Supplementary information		
Interest paid	$ 1,519,210	$ 345,786

* For the period from April 10, 2012 to December 31, 2012

See accompanying notes.

CHC STUDENT HOUSING LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. Limited partnership

CHC Student Housing Limited Partnership (the "Limited Partnership") was formed under the laws of the Province of Ontario on April 10, 2012 and is governed by a limited partnership agreement dated April 10, 2012. CHC Student Housing GP Inc. (the "General Partner"), a corporation incorporated under the laws of the Province of Ontario, is the general partner of the Limited Partnership.

The Limited Partnership was formed for the purpose of investing in student housing properties and incidental operational and investing activities. The Limited Partnership has acquired the properties that it owns to date on a 50% co-ownership basis with Alberta Investment Management Corporation ("AIMCO"), an unrelated third party. For each property investment in which they co-invest, the Limited Partnership and AIMCO enter into and are bound by a co-owners' agreement which governs their participation in the ownership of the property investment.

The Limited Partnership is managed by CHC Student Housing Management Inc. (the "Asset Manager"), an affiliate of the General Partner, pursuant to asset management agreements entered into among the Limited Partnership, AIMCO, and the Asset Manager. The Asset Manager provides investment, portfolio management and administrative services to the Limited Partnership and has general responsibility for the overall management and operation of the Limited Partnership and its properties. Management services for specific property investments are outsourced to third-party property managers at cost to the Limited Partnership and the specific properties.

2. Summary of significant accounting policies

The financial statements of the Limited Partnership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The Limited Partnership adopted IFRS in accordance with IFRS 1, First-time Adoption of IFRS, as discussed in Note 3. The presentation currency of the Limited Partnership is the Canadian dollar. Significant accounting policies used in the preparation of the financial statements are summarized below.

a) Joint arrangements

The Limited Partnership enters into joint arrangements with AIMCO whereby economic activity and decision-making are shared. These arrangements take the form of jointly-controlled assets. A jointly-controlled asset is a shared asset to which each party has rights and a contractual agreement exists as to sharing of benefits and risks generated from the asset. The Limited Partnership has elected to apply IFRS 11 to account for joint arrangements. Under IFRS 11, the Limited Partnership recognizes its share of the assets, liabilities, revenues, and expenses generated from the asset in proportion to its rights.

b) Investment properties

Investment properties are held to earn rental income and for capital appreciation. Investment properties are initially measured at cost including related transaction costs and subsequently at fair value. Changes to the fair value of the investment properties at the balance sheet date are recorded in net income for the year.

c) Revenue recognition

The Limited Partnership has not transferred substantially all of the benefits and risks of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from investment properties is recognized in net income on a straight-line basis over the term of the related lease. Other income and recovery of operating costs are recognized when earned.

d) Financial assets and liabilities

Financial assets include the Limited Partnership's cash, accounts receivable, and other receivables. Such assets are recognized at fair value through profit or loss. Financial liabilities include the Limited Partnership's mortgages, accounts payable, and accrued liabilities. Such liabilities are initially recognized at fair value, and in the case of financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs. Subsequent to initial recognition, mortgages are measured at amortized cost using the effective interest method, and accounts payable and accrued liabilities are measured at fair value through profit or loss. The Limited Partnership applies IFRS 13 in measuring fair value of financial instruments.

e) Offering costs

Offering costs are considered to be transaction costs of equity transactions. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

f) Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Summary of significant accounting policies (continued)

i) Valuation of investment properties

Valuations of these properties are prepared by either qualified external valuation professionals or by management. Estimates and assumptions used in the valuation of investment properties are described in Note 4.

ii) Valuation of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet or disclosed in the notes cannot be derived from active markets, the Limited Partnership applies professional judgment to determine the fair value of these assets and liabilities using the best available estimates and assumptions.

iii) Impairment of investment properties and financial assets

The Limited Partnership assesses, at each reporting date, whether there is objective evidence of an indicator of impairment for each investment property and each class or group of asset. If so, the Limited Partnership calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the asset and recognizes that amount in net income. The recoverable amount is determined based on professional judgment and relies on estimates and assumptions.

3. Transition to IFRS

These are the Limited Partnership's first financial statements prepared in accordance with IFRS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended December 31, 2013 and the period ended December 31, 2012. An opening balance sheet under IFRS has not been prepared on April 10, 2012 because, as described in Note 1, the Limited Partnership was formed on April 10, 2012. There were no material differences as at April 10, 2012 between the balance sheet prepared in accordance with IFRS and the balance sheet prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), the previously applied generally accepted accounting principles.

a) Transition elections made under IFRS 1 and other applicable standards

No elections for exemptions were made under IFRS 1 or other applicable standards.

b) Reconciliation of the statement of partners' equity as previously reported under ASPE to IFRS as at December 31, 2012

Partners' equity as reported under ASPE	$19,962,971
IFRS adjustment	
Amortization of investment properties	807,134
Partners' equity as reported under IFRS	$20,770,105

Investment properties under ASPE are measured at amortized cost. Under IFRS, initial measurement is at cost and subsequent measurement can be at either cost or fair value. The Limited Partnership has elected to use the fair value model for the valuation of its investment property. The adjustment represents the reversal of amortization taken under ASPE.

c) Reconciliation of December 31, 2012 income as reported between ASPE and IFRS

Net loss as reported under ASPE	$(741,418)
IFRS adjustments	
Amortization of capital assets (i)	807,134
Offering costs (ii)	222,832
Net income and other comprehensive income as reported under IFRS	$ 288,548

i) Investment properties under ASPE are measured at amortized cost. Under IFRS, the Limited Partnership has elected to use the fair value model for the valuation of its investment properties and amortization is no longer taken and, as a result, previous amortization is reversed.

ii) Under IFRS, offering costs are considered to be costs of equity transactions, which are recorded as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. These costs were previously recorded as an expense through net income.

d) Adjustments to the statement of cash flows

Although the transition from ASPE to IFRS had no impact on the overall cash flows of the Limited Partnership, there is a difference in the classification of the offering costs of $222,829, as described in Note 3(c)(ii). Under ASPE, this amount was presented as a part of cash flow used in operating activities, whereas under IFRS, this amount has been presented as a cash flow used in financing activities.

4. Investment properties

Investment properties consist of revenue-producing properties.

Revenue-producing properties

	2013	2012
Balance, beginning of year	$39,787,195	$ —
Acquisitions	44,644,243	39,787,195
Fair value gains	4,256,034	—
Balance, end of year	$88,687,472	$39,787,195

There were no disposals of any investment properties for the year ended December 31, 2013 or during the period ended December 31, 2012. There are no properties under development and no properties held for sale.

The Limited Partnership relies on external independent valuators to determine the fair value of the investment properties. During the year ended December 31, 2013, valuations were prepared for properties valued at $60,150,000. The average capitalization rate used for these valuations is 6.25%.

Revenue producing properties in amount of $28,537,472 are held at cost. This property was acquired within 12 months of the year end and management believes that cost and fair market value are not materially different.

No external valuations were conducted for the period ended December 31, 2012.

5. Due from CHC Student Housing Management Inc.

The Limited Partnership advanced funds to the Asset Manager to assist with the payment of certain offering and organizational costs. The Limited Partnership is responsible for these costs to an amount not to exceed 1% of aggregate capital commitments of the Limited Partnership. Such funds advanced to the Asset Manager in excess of this amount will be offset against future installments of the management fee payable by the Limited Partnership to the Asset Manager (see Note 9).

6. Mortgages payable

Mortgages payable are financial instruments recorded at amortized cost.

	2013	2012
Mortgage on Village Suites (Oshawa) repayable in blended monthly payments of $132,025, interest at 3.646%, due April 1, 2018	$12,693,576	$12,150,000
Mortgage on West Village Suites (Hamilton) repayable in blended monthly payments of $123,677, interest at 3.54%, due June 1, 2018	12,178,045	—
Mortgage on West Village Suites (Hamilton) repayable in blended monthly payments of $159,347 interest at 5.15%, due March 4, 2013	—	12,062,216
Mortgage on Luxe – Phase I (Waterloo) repayable in blended monthly payments of $155,215, interest at 3.84%, due September 1, 2020	14,818,644	—
Mortgage on Luxe – Phase II (Waterloo) repayable in blended monthly payments of $120,033, interest at 3.84%, due September 1, 2020	11,576,811	—
Total mortgages	51,267,076	24,212,216
Deferred financing costs	(368,073)	(97,601)
	$50,899,003	$24,114,615

The schedule of repayments over the next five years is as follows:

2014	$ 2,629,843
2015	2,728,510
2016	2,831,884
2017	2,937,103
2018 and thereafter	40,139,736
	$51,267,076

7. Income taxes

These financial statements include only the assets and liabilities of the Limited Partnership and do not include the assets and liabilities, including income taxes, of the limited partners.

8. Partners' equity

As at December 31, 2013 there were 39,837.962 units issued and outstanding. All units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Limited Partnership, and the right to one vote per unit held at any meeting of the limited partners.

The outstanding units are as follows:

	2013	2012
Units outstanding, beginning of year	20,814.219	—
Units issued	19,023.743	20,814.219
Balance, end of year	39,837.962	20,814.219

9. Asset management fees

Under the terms of the asset management agreements, the Limited Partnership pays the Asset Manager an annual management fee, payable monthly in arrears, equal to 1.25% of the original invested capital drawn from the Limited Partnership for the performance of its asset management services.

The General Partner, an affiliate of the Asset Manager, is entitled to a performance fee of 20% of the investment returns in excess of 6% per annum. This fee is only payable after the Limited Partners' capital contributions has been returned and the 6% return have been paid. No allowance has been made for this potential payment as at December 31, 2013.

10. Financial instruments

a) Fair value of financial instruments

The fair values of the Limited Partnership's accounts receivable, prepaid expenses and other assets, accounts payable, accrued liabilities, and prepaid rent and tenant deposits approximate their carrying values as at December 31, 2013 due to their short-term nature. Cash is measured at fair value. The fair value of each class of financial instrument of the Limited Partnership based on the fair value hierarchy in accordance with IFRS 13 is disclosed below. The hierarchy levels are defined as follows:

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

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

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

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers of financial assets or liabilities between the hierarchy levels during the year ended December 31, 2013, or the period ended December 31, 2012.

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Investment properties	$ —	$—	$88,687,472	$88,687,472
Cash	3,582,245	—	—	3,582,245
Accounts receivable	106,864	—	—	106,864
Prepaid expenses and other assets	63,014	—	—	63,014
Liabilities				
Accounts payable and accrued liabilities	(1,430,217)	—	—	(1,430,217)
Prepaid rent and tenant deposits	(716,360)	—	—	(716,360)
Total	$ 1,605,546	$—	$88,687,472	$90,293,018

10. Financial instruments (continued)

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$—	$39,787,195	$39,787,195
Cash	4,401,178	—	—	4,401,178
Accounts receivable	91,614	—	—	91,614
Prepaid expenses and other assets	857,326	—	—	857,326
Liabilities				
Accounts payable and accrued liabilities	(227,643)	—	—	(227,643)
Prepaid rent and tenant deposits	(340,300)	—	—	(340,300)
Total	$4,782,175	$—	$39,787,195	$44,569,370

Fair values for investment properties are calculated using the direct income capitalization and discounted cash flow methods, which result in these measurements being classified as Level 3 in the fair value hierarchy. See Note 4 for detailed information on the valuation methodologies and fair value reconciliation.

b) Credit risk

The Limited Partnership is exposed to normal credit risk as an owner of investment properties in that tenants may experience financial difficulty and be unable to fulfill their lease obligations or due to the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Accounts receivable in the amount of $106,864 is exposed to credit risk. Credit risk concentration is minimized because of the large number of tenants in a student housing complex.

c) Interest risk

The Limited Partnership is financed through fixed-rate mortgages. The interest rate risk is the risk of higher market rates upon the maturity of the Limited Partnership's mortgages. The interest rate risk is concentrated in the four mortgages disclosed in Note 6. The Limited Partnership intends to mitigate this risk by staggering the maturity dates of its mortgages.

d) Liquidity risk

Liquidity risk is the risk the Limited Partnership will encounter difficulty in paying annual distributions and meeting its financial obligations as they come due. The Limited Partnership monitors its cash balance to ensure it has sufficient funds to meet upcoming obligations. The Limited Partnership is also subject to liquidity risk whereby it may not be able to refinance or pay its debt obligations when they become due. The terms to maturity of mortgages payable subject to liquidity risk are disclosed in Note 6.

11. Subsequent events

Subsequent to year-end, a cash distribution of $59.33 per unit was made to all partners. The total amount of this distribution was $2,363,586.

12. Capital risk management

The Limited Partnership's primary objectives when managing capital are:

a) to provide partners with stable and growing distributions generated by revenue it derives from investments in real estate assets; and

b) to maximize unit value through the ongoing active management of the Limited Partnership assets and acquisition of additional properties.

13. Comparative figures

The comparative figures have been restated to conform with current-year presentation. In addition, the comparative figures presented are for the period April 10, 2012 to December 31, 2012.

CHC STUDENT HOUSING LP

FINANCIAL STATEMENTS

JUNE 30, 2016

CHC STUDENT HOUSING LP

JUNE 30, 2016

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Rosenswig McRae Thorpe LLP
Chartered Professional Accountants
Associated Worldwide with CPA Associates International, Inc.

Michael Rosenswig
Jeff McRae
Lori Thorpe
Tony Rosso
Lorraine Varga

REVIEW ENGAGEMENT REPORT

To the Partners of CHC Student Housing LP:

We have reviewed the balance sheet of CHC Student Housing LP as at June 30, 2016 and the statements of income and other comprehensive income, partners' equity and cashflows for the three month period ended June 30, 2016. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the partnership.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with International Financial Reporting Standards.

Rosenswig McRae Thorpe LLP

Toronto, Ontario
September 23, 2016

Chartered Professional Accountants
Licensed Public Accountants

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CHC STUDENT HOUSING LP

BALANCE SHEET

JUNE 30, 2016

	2016	December 31, 2015
ASSETS		
Investment properties (Note 3)	$95,850,000	$86,163,721
Cash	133,573	428,730
Accounts receivable	100,206	128,831
Due from related parties (Note 4)	666,916	666,916
Prepaid expenses and deposits	149,366	79,004
	$96,900,061	$87,467,202
LIABILITIES		
Mortgages payable (Note 5)	$47,687,786	$48,356,643
Accounts payable and accrued liabilities	398,232	508,531
Tenant deposits and prepaid rent	738,750	750,884
Finance lease obligations (Note 6)	140,222	166,080
	48,964,990	49,782,138
EQUITY		
Partners' equity (Note 8)	47,935,071	37,685,064
	$96,900,061	$87,467,202

Approved by:

(signed) "*Mark Hansen*"

(signed) "*Craig Smith*"

Unaudited – See Review Engagement Report and Accompanying Notes.

CHC STUDENT HOUSING LP

STATEMENT OF PARTNERS' EQUITY

PERIOD ENDED JUNE 30

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Balance, beginning of period	$37,685,064	$37,291,726
Distributions	(351,627)	(378,461)
Net income for the period	10,601,634	936,241
Balance, end of period	$47,935,071	$37,849,506

Unaudited – See Review Engagement Report and Accompanying Notes.

CHC STUDENT HOUSING LP

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

PERIOD ENDED JUNE 30

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Revenue				
Rent	$ 1,747,065	$1,645,922	3,480,955	3,396,273
Recoveries and other income	87,336	63,395	155,386	119,384
	1,834,401	1,709,317	3,636,341	3,515,657
Expenses				
Utilities	196,035	182,228	367,479	383,002
General and administration	161,199	79,823	240,506	131,639
Salaries and benefits	141,669	151,719	268,664	294,186
Property taxes	129,661	133,734	283,078	291,010
Asset management fees (Note 9)	108,642	108,642	214,721	217,284
Repair and maintenance	105,380	56,429	166,871	115,127
Property management fees	52,937	51,147	106,917	105,403
Promotion	8,288	12,602	17,156	32,129
Professional fees	3,225	(4,719)	8,479	28,151
Interest on finance leases	2,621	3,456	5,456	7,112
	909,657	775,061	1,679,307	1,605,043
Income before undernoted items	924,744	934,256	1,957,034	1,910,614
Fair value gain on investment properties, net (Note 3)	9,571,492	—	9,571,492	—
Interest on long-term debt and amortization of financing costs	(461,773)	(481,582)	(926,892)	(974,373)
Net income and other comprehensive income for the period	$10,034,463	$ 452,674	$10,601,634	$ 936,241

Unaudited – See Review Engagement Report and Accompanying Notes.

CHC STUDENT HOUSING LP

STATEMENT OF CASH FLOWS

PERIOD ENDED JUNE 30

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Cash flow from operating activities				
Net income for the period	$10,034,463	$ 452,674	$10,601,634	$ 936,241
Adjustment for:				
Fair value gain on investment properties, net	(9,571,492)	—	(9,571,492)	—
Amortization of deferred financing costs	16,175	22,803	32,350	45,606
	479,146	475,477	1,062,492	981,847
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable	20,353	(36,748)	28,625	(53,467)
Decrease in due from related parties	—	—	—	25,000
Increase in prepaid expenses and deposits	(47,312)	(74,062)	(70,362)	(93,071)
(Decrease) increase in accounts payable and accrued liabilities	(16,864)	80,110	(110,300)	(1,206)
(Decrease) increase in tenant deposits and prepaid rent	(86,339)	54,771	(12,134)	165,474
	348,984	499,548	898,321	1,024,577
Cash flow used in investing activities				
Additions to investment properties	(42,567)	(132,419)	(114,788)	(260,237)
Cash flow used in financing activities				
Decrease in mortgages payable	(352,219)	(339,481)	(701,206)	(674,740)
Decrease in finance lease obligation	(14,555)	(23,094)	(25,858)	(40,574)
Distributions to partners	(144,879)	—	(351,627)	(378,461)
	(511,653)	(362,575)	(1,078,691)	(1,093,775)
(Decrease) increase in cash	(205,236)	4,554	(295,158)	(329,435)
Cash, beginning of period	338,809	424,176	428,730	758,165
Cash, end of period	$ 133,573	$ 428,730	$ 133,572	$ 428,730
Supplementary information				
Interest paid	$ 445,598	$ 458,779	$ 893,035	$ 917,802

Unaudited – See Review Engagement Report and Accompanying Notes.

CHC STUDENT HOUSING LP

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

1. Limited partnership

CHC Student Housing Limited Partnership (the "Limited Partnership") was formed under the laws of the Province of Ontario on April 10, 2012 and is governed by a limited partnership agreement dated April 10, 2012. CHC Student Housing GP Inc. (the "General Partner"), a corporation incorporated under the laws of the Province of Ontario, is the general partner of the Limited Partnership. The registered office of the Limited Partnership is 53 Yonge Street, 5th Floor, Toronto, Ontario M5E 1J3.

The Limited Partnership was formed for the purpose of investing in student housing properties and incidental operational and investing activities. The Limited Partnership has acquired the properties that it owns to date on a 50% co-ownership basis with a Canadian pension fund (the "Co-owner"), an unrelated third party. For each property investment in which they co-invest, the Limited Partnership and the Co-owner enter into and are bound by a co-owners' agreement which governs their participation in the ownership of the property investment.

The Limited Partnership is managed by CHC Student Housing Management Inc. (the "Asset Manager"), an affiliate of the General Partner, pursuant to asset management agreements entered into among the Limited Partnership, the Co-owner, and the Asset Manager. The Asset Manager provides investment, portfolio management and administrative services to the Limited Partnership and has general responsibility for the overall management and operation of the Limited Partnership and its properties. Management services for specific property investments are outsourced to third-party property managers at cost to the Limited Partnership and the specific properties.

2. Summary of significant accounting policies

The financial statements of the Limited Partnership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The presentation and functional currency of the Limited Partnership is the Canadian dollar. Significant accounting policies used in the preparation of the financial statements are summarized below.

a) Joint arrangements

The Limited Partnership enters into joint arrangements with the Co-owner whereby economic activity and decision-making are shared. These arrangements take the form of jointly-controlled assets. A jointly-controlled asset is a shared asset to which each party has rights and a contractual agreement exists as to sharing of benefits and risks generated from the asset. The Limited Partnership applies IFRS 11 to account for joint arrangements. Under IFRS 11, the Limited Partnership recognizes its share of the assets, liabilities, revenues, and expenses generated from the asset in proportion to its rights.

b) Investment properties

Investment properties are held to earn rental income and for capital appreciation. Investment properties are initially measured at cost including related transaction costs and subsequently at fair value. Changes to the fair value of the investment properties at the balance sheet date are recorded in net income for the period.

c) Revenue recognition

The Limited Partnership has not transferred substantially all of the benefits and risks of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from investment properties is recognized in net income on a straight-line basis over the term of the related lease. Other income and recovery of operating costs are recognized when earned.

d) Financial assets and liabilities

Financial assets include the Limited Partnership's cash, accounts receivable, prepaid expenses, and deposits. Such assets are recognized at fair value through profit or loss. Financial liabilities include the Limited Partnership's mortgages, accounts payable, accrued liabilities, tenant deposits and prepaid rent. Such liabilities are initially recognized at fair value, and in the case of financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The Limited Partnership applies IFRS 13 in measuring fair value of financial instruments.

e) Offering costs

Offering costs are considered to be transaction costs of equity transactions. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

f) Finance leases

Finance leases are recognized in investment properties and liabilities at amounts equal to fair value of the leased property or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Subsequently, the minimum lease payments are apportioned between interest expense and the reduction of the outstanding liability.

2. Summary of significant accounting policies (continued)

g) Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

i) Valuation of investment properties

Valuations of these properties are prepared by either qualified external valuation professionals or by management. Estimates and assumptions used in the valuation of investment properties are described in Note 3.

ii) Valuation of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet or disclosed in the notes cannot be derived from active markets, the Limited Partnership applies professional judgment to determine the fair value of these assets and liabilities using the best available estimates and assumptions.

iii) Impairment of investment properties and financial assets

The Limited Partnership assesses, at each reporting date, whether there is objective evidence of an indicator of impairment for each investment property and each class or group of asset. If so, the Limited Partnership calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the asset and recognizes that amount in net income. The recoverable amount is determined based on professional judgment and relies on estimates and assumptions.

h) New standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of these financial statements are described below if they are expected to have a potential impact on the Limited Partnership's financial statements when adopted. The Limited Partnership intends to adopt these standards when they become effective.

i) IFRS 9 – Financial Instruments is a new standard for financial instruments scheduled to replace IAS 39 – Financial instruments: recognition and measurement. The approach to classifying an asset as either amortized cost or fair value in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 will also introduce a new impairment model that requires a more timely recognition of expected losses. The potential impact of IFRS 9 on the Limited Partnership's financial statements has not been determined.

ii) IFRS 15 – Revenues from Contracts with Customers specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. This standard supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts and a number of revenue-related interpretations. Application of IFRS 15 is mandatory and it applies to nearly all contracts with customers. The IASB has tentatively deferred mandatory adoption of IFRS 15 until periods beginning on or after January 1, 2018 with early application permitted. The potential impact of IFRS 15 on the Limited Partnership's financial statements has not been determined.

iii) IFRS 16 – Leases will replace IAS 17 – Leases, and related interpretations, specifies a single model for most leases, eliminating the distinction between operating and finance leases for Lessees. Lessor accounting remains largely unchanged, retaining the distinction between operating and finance leases. The effective date of IFRS 16 is January 1, 2019 with early adoption permitted. The potential impact of IFRS 16 on the Limited Partnership's financial statements has not been determined

3. Investment properties

Investment properties consist of revenue-producing properties, including properties or property additions held under a finance or operating lease.

Revenue-producing properties

	Three months ended June 30, 2016	Year ended December 31, 2015
Balance, beginning of period	$86,235,943	$86,700,000
Capital expenditures	42,565	536,044
Fair value adjustments	9,571,492	(1,072,323)
Balance, end of period	$95,850,000	$86,163,721

3. Investment properties (continued)

There were no disposals of any investment properties for the three months ended June 30, 2016. There are no properties under development and no properties held for sale as at June 30, 2016.

The Limited Partnership relies on external independent valuators to determine the fair value of the investment properties. The latest external independent valuation for all the properties were prepared on June 30, 2016, and the properties were valued at $95,850,000 in aggregate. The average capitalization rate used for the June 30, 2016 valuations was 5.38%.

4. Due from CHC Student Housing Management Inc.

The Limited Partnership advanced funds to the Asset Manager to assist with the payment of certain offering and organizational costs. The Limited Partnership is responsible for these costs to an amount not to exceed 1% of aggregate capital commitments of the Limited Partnership. Such funds advanced to the Asset Manager in excess of this amount will be offset against future installments of the management fee payable by the Limited Partnership to the Asset Manager (see Note 9).

5. Mortgages payable

Mortgages payable are financial instruments recorded at amortized cost.

	June 30 2016	December 31 2015
Mortgage on Village Suites (Oshawa) repayable in blended monthly payments of $132,025, interest at 3.646%, due April 1, 2018	$11,824,102	$12,004,337
Mortgage on West Village Suites (Hamilton) repayable in blended monthly payments of $123,677, interest at 3.54%, due June 1, 2018	11,358,509	11,528,218
Mortgage on Luxe – Phase I (Waterloo) repayable in blended monthly payments of $155,215, interest at 3.84%, due September 1, 2020	13,858,278	14,057,724
Mortgage on Luxe – Phase II (Waterloo) repayable in blended monthly payments of $120,033, interest at 3.84%, due September 1, 2020	10,845,806	10,997,622
Total mortgages	47,886,695	48,587,901
Deferred financing costs	(198,909)	(231,258)
	$47,687,786	$48,356,643

The schedule of repayments is as follows:

2016	$ 714,238
2017	1,468,552
2018	22,859,921
2019	794,999
2020 and thereafter	22,048,985
	$47,886,695

6. Finance lease obligations

Finance lease obligations are financial instruments recorded at amortized cost as follows:

As at June 30, 2016:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one calendar year	$ 30,020	$ 5,559	$ 24,461
Between one and five calendar years	125,085	9,324	115,761
	$155,105	$14,883	$140,222

7. Income taxes

These financial statements include only the assets and liabilities of the Limited Partnership and do not include the assets and liabilities, including income taxes, of the limited partners.

8. Partners' equity

As at June 30, 2016 there were 39,837.962 (March 31, 2016 – 39,837.962) units issued and outstanding. No units were issued or redeemed during the three month period ended June 30, 2016. All units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Limited Partnership, and the right to one vote per unit held at any meeting of the limited partners.

9. Asset management fees

Under the terms of the asset management agreements, the Limited Partnership pays the Asset Manager an annual management fee, payable monthly in arrears, equal to 1.25% of the original invested capital drawn from the Limited Partnership for the performance of its asset management services.

The General Partner, an affiliate of the Asset Manager, is entitled to a performance fee of 20% of the investment returns in excess of 6% per annum. This fee is only payable after the Limited Partners' capital contributions have been returned and the 6% return has been paid. No allowance has been made for this potential payment as at June 30, 2016. The event described in Note 12 is not expected to trigger a performance fee that is payable by the Limited Partnership.

10. Financial instruments

a) Fair value of financial instruments

The fair values of the Limited Partnership's accounts receivable, prepaid expenses and deposits, accounts payable, accrued liabilities, and tenant deposits and prepaid rent approximate their carrying values as at June 30, 2016 due to their short-term nature. Cash is measured at fair value. The fair value of each class of financial instrument of the Limited Partnership based on the fair value hierarchy in accordance with IFRS 13 is disclosed below. The hierarchy levels are defined as follows:

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

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

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

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers of financial assets or liabilities between the hierarchy levels during the three months ended June 30, 2016.

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$—	$95,850,000	$95,850,000
Cash	133,573	—	—	133,573
Accounts receivable	100,206	—	—	100,206
Prepaid expenses and deposits	149,366	—	—	149,366
Liabilities				
Accounts payable and accrued liabilities	(398,232)	—	—	(398,232)
Tenant deposits and prepaid rent	(738,750)	—	—	(738,750)
Total	$(753,837)	$—	$95,850,000	$95,096,163

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$—	$86,163,721	$86,163,721
Cash	428,730	—	—	428,730
Accounts receivable	128,831	—	—	128,831
Prepaid expenses and deposits	79,004	—	—	79,004
Liabilities				
Accounts payable and accrued liabilities	(508,531)	—	—	(508,531)
Tenant deposits and prepaid rent	(750,884)	—	—	(750,884)
Total	$(622,850)	$—	$86,163,721	$85,540,871

Mortgages and finance lease obligations are not measured at fair value and are therefore not included in this schedule.

10. Financial instruments (continued)

Fair values for investment properties are calculated using the direct income capitalization and discounted cash flow methods, which result in these measurements being classified as Level 3 in the fair value hierarchy. See Note 3 for detailed information on the valuation methodologies and fair value reconciliation.

b) Credit risk

The Limited Partnership is exposed to normal credit risk as an owner of investment properties in that tenants may experience financial difficulty and be unable to fulfill their lease obligations or due to the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Accounts receivable in the amount of $100,206 (December 31, 2015 – $128,831) is exposed to credit risk. Credit risk concentration is minimized because of the large number of tenants in a student housing complex.

c) Interest risk

The Limited Partnership is financed through fixed-rate mortgages. The interest rate risk is the risk of higher market rates upon the maturity of the Limited Partnership's mortgages. The interest rate risk is concentrated in the four mortgages disclosed in Note 5.

d) Liquidity risk

Liquidity risk is the risk the Limited Partnership will encounter difficulty in paying annual distributions and meeting its financial obligations as they come due. The Limited Partnership monitors its cash balance to ensure it has sufficient funds to meet upcoming obligations. The Limited Partnership is also subject to liquidity risk whereby it may not be able to refinance or pay its debt obligations when they become due. The terms to maturity of mortgages payable subject to liquidity risk are disclosed in Note 5.

11. Capital risk management

The Limited Partnership's primary objectives when managing capital are:

a) To provide partners with stable and growing distributions generated by revenue it derives from investments in real estate assets; and

b) To maximize unit value through the ongoing active management of the Limited Partnership assets and acquisition of additional properties.

12. Subsequent events

Subsequent to the period-end, all of the limited partners of the Limited Partnership entered into lock-up agreements with Dundee Acquisition Ltd. ("DAL") and CHC Student Housing Corp. ("CHC Pubco") to sell all of their units in the Limited Partnership to the issuer (the "Resulting Issuer"). This resulted from a proposed business combination transaction between DAL and CHC (the "DAL/CHC Transaction") at a price of either $1,008.98 per unit in cash or $1,075.00 per unit in common shares of the Resulting Issuer. These shares were priced at the deemed price for the common shares under the DAL/CHC Transaction, or a combination thereof, at the election of the limited partners. The sale of the units is subject to the completion of the DAL/CHC Transaction in accordance with its terms, in which the transaction is subject to various conditions including the receipt of all required shareholder and regulatory approvals.

50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

FINANCIAL STATEMENTS

JUNE 30, 2016, DECEMBER 31, 2015, DECEMBER 31, 2014 and DECEMBER 31, 2013

50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

JUNE 30, 2016, DECEMBER 31, 2015, DECEMBER 31, 2014 and DECEMBER 31, 2013

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Lorraine Varga

REVIEW ENGAGEMENT REPORT

To the Partners of CHC Student Housing LP

We have reviewed the balance sheet of 50% Interest in the CHC LP Properties Co-ownership as at June 30, 2016 and the statements of income and other comprehensive income, changes in net assets attributable to co-owner and cash flows for the six month period ended June 30, 2016. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the co-ownership.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with International Financial Reporting Standards.

Rosenswig McRae Thorpe LLP

Toronto, Ontario
October 20, 2016

Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Partners of CHC Student Housing LP,

We have audited the balance sheet of the 50% Interest in the CHC LP Properties Co-ownership as at December 31, 2015, December 31, 2014, December 31, 2013 and the statements of income and other comprehensive income, changes in net assets attributable to co-owner and cash flows for the year ended December 31, 2015, December 31, 2014, December 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of 50% Interest in the CHC LP Properties Co-ownership as at December 31, 2015, December 31, 2014, December 31, 2013 and the results of its operations, changes in co-owner's capital and cash flows for the year ended December 31, 2015, December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

Toronto, Canada
October 20, 2016

Chartered Professional Accountants
Licensed Public Accountant

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50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

BALANCE SHEET

	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013
	(Unaudited)			
ASSETS				
Investment properties (Note 3)	$95,850,000	$86,163,721	$86,700,000	$88,687,472
Cash	129,735	292,433	702,709	2,223,757
Accounts receivable	98,873	128,831	78,392	75,814
Prepaid expenses and deposits	149,366	73,742	57,549	62,826
	$96,227,974	$86,658,727	$87,538,650	$91,049,869
LIABILITIES				
Mortgages payable (Note 4)	$47,685,453	$48,354,310	$49,675,289	$50,903,669
Accounts payable and accrued liabilities	425,232	482,995	424,797	1,410,010
Tenant deposits and prepaid rent	738,750	750,884	665,134	716,360
Finance lease obligations (Note 5)	140,222	166,080	213,028	—
	48,989,657	49,754,269	50,978,248	53,030,039
CAPITAL				
Net assets attributable to co-owner	47,238,317	36,904,458	36,560,402	38,019,830
	$96,227,974	$86,658,727	$87,538,650	$91,049,869

Approved by:

(signed) "*Mark Hansen*"

See Accompanying Notes.

50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CO-OWNER

	Six months ended June 30, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
	(Unaudited)			
Balance, beginning	$36,904,458	$36,560,402	$38,019,830	$15,113,598
Contributions	—	33,000	190,000	17,806,324
Distributions	(250,690)	(769,784)	(1,935,945)	(745,000)
Net income	10,584,549	1,014,840	286,517	5,844,908
Balance, end	$47,238,317	$36,904,458	$36,560,402	$38,019,830

See Accompanying Notes.

50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30, 2016	Six months ended June 30, 2015	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
	(Unaudited)	(Unaudited)			
Revenue					
Rent	$ 3,480,955	$3,396,273	$ 6,829,889	$ 6,631,597	$ 5,626,873
Recoveries and other income	155,386	119,384	287,252	240,866	417,701
	3,636,341	3,515,657	7,117,141	6,872,463	6,044,574
Expenses					
Utilities	367,479	383,002	711,120	673,954	508,047
General and administration	301,043	131,639	321,498	279,680	238,176
Property taxes	283,078	291,010	615,307	602,530	415,135
Salaries and benefits	268,644	294,186	578,165	548,373	452,058
Asset management fees (Note 7)	171,269	173,832	347,655	349,476	315,839
Repair and maintenance	166,871	115,127	245,455	276,856	474,504
Property management fees	106,917	105,403	213,532	228,545	204,806
Promotion	17,156	32,129	52,182	71,797	74,070
Professional fees	8,479	28,151	3,435	—	4,340
Interest on finance leases	5,456	7,112	13,412	15,061	—
	1,696,392	1,561,591	3,101,761	3,046,272	2,686,975
Income before undernoted items	1,939,949	1,954,066	4,015,380	3,826,191	3,357,599
Fair value gain (loss) on investment properties, net (Note 3)	9,571,492	—	(1,072,323)	(1,585,377)	4,256,034
Interest on long-term debt and amortization of financing costs	(926,892)	(974,373)	(1,862,217)	(1,954,297)	(1,768,725)
Net income and other comprehensive income	$10,584,549	$ 979,693	$ 1,080,840	$ 286,517	$ 5,844,908

See Accompanying Notes.

50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

STATEMENT OF CASH FLOWS

	Six months ended June 30, 2016	Six months ended June 30, 2015	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
	(Unaudited)	(Unaudited)			
Cash flow from operating activities					
Net income	$10,584,549	$ 979,693	$ 1,014,840	$ 286,517	$ 5,844,908
Adjustment for:					
Fair value (gain) loss on investment properties, net	(9,571,492)	—	1,072,323	1,585,377	(4,256,034)
Cost adjustment on buildings (Note 3)	—	—	—	944,167	—
Amortization of deferred financing costs	32,350	45,606	43,272	86,544	77,616
	1,045,407	1,025,299	2,130,435	2,902,605	1,666,490
Changes in non-cash working capital:					
Decrease (increase) in accounts receivable	28,625	(53,467)	(50,439)	(2,577)	15,800
(Increase) decrease in prepaid expenses and deposits	(70,362)	(93,071)	(16,193)	5,277	794,501
(Decrease) increase in accounts payable and accrued liabilities	(110,300)	(1,206)	58,197	(985,214)	1,182,366
(Decrease) increase in tenant deposits and prepaid rent	(12,134)	165,474	85,750	(51,226)	376,060
	881,238	1,043,029	2,207,750	1,868,865	4,035,217
Cash flow used in investing activities					
Purchase, construction and additions to investment properties	(114,788)	(260,237)	(536,043)	(542,072)	(45,959,188)
Cash flow used in financing activities					
(Decrease) increase in mortgages payable	(701,206)	(674,740)	(1,364,251)	(1,314,924)	27,054,860
(Decrease) increase in finance lease obligation	(25,858)	(40,574)	(46,948)	213,028	—
Other financing costs	(87,691)	—	—	—	(343,419)
Contributions by co-owner	—	—	33,000	190,000	17,806,324
Distributions to co-owner	(250,690)	(450,820)	(769,784)	(1,935,945)	(745,000)
	(1,065,445)	(1,166,134)	(2,081,983)	(2,847,841)	43,771,765
(Decrease) increase in cash	(298,995)	(383,342)	(410,276)	(1,521,048)	1,848,794
Cash, beginning of period	428,730	758,165	702,709	2,223,757	374,963
Cash, end of period	$ 129,735	$ 374,823	$ 292,433	$ 702,709	$ 2,223,757
Supplementary information					
Interest paid	$ 893,035	$ 917,802	$ 1,815,809	$ 1,866,601	$ 1,519,210

See Accompanying Notes.

50% INTEREST IN THE CHC LP PROPERTIES CO-OWNERSHIP

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016, DECEMBER 31, 2015, DECEMBER 31, 2014 and DECEMBER 31, 2013

1. CHC LP Properties Co-ownership

The CHC LP Properties Co-ownership (the "Co-ownership") represents the joint arrangements entered into by CHC Student Housing LP (the "Limited Partnership") and a Canadian pension fund (the "Co-owner") to co-invest in certain student housing properties. For each property investment in which they have co-invested, the Limited Partnership and the Co-owner have entered into and are bound by a co-owners' agreement which governs their participation in the ownership of the property investment. The Limited Partnership and the Co-owner each have a 50% interest in the Co-ownership.

These financial statements intend to represent the 50% co-ownership interest of the Co- owner. The Co-owner's interest is managed by an asset management company (the "Asset Manager"), pursuant to asset management agreements entered into among the Limited Partnership, the Co-owner, and the Asset Manager. The Asset Manager provides investment, portfolio management and administrative services to the Co-owner. Management services for specific property investments are outsourced to third-party property managers at cost to the specific properties.

2. Summary of significant accounting policies

The financial statements of the 50% interest in the Co-ownership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The presentation currency of the Co- ownership is the Canadian dollar. Significant accounting policies used in the preparation of the financial statements are summarized below.

a) Investment properties

Investment properties are held to earn rental income and for capital appreciation. Investment properties are initially measured at cost including related transaction costs and subsequently at fair value. Changes to the fair value of the investment properties at the balance sheet date are recorded in net income for the year.

b) Revenue recognition

The Co-ownership has not transferred substantially all of the benefits and risks of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from investment properties is recognized in net income on a straight-line basis over the term of the related lease. Other income and recovery of operating costs are recognized when earned.

c) Financial assets and liabilities

Financial assets include the Co-ownership's cash, accounts receivable, and other receivables. Such assets are recognized at fair value through profit or loss. Financial liabilities include the Co-ownership's mortgages, accounts payable, and accrued liabilities. Such liabilities are initially recognized at fair value, and in the case of financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs. Subsequent to initial recognition, mortgages are measured at amortized cost using the effective interest method, and accounts payable and accrued liabilities are measured at fair value through profit or loss. The Co-ownership applies IFRS 13 in measuring fair value of financial instruments.

d) Finance leases

Finance leases are recognized in investment properties and liabilities at amounts equal to fair value of the leased property or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Subsequently, the minimum lease payments are apportioned between interest expense and the reduction of the outstanding liability.

e) Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

i) Valuation of investment properties

Valuations of these properties are prepared by either qualified external valuation professionals or by management. Estimates and assumptions used in the valuation of investment properties are described in Note 3.

ii) Valuation of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet or disclosed in the notes cannot be derived from active markets, the Co-ownership applies professional judgment to determine the fair value of these assets and liabilities using the best available estimates and assumptions.

2. Summary of significant accounting policies (continued)

iii) Impairment of investment properties and financial assets

The Co-ownership assesses, at each reporting date, whether there is objective evidence of an indicator of impairment for each investment property and each class or group of asset. If so, the Co-ownership calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the asset and recognizes that amount in net income. The recoverable amount is determined based on professional judgment and relies on estimates and assumptions.

3. Investment properties

Investment properties consist of revenue-producing properties.

Revenue-producing properties

	Six months ended June 30, 2016	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Balance, beginning	$86,163,721	$86,700,000	$88,687,472	$38,472,250
Acquisitions	—	—	—	45,959,188
Capital expenditures	114,787	536,044	542,072	—
Cost adjustments due to HST credits	—	—	(944,167)	—
Fair value adjustments	9,571,492	(1,072,323)	(1,585,377)	4,256,034
Balance, ending	$95,850,000	$86,163,721	$86,700,000	$88,687,472

There were no assets held under finance leases included in capital expenditures as of June 30, 2016 (2015 – nil, 2014 – $252,675, 2013- nil).

There were no disposals of any investment properties for the six months ended June 30, 2016 and the years ended December 31, 2015, December 31, 2014, and December 31, 2013. There are no properties under development and no properties held for sale as at June 30, 2016.

The gain from cost adjustment due to the HST credit is a result of a HST credit related to the construction of the property of Luxe – Phase II. This credit was pending approval from Canada Revenue Agency ("CRA") and was recorded as part of the cost of the investment property as at December 31, 2013. During the year ended December 31, 2014, CRA approved the credit and the cost component of the investment property was reduced the amount of the credit.

The Co-ownership relies on external independent valuators to determine the fair value of the investment properties. The latest external independent valuation for all the properties was prepared on June 30, 2016, and the properties were valued at $95,850,000 in aggregate. The average capitalization rate used for the June 30, 2016 valuations was 5.38% (2015 – 5.75%, 2014 – 6.00%, 2013 – 6.25%)

4. Mortgages payable

Mortgages payable are financial instruments recorded at amortized cost.

	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Mortgage on Village Suites (Oshawa) repayable in blended monthly payments of $132,025, interest at 3.646%, due April 1, 2018	$11,824,102	$12,004,337	$12,355,179	$12,693,576
Mortgage on West Village Suites (Hamilton) repayable in blended monthly payments of $123,677, interest at 3.54%, due June 1, 2018	11,358,509	11,528,218	11,858,832	12,178,045
Mortgage on Luxe – Phase I (Waterloo) repayable in blended monthly payments of $155,215, interest at 3.84%, due September 1, 2020	13,858,278	14,057,724	14,445,418	14,818,644
Mortgage on Luxe – Phase II (Waterloo) repayable in blended monthly payments of $120,033, interest at 3.84%, due September 1, 2020	10,845,806	10,997,622	11,292,723	11,576,811
Total mortgages	47,886,695	48,587,901	48,587,901	51,267,076
Deferred financing costs	(201,242)	(233,591)	(276,863)	(363,407)
	$47,685,453	$48,354,310	$49,675,289	$50,903,669

4. Mortgages payable (continued)

The schedule of repayments as of June 30, 2016 is as follows:

2016	$ 714,238
2017	1,468,552
2018	22,859,921
2019	794,999
2020 and thereafter	22,048,985
	$47,886,695

5. Finance lease obligations

Finance lease obligations are financial instruments recorded at amortized cost as follows:

As at June 30, 2016:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one calendar year	$ 30,020	$ 5,559	$ 24,461
Between one and five calendar years	125,085	9,324	115,761
	$155,105	$14,883	$140,222

6. Income taxes

These financial statements include only the assets and liabilities of the Co-ownership and do not include the assets and liabilities, including income taxes, of the co-owners: the Limited Partnership and the Co-owner.

7. Asset management fees

Under the terms of the asset management agreements, the Co-owner pays the Asset Manager an annual management fee, payable monthly in arrears, equal to 1.00% of the original invested capital drawn from the Co-owner for the performance of its asset management services.

8. Financial instruments

a) Fair value of financial instruments

The fair values of the Co-ownership's accounts receivable, prepaid expenses and deposits, accounts payable, accrued liabilities, and tenant deposits and prepaid rent approximate their carrying values as at June 30, 2016 due to their short-term nature. Cash is measured at fair value. The fair value of each class of financial instrument of the Co-ownership based on the fair value hierarchy in accordance with IFRS 13 is disclosed below. The hierarchy levels are defined as follows:

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

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

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

8. Financial instruments (continued)

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers of financial assets or liabilities between the hierarchy levels during the six months ended June 30, 2016 and the years ended December 31, 2015, December 31, 2014 and December 31, 2013.

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$ —	$95,850,000	$95,850,000
Cash	129,735	—	—	129,735
Accounts receivable	98,873	—	—	98,873
Prepaid expenses and deposits	149,366	—	—	149,366
Liabilities				
Accounts payable and accrued liabilities	(425,232)	—	—	(425,232)
Tenant deposits and prepaid rent	(738,750)	—	—	(738,750)
Total	$(786,008)	$ —	$95,850,000	$95,063,992

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$ —	$86,163,721	$86,163,721
Cash	292,433	—	—	292,433
Accounts receivable	128,831	—	—	128,831
Prepaid expenses and deposits	73,742	—	—	73,742
Liabilities				
Accounts payable and accrued liabilities	(482,995)	—	—	(482,995)
Tenant deposits and prepaid rent	(750,884)	—	—	(750,884)
Total	$(738,873)	$ —	$86,163,721	$85,424,848

	December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$ —	$86,700,000	$86,700,000
Cash	702,709	—	—	702,709
Accounts receivable	78,392	—	—	78,392
Prepaid expenses and other assets	57,549	—	—	57,549
Liabilities				
Accounts payable and accrued liabilities	(424,797)	—	—	(424,797)
Prepaid rent and tenant deposits	(665,134)	—	—	(665,134)
Total	$(251,281)	$ —	$86,700,000	$86,448,719

	December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment properties	$ —	$ —	$88,687,472	$88,687,472
Cash	2,223,757	—	—	2,223,757
Accounts receivable	75,814	—	—	75,814
Prepaid expenses and other assets	62,826	—	—	62,826
Liabilities				
Accounts payable and accrued liabilities	(1,410,010)	—	—	(1,410,010)
Prepaid rent and tenant deposits	(716,360)	—	—	(716,360)
Total	$ 236,027	$ —	$88,687,472	$88,923,499

8. Financial instruments (continued)

Mortgages and finance lease obligations are not measured at fair value and are therefore not included in this schedule.

Fair values for investment properties are calculated using the direct income capitalization and discounted cash flow methods, which result in these measurements being classified as Level 3 in the fair value hierarchy. See Note 3 for detailed information on the valuation methodologies and fair value reconciliation.

b) Credit risk

The Co-ownership is exposed to normal credit risk as an owner of investment properties in that tenants may experience financial difficulty and be unable to fulfill their lease obligations or due to the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Accounts receivable in the amount of $98,873 (December 31, 2015 – $128,831, December 31, 2014 – $78,392, December 31, 2013 – $75,814) is exposed to credit risk. Credit risk concentration is minimized because of the large number of tenants in a student housing complex.

c) Interest risk

The Co-ownership is financed through fixed-rate mortgages. The interest rate risk is the risk of higher market rates upon the maturity of the Co-ownership's mortgages. The interest rate risk is concentrated in the four mortgages disclosed in Note 4.

d) Liquidity risk

Liquidity risk is the risk the Co-ownership will encounter difficulty in paying distributions and meeting its financial obligations as they come due. The Co-ownership monitors its cash balance to ensure it has sufficient funds to meet upcoming obligations. The Co-ownership is also subject to liquidity risk whereby it may not be able to refinance or pay its debt obligations when they become due. The terms to maturity of mortgages payable subject to liquidity risk are disclosed in Note 4.

9. Subsequent events

Subsequent to the period-end, the Co-owner entered into an agreement of purchase and sale with Dundee Acquisition Ltd. ("DAL") to sell its 50% interest in the Co-ownership to the issuer (the "Resulting Issuer") resulting from a proposed business combination transaction between DAL and CHC Student Housing Corp. at a price of $88.2 million. The sale of the Co-ownership interest is subject to various conditions including the receipt of all required shareholder and regulatory approvals by DAL.

Canadian Student Living Group Inc.

Pro Forma Consolidated Financial Statements

As at June 30, 2016 and for the year ended December 31, 2015
and the six-month interim period ended June 30, 2016

(Unaudited)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2016	DAQ As at June 30, 2016	CHC As at June 30, 2016	CHC LP Properties As at June 30, 2016	CHC LP Properties Co-Owner As at June 30, 2016	Sudbury Property As at April 30, 2016	Fredericton Property As at June 30, 2016	Kingston (Mack) Property As at June 30, 2016	Kingston (Alfred) Property As at June 30, 2016	Oshawa Property (Phase 1) As at June 30, 2016	Oshawa Property (Phase 2) As at June 30, 2016	Subtotal	Note	Pro Forma Adjustments	Pro Forma Balance Sheet
Assets														
Non-current														
Investment properties	$ —	$64,995	$95,850	$95,850	$6,300	$6,400	$7,800	$6,700	$27,100	$11,600	$322,595	4(b)	$ 61,975	
												4(b)	(47,900)	336,670
Income support receivable												4(f)(ii)	59	59
Furniture and equipment	—	157	—	—	—	—	—	—	—	—	157		—	157
Deferred tax asset												4(a)	4,176	
												4(b), 4(f)(iv)	297	4,473
	—	65,152	95,850	95,850	6,300	6,400	7,800	6,700	27,100	11,600	322,752		18,607	341,359
Current														
Deposits and prepaid expenses	40	434	149	149	16	—	10	7	—	—	805		—	805
Income support receivable												4(f)(ii)	78	78
Accounts receivable	—	265	767	99	13	—	—	104	12	—	1,260	4(d)	(667)	
												4(f)(ix)	(228)	365
Restricted cash and cash equivalents held in escrow	113,015	—	—	—	—	—	—	—	—	—	113,015	4(a)	(113,015)	—
Cash and cash equivalents	615	205	134	130	—	—	26	2	—	—	1,112	4(a)	113,015	
												4(b)	(108,325)	
												4(b)	43,250	
												4(c)	(35,110)	
												4(e)	(41,525)	
												4(f)(iii)	5,500	
												4(f)(iii)	(5,500)	
												4(f)(iii)	(8,700)	
												4(f)(iii)	78,841	
												4(f)(iii)	(29,421)	
												4(f)(v)	(10,746)	
												4(f)(vii)	(222)	
												4(f)(viii)	3,864	
												4(f)(ix)	(157)	
												4(f)(ix)	(209)	
												4(f)(ix)	(3,931)	1,736
	113,670	904	1,050	378	29	—	36	113	12	—	116,192		(113,208)	2,984
Total Assets	$113,670	$66,056	$96,900	$96,228	$6,329	$6,400	$7,836	$6,813	$27,112	$11,600	$438,944		$ (94,601)	$344,343

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2016	DAQ As at June 30, 2016	CHC As at June 30, 2016	CHC LP Properties As at June 30, 2016	CHC LP Properties Co-Owner As at June 30, 2016	Sudbury Property As at April 30, 2016	Fredericton Property As at June 30, 2016	Kingston (Mack) Property As at June 30, 2016	Kingston (Alfred) Property As at June 30, 2016	Oshawa Property (Phase 1) As at June 30, 2016	Oshawa Property (Phase 2) As at June 30, 2016	Subtotal	Note	Pro Forma Adjustments	Pro Forma Balance Sheet
Liabilities														
Non-Current														
Mortgages payable (NC)	$ —	$38,113	$46,242	$46,239	$ —	$4,070	$ —	$ —	$ —	$ —	134,664	4(f)(iii)	$ (973)	
												4(f)(iii)	495	
												4(f)(iii)	(53,382)	
												4(f)(iii)	115,897	
												4(b)	(4,070)	
												4(b)	8,454	
												4(f)(iv)	(28,668)	172,417
Deferred tax liability												4(f)(iv)	2,488	2,488
	—	38,113	46,242	46,239	—	4,070	—	—	—	—	134,664		40,241	174,905
Current														
Mortgages payable (C)	—	16,579	1,446	1,446	—	113	4,794	3,681	17,927	7,653	53,639	4(f)(iii)	(1,684)	
												4(f)(iii)	6,577	
												4(b)	(34,168)	
												4(b)	246	
												4(f)(viii)	3,864	
												4(f)(iii)	(752)	27,722
Accounts payable	209	3,809	398	425	20	4	3	5	6	3	4,882	4(f)(ix)	(209)	
												4(f)(ix)	(467)	
												4(f)(xi)	(304)	3,902
Other liabilities	114,656	—	879	879	28	—	1,085	1,421	328	204	119,480	4(a)	(110,503)	
												4(f)(vii)	(222)	
												4(f)(ix)	(3,931)	
												4(f)(ix)	(3,937)	887
Warrant liability												4(f)(x)	2,628	2,628
	114,865	20,388	2,723	2,750	48	117	5,882	5,107	18,261	7,860	178,001		(142,862)	35,139
Total Liabilities	114,865	58,501	48,965	48,989	48	4,187	5,882	5,107	18,261	7,860	312,665		(102,621)	210,044
Shareholders' Equity	(1,195)	7,555	47,935	47,239	6,281	2,213	1,954	1,706	8,851	3,740	126,279		(127,472)	
												4(a)	10,270	
												4(a)	751	
												4(a)	110,503	
												4(b)	10,845	
												4(b)	(4,650)	
												4(b)	250	
												4(c)	6,053	
												4(c)	3,832	
												4(e)	7,025	
												4(f)(iii)	2,768	
												4(f)(v)	(9,773)	
												4(f)(x)	(2,628)	
												4(d)	634	
												4(d)	167	
												4(d)	(859)	
												4(f)(xi)	(59)	
												4(f)(xi)	363	134,299
Total Liabilities & Shareholders' Equity	$113,670	$66,056	$96,900	$96,228	$6,329	$6,400	$7,836	$6,813	$27,112	$11,600	$438,944		$ (94,601)	$344,343

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the six-month period ended June 30, 2016	DAQ For six month period ended June 30, 2016	CHC For six month period ended June 30, 2016	CHC LP Properties For six month period ended June 30, 2016	CHC LP Properties Co-Owner For six month period ended June 30, 2016	Sudbury Property For the six-month period ended July 31, 2016	Fredericton Property For six month period ended June 30, 2016	Kingston (Mack) Property For six month period ended June 30, 2016	Kingston (Alfred) Property For six month period ended June 30, 2016	Oshawa Property (Phase 1) For six month period ended June 30, 2016	Oshawa Property (Phase 2) For six month period ended June 30, 2016	Subtotal	Note	Pro Forma Adjustments	Pro Forma Income Statement
Revenue														
Property revenues	$ —	$2,551	$ 3,481	$ 3,481	$ 255	$353	$320	$281	$ 875	$ 411	$ 12,008		$ —	$ 12,008
Other income	263	—	155	155	—	—	6	3	19	9	610		—	610
	263	2,551	3,636	3,636	255	353	326	284	894	420	12,618		—	12,618
Expenses													—	—
Property operating expenses	—	1,380	1,439	1,395	73	135	128	113	321	137	5,121		—	5,121
General and administrative expenses	227	545	241	301	—	—	—	—	—	—	1,314	4(f)(v)	(209)	1,105
Interest expense	—	1,355	927	927	—	91	62	152	255	109	3,878	4(f)(iii)	(1,178)	
												4(f)(iii)	1,595	4,295
Stock based compensation	—	(34)	—	—	—	—	—	—	—	—	(34)		—	(34)
Net unrealized loss on changes in the fair value of financial liabilities	1,685	—	—	—	—	—	—	—	—	—	1,685	4(f)(vi)	(1,685)	—
Acquisition transaction costs	—	(754)	—	—	—	—	—	—	—	—	(754)		—	(754)
Fair value adjustment of investment properties loss (gain)	—	—	(9,571)	(9,571)	(100)	—	—	—	(1,200)	(500)	(20,942)		—	(20,942)
	1,912	2,492	(6,964)	(6,948)	(27)	226	190	265	(624)	(254)	(9,732)		(1,477)	(11,209)
Income tax expense	—	—	—	—	—	—	—	—	—	—	—	4(f)(iv)	1,139	1,139
Net income (loss) and comprehensive income (loss)	$(1,649)	$ 59	$10,600	$10,584	$ 282	$127	$136	$ 19	$ 1,518	$ 674	$ 22,350		$ 338	$ 22,688

Canadian Student Living Group Inc.

Pro forma Consolidated Financial Statements
(In Thousands Canadian dollars, unless otherwise indicated)
(Unaudited)

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the year ended December 31, 2015	DAQ From inception on March 5, 2015 to December 31, 2015	CHC For the year ended December 31, 2015	CHC LP Properties For the year ended December 31, 2015	CHC LP Properties Co-Owner For the year ended December 31, 2015	Sudbury Property For the year ended January 31, 2016	Fredericton Property For the year ended December 31, 2015	Kingston (Mack) Property For the year ended December 31, 2015	Kingston (Alfred) Property For the year ended December 31, 2015	Oshawa Property (Phase 1) For the year ended December 31, 2015	Oshawa Property (Phase 2) From inception on September 1, 2015 to December 31, 2015	Subtotal	Note	Pro Forma Adjustments	Pro Forma Income Statement
Revenue														
Property revenues	$ —	$ 5,195	$6,830	$6,830	$ 502	$ 665	$ 608	$ 559	$ 1,938	$307	$23,434		$ —	$ 23,434
Other income	457	2	287	287	—	—	10	7	28	4	1,082		—	1,082
	457	5,197	7,117	7,117	502	665	618	566	1,966	311	24,516		—	24,516
Expenses														
Property operating expenses	—	2,916	2,899	2,780	160	254	270	206	641	95	10,221		—	10,221
General and administrative expenses	887	1,480	342	178	—	—	—	—	—	—	2,887		—	2,887
Interest expense	—	2,850	1,865	1,862	—	266	160	296	572	74	7,945	4(f)(iii)	(2,599)	—
												4(f)(iii)	3,189	8,535
Stock based compensation	—	433	—	—	—	—	—	—	—	—	433		—	433
Net unrealized gain on changes in the fair value of financial liabilities	(2,358)	—	—	—	—	—	—	—	—	—	(2,358)	4(f)(vi)	2,358	—
Other expenses	6,794	7,464	—	—	—	—	—	—	—	—	14,258		—	14,258
Fair value adjustment of investment properties loss (gain)	—	—	1,072	1,072	(100)	(300)	(664)	(700)	(1,000)	—	(620)		—	(620)
	5,323	15,143	6,178	5,892	60	220	(234)	(198)	213	169	32,766		2,948	35,714
Net income (loss) and comprehensive income (loss)	$(4,866)	$ (9,946)	$ 939	$1,225	$ 442	$ 445	$ 852	$ 764	$ 1,753	$142	$ (8,250)		$(2,948)	$(11,198)

1. Nature and description of the transaction

Canadian Student Living Group Inc.

Dundee Acquisition Ltd. ("DAQ") and CHC Student Housing Corp. ("CHC") have entered into an arrangement agreement dated August 25, 2016 pursuant to which DAQ and CHC have agreed to complete a plan of arrangement (the "Arrangement") under which it is expected: (i) the shareholders of DAQ (other than DAQ shareholders exercising redemption rights) will exchange their shares of DAQ for common shares of CHC ("CHC Shares") at a ratio of 1.75304 CHC Shares for every one share of DAQ, (ii) DAQ will thereupon become a wholly-owned subsidiary of CHC and will then be amalgamated with CHC and a newly incorporated subsidiary of CHC to form an amalgamated corporation to be named Canadian Student Living Group Inc. (the "Company" or "CSL"), (iii) the outstanding common shares of CSL (the "Common Shares") will then be consolidated on the basis of 0.57044 post-consolidation shares for each one pre-consolidation share, and (iv) CSL will concurrently complete a series of acquisitions of student housing properties and/or related businesses (the Arrangement, together with such concurrent acquisitions being collectively referred to herein as the "Qualifying Acquisition"). The authorized capital of CSL will consist of an unlimited number of Common Shares, without nominal or par value. The Common Shares will have the same terms as the CHC shares in relation to qualification as a "mutual fund corporation" under the Income Tax Act (Canada) and the regulations thereunder (collectively, the "Tax Act"). All share purchase warrants of DAQ will represent equivalent warrants of the resulting issuer to purchase Common Shares at an exercise price of $11.50 per Common Share. For a description of the related accounting policies, please see note 3(g) and (h). It is a condition of closing of the Qualifying Acquisition that the Toronto Stock Exchange ("TSX") has approved the listing of the Common Shares and warrants of CSL. The registered office of CSL and its head office operations are to be located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 3J1.

Dundee Acquisition Ltd.

DAQ was incorporated under the Business Corporations Act (Ontario) on March 5, 2015. DAQ is a special purpose acquisition corporation pursuant to the rules of the TSX ("SPAC"), and completed its initial public offering on April 21, 2015, pursuant to which it raised gross proceeds of $112.3 million, including $12.3 million from the subsequent exercise by the underwriters of their over-allotment option for the offering, and commenced trading on the TSX. The proceeds from DAQ's initial public offering have been deposited into escrow and will only be released upon certain conditions, including the completion of its qualifying acquisition. Concurrent with the completion of the initial public offering, Dundee Corporation, acting as the sponsor of DAQ, completed a subscription with DAQ for Class B shares of DAQ ("Class B Shares") and warrants providing additional gross proceeds to DAQ of $4.3 million before certain expenses.

As a SPAC, DAQ was formed for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving DAQ. As such, DAQ has been focused on identifying and evaluating businesses and assets with a view to completing a "qualifying acquisition" in accordance with the rules of the TSX governing SPACs (a "QA"). After considering a number of acquisition opportunities, the management team of DAQ determined to proceed with the Qualifying Acquisition as its QA.

DAQ's Class A restricted voting shares ("Class A Restricted Voting Shares") are listed on the TSX under the symbol "DAQ.A" and its warrants are also listed and trade under the symbol "DAQ.WT". DAQ's head office is located at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, Canada, M5C 2V9.

DAQ's business activities are carried out in a single business segment.

CHC Student Housing Corp.

CHC was incorporated under the Business Corporations Act (Ontario) on April 12, 2013 with the intention of being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") corporate finance manual. CHC completed an initial public offering as a Capital Pool Company on November 19, 2013. As a Capital Pool Company, CHC was restricted to identifying and evaluating potential properties, assets or businesses as a potential qualifying transaction, and once identified and evaluated, to negotiating an acquisition or participation therein subject to regulatory approval and, if required, shareholders' approval. On April 3, 2014, CHC announced it had completed its qualifying transaction. CHC 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, CHC 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 CHC so that it would qualify as a "mutual fund corporation" as defined in the Tax Act.

CHC's shares are listed on the TSXV under the symbol "CHC". The registered office of CHC and its head office operations are located at 53 Yonge Street, 5th Floor, Toronto, Ontario, M5E 3J1.

CHC owns student housing properties in close proximity to universities in primary and well understood secondary markets, with a focus on contemporary, purpose-built student housing properties.

2. Basis of presentation

The unaudited pro forma consolidated financial statements of CSL have been prepared using accounting policies that are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and, in the opinion of management,

2. Basis of presentation (continued)

includes all adjustments necessary for fair presentation. The accounting policies applied to the unaudited pro forma consolidated financial statements are consistent with that applied to the historical financial statements issued by DAQ. For transactions events and conditions that differ from those occurring in DAQ and for which no accounting policy has been applied in the DAQ historical financial statements, the accounting policies are those used by CHC or other entities whose information is used in the creation of pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements have been prepared by the management of CHC who will become the management of CSL upon closing of the transaction, using assumptions with an effective date of October 14, 2016. The unaudited pro forma consolidated statement of financial position gives effect to the transactions described in note 4 as if they had occurred on June 30, 2016. The unaudited pro forma consolidated statement of net income (loss) and comprehensive income (loss) for the six months ended June 30, 2016, and for the year ended December 31, 2015, give effect to the transactions as if they had occurred on January 1, 2015.

The acquisition method of accounting has been used to account for the Qualifying Transaction. The acquisition method of accounting is based on International Financial Reporting Standards 3—Business Combinations ("IFRS 3"). IFRS 3 requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values on the acquisition date. In addition, IFRS 3 establishes that consideration transferred be measured at the closing date of the transaction at the then-current market price. Under the acquisition method, DAQ is the accounting acquirer. For the purpose of preparing these unaudited pro forma consolidated financial statements, the closing share price on October 14, 2016 for each share of DAQ of $7.71 was used, which will likely differ from the share price existing on the closing date. Accordingly, total consideration and amounts attributable to goodwill will differ, and these differences may be material.

The unaudited pro forma consolidated financial statements have been prepared using information derived from and should be read in conjunction with the following:

(a) the audited financial statements of DAQ as at and for the period from inception on March 5, 2015 to December 31, 2015, and the unaudited interim financial statements of DAQ as at and for the six months ended June 30, 2016;

(b) the audited financial statements of CHC as at and for the year ended December 31, 2015, and the unaudited interim financial statements of CHC as at and for the six months ended June 30, 2016;

(c) the audited financial statements of the student housing property located at 20-30 Dunns Crossing Road, Fredericton, New Brunswick (the "Fredericton Property") as at and for the year ended December 31, 2015, and the unaudited interim financial statements of the Fredericton Property for the six-month period ended June 30, 2016;

(d) the audited financial statements of the student housing property located at 326 Alfred Street, Kingston, Ontario (the "Kingston (Alfred) Property") as at and for the year ended December 31, 2015, and the unaudited interim financial statements of the Kingston (Alfred) Property for the six-month period ended June 30, 2016;

(e) the audited financial statements of the student housing property complex located at 1 Mack Street, 318 Alfred Street, and 320 Alfred Street, Kingston, Ontario (collectively, the "Kingston (Mack) Property") as at and for the year ended December 31, 2015, and the unaudited interim financial statements of the Kingston (Mack) Property for the six-month period ended June 30, 2016;

(f) the audited financial statements of the student housing property located at 2 Taylorwood Road, Oshawa, Ontario ("Oshawa Property (Phase 1)") as at and for the year ended December 31, 2015, and the unaudited interim financial statements of Oshawa Property (Phase 1) for the six-month period ended June 30, 2016;

(g) the audited financial statements of the student housing property located at 2015-2019 Simcoe Street North, Oshawa, Ontario ("Oshawa Property (Phase 2)") as at and for the period from inception on September 1, 2015 to December 31, 2015, and the unaudited interim financial statements of Oshawa Property (Phase 2) for the six-month period ended June 30, 2016;

(h) the audited financial statements of the student housing property located at 50 Lisgar Street, Sudbury, Ontario (the "Sudbury Property") as at and for the year ended April 30, 2016, April 30, 2015, and the eight-month period ended April 30, 2014;

(i) the audited financial statements of CHC Student Housing Limited Partnership ("CHC LP") as at and for the year ended December 31, 2015, and the unaudited interim financial statements of CHC LP for the six-month period ended June 30, 2016; and

(j) the audited financial statements of the 50% co-ownership interest in the CHC LP Properties (as defined below) as at and for the year ended December 31, 2015, and the unaudited interim financial statements for the six-month period ended June 30, 2016.

For acquisition properties with non-coterminous year-ends, a statement of income and other comprehensive income was constructed for a period of twelve consecutive months in accordance with National Instrument 51-102 Continuous Disclosure Obligations.

Prior to the transaction, the Sudbury Property had a non-coterminous financial year end with that of CSL, and consequently the interim periods covered by their interim continuous disclosure documents are not comparable. The unaudited interim statements of income and comprehensive income and other available financial information of the Sudbury Property used to prepare the unaudited pro forma interim statement of income for the six-month period ended July 31, 2016 were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements of the Sudbury Property included elsewhere in the prospectus. For the purposes of the unaudited pro forma consolidated financial statements, the Sudbury Proper-

2. Basis of presentation (continued)

ty's unaudited pro forma interim statement of income and comprehensive income was calculated for the six-month period ended July 31, 2016 by: (i) adding the financial information for Sudbury Property for the three-month period ended July 31, 2016, (ii) adding the Sudbury Property's statement of income and comprehensive income for the year ended April 30, 2016, and (iii) subtracting the financial information for Sudbury Property for the nine–month period ended January 31, 2016.

The unaudited interim statements of income and comprehensive income and other available financial information of the Sudbury Property used to prepare the unaudited pro forma interim statement of income for the year ended January 31, 2016 were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements of the Sudbury Property included elsewhere in the prospectus. For the purposes of the unaudited pro forma consolidated financial statements, the Sudbury Property's unaudited interim statement of income and comprehensive income was calculated for the year ended January 31, 2016 by: (i) adding the financial information for Sudbury Property for the nine-month period ended January 31, 2016, (ii) adding the Sudbury Property's statement of income and comprehensive income for the year ended April 30, 2015, and (iii) subtracting the financial information for Sudbury Property's for the nine-month period ended January 31, 2015.

The unaudited pro forma consolidated financial statements are provided for information purposes only and are not necessarily indicative of the results that would have actually occurred if the transactions had been consummated at the specified dates, nor are they necessarily indicative of future operating results or the financial position of the Company.

3. Significant accounting policies

(a) Basis of consolidation

The unaudited pro forma consolidated financial statements includes entities that the Company controls in accordance with IFRS 10, Consolidated Financial Statements. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. All estimated intercompany balances have been eliminated on consolidation.

(b) Investment properties

The Company accounts for its investment properties in accordance with International Accounting Standard ("IAS") 40, *Investment Property* ("IAS 40"). For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination, otherwise they are initially measured at cost including directly attributable acquisition costs. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the statement of financial position date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital and operating expenditures.

(c) Revenue Recognition

The Company has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset.

Rental revenue from investment properties includes rents, parking and other sundry revenues. All residential leases are for one year terms or less and commercial revenue is recognized on a straight-line basis over the term of the lease.

(d) Business combinations

The Company accounts for the acquisition of investment property acquisitions as a business combination if the particular asset and set of activities acquired can be operated and managed as a business in its current state. The Company applies the acquisition method to account for business combinations. The consideration transferred in a business combination includes the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets and liabilities acquired is recorded as goodwill. If the total of the consideration transferred is less than the fair value of the identifiable net assets and liabilities, the difference is recognized directly in net income as a bargain purchase gain.

Income support arrangements negotiated by the Company in connection with the acquisition of investment property are initially recorded at fair value based on the expected payments to be received from vendors in respect of shortfalls from the negotiated revenue targets. Any changes in the expected payments to be received pursuant to the income support arrangements are recognized in net income in the period of change.

(e) Co-owned property interests

Interested in co-owned properties are considered joint operations. The Company recognizes its proportionate share of jointly controlled assets, liabilities, revenues and expenses of joint operations in accordance with the related contractual agreements.

3. Significant accounting policies (continued)

(f) Income taxes

The Company qualifies and intends to be a mutual fund corporation under the Tax Act, and as such the Company can 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 including temporary differences on capital account related to Investment Properties.

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. To the extent that the Company does not consider it to be more likely than not that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

(g) Share capital and deferred share units ("DSU")

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

The Company carries a 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 DSUs as an expense over the vesting period of the DSUs using fair value of the Common Shares as at the reporting date.

(h) Warrants

The Company's warrants are recorded as financial liability at fair value through profit or loss given the underlying shares for the warrants are redeemable at the option of holders. The Company applies an option-pricing model to measure the fair value of warrants. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility, and the expected life of the instrument. The warrant liability is re-measured at the end of each reporting period.

(i) Financial instruments

Financial instruments are classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss ("FVTPL"), (iv) available-for-sale, or (v) other financial liabilities. The Company initially measures all of its financial instruments at fair value. Subsequent to initial recognition, financial instruments are measured according to the accounting model the Company has elected to apply. Financial assets and liabilities classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of net income and comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost, using the effective interest method. Available-for-sale financial instruments are measured at fair value and any unrealized gains and losses will be recognized in other comprehensive income.

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at June 30, 2016:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Income support receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Mortgages payable	Other financial liabilities
Warrant liability	FVTPL

Financing transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value of the related instrument at inception, and are recognized as part of interest income or expense, respectively, over the term of the instrument using the effective interest method.

(j) Sources of estimation

The preparation of the unaudited pro forma consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. The key estimates in these unaudited pro forma consolidated financial statements relate to the fair value of investment properties, the amount recognized in respect of income support arrangements, and the fair value of mortgages payable assumed in connection with the significant transactions as described in note 4.

4. Pro forma adjustments

The adjustments to the unaudited pro forma consolidated financial statements have been prepared to reflect the impact of the transactions as described below.

(a) The transaction

Upon completion of the plan of arrangement transaction as described in note 1, the shareholders of DAQ immediately prior to the Arrangement are expected to hold the majority of the outstanding Common Shares. Upon completion of the Arrangement, each Class A Restricted Voting Share that is not redeemed will be automatically converted into one Class B Share, and Class B Shares will be exchanged for common shares of CHC (note1). Accordingly, the existing liability recorded in DAQ's financial statements of $110,503 is converted into equity. For the purposes of these pro formas it has been assumed that all Class A Restricted Voting Shares are ultimately converted to common shares of CHC and are not redeemed. Proceeds from DAQ's initial public offering of $113,015 which were deposited into escrow on condition of the SPAC completing its QA, are reclassified from restricted to non-restricted cash on the unaudited pro forma consolidated statement of financial position.

The fair value of the consideration for the Arrangement is $10,270 based on a share price of DAQ of $7.71 to acquire CHC's net identifiable assets and liabilities of $11,021, which includes a deferred tax asset of $4,176. The Company will recognize a bargain purchase gain of $751 arising from this transaction. Management has further assumed that there is no redemption of Class A shares in the preparation of the unaudited pro forma consolidated financial statements.

(b) Probable acquisitions

The Company has assumed the following probable acquisitions of investment properties will be completed on closing. The table below presents the total purchase price and the respective amounts for CSL and its co-ownership partner, WCP Student Housing LP ("Woodbourne"), based on a co-ownership arrangement expected to be entered into as part of the Arrangement and related transactions as described below.

Property	Total Purchase Price (100% Ownership Interest)[1]	CSL Proportionate Purchase Price	Woodbourne Proportionate Purchase Price
Fredericton Property	$ 5,900	$ 5,900	$ —
Sudbury Property	5,500	5,500	—
Kingston (Alfred) Property	6,400	3,200	3,200
Kingston (Mack) Property	6,750	3,375	3,375
Oshawa Property (Phase 1)	23,652	11,826	11,826
Oshawa Property (Phase 2)	10,098	5,049	5,049
Montréal Property[2][3]	6,000	6,000	—
Barrie Property[2]	30,600	15,300	15,300
Oshawa Property (Phase 3)[2]	9,000	4,500	4,500
Ottawa Property[2][3][4]	26,500	13,375	—
	$130,400	$74,025	$43,250

(1) Except the Ottawa Property is at 50% pro forma ownership interest.

(2) As at June 30, 2016, these properties were under development. These properties commenced operation on September 1, 2016.

(3) Acquisition of Montréal Property and Ottawa Property are expected to close in January 2017.

(4) CSL's proportion of purchase price includes an additional fee of $250 as total consideration paid relating to the purchase of the Ottawa Property.

The purchase price for the probable acquisitions amounts to $130,400 on a 100% ownership basis except the Ottawa Property ownership at 50% and is assumed to be settled in cash of $130,150 and the remaining balance will be issued in Common Shares of the Company relating to the purchase of the Ottawa Property. In connection with the acquisition of its 25% co-ownership interest in the Ottawa Property, it is expected that CSL will be obligated to acquire an additional 25% co-ownership interest in the Ottawa Property on the same terms within 120 days of acquiring its initial 25% co-ownership interest. The total purchase price of probable acquisitions considering the 25% co-ownership interest in the Ottawa Property is $117,275, assumed to be settled in cash of $108,325, by assumption of mortgage of $8,700, and remaining balance will be issued in Common Shares of the Company related to the purchase of the Ottawa Property. Accounting for the 25% ownership in the Ottawa Property, the Company's proportionate purchase of probable acquisitions would result in a preliminary estimated bargain purchase gain of $10,845 based on total net assets acquired of $128,120. An adjustment for the bargain purchase gain has not been made in the pro forma income statement because it is a non-recurring cost directly related to the transactions. Included in net assets are the fair values of investment properties of $61,975 for the Montréal Property, Barrie Property, Oshawa Property (Phase 3) and Ottawa Property, which were under development at June 30, 2016, and a deferred tax asset of $75 relating to the Sudbury Property.

As described above with regards to certain of the probable acquisitions, however, CSL intends to enter into co-ownership agreements with Woodbourne. Concurrent with the completion of the transaction, CSL intends to enter into a joint arrangement with Woodbourne, through which Woodbourne is expected to invest $43,250 to acquire a 50% co-ownership interest in the Kingston (Alfred) Property, the Kingston (Mack) Property, the Oshawa Property (Phase 1), the Oshawa Property (Phase 2), the Barrie Property, and the Oshawa Property (Phase 3).

4. Pro forma adjustments (continued)

The Company has prepared the unaudited pro forma consolidated statement of financial position to reflect CSL's resulting co-ownership interest, and accordingly includes adjustments of $47,900 to reduce investment properties and a reduction of $4,650 to the estimated bargain purchase gain to reflect the co-ownership amounts owned by Woodbourne.

(c) Acquisition of CHC LP and Related Matters

CHC LP holds 50% co-ownership interest in four investment properties in Waterloo, Oshawa, and Hamilton, Ontario (collectively, the "CHC LP Properties"). On closing, the Company is expected to acquire all of the units of CHC LP, as well as replacing the CHC LP General Partner as general partner for CHC LP with a wholly owned subsidiary of CHC, for total consideration of $41,163, which will be satisfied with cash of $35,110 and Common Shares of the Company for the remainder of $6,053. The acquisition of CHC LP is expected to result in an estimated bargain purchase gain of $3,832. The acquisition of CHC LP and the asset management internalization is further described in note 4(d).

(d) Asset management internalization

In connection with the proposed acquisition of the CHC LP Units, the Company is expected to also internalize the asset management of the CHC LP properties through the termination of the asset management agreements from an entity owned by the Chief Executive Officer and a director of CHC (the "Asset Manager") for consideration of $834. The total cost of the internalization will be satisfied with the cancellation of a receivable from the Asset Manager with an approximate fair value of $667, and Common Shares of the Company will be issued for the remainder of $167. The total consideration of $859, including applicable transaction costs of $25, will be expensed immediately as such arrangements will be terminated through the asset management internalization.

The replacement of the CHC LP General Partner as general partner for CHC LP with a wholly-owned subsidiary of CSL will take place for total consideration of $634, which is satisfied by Common Shares of the Company and is part of the total consideration of $41,163 mentioned in 4(c).

(e) Acquisition of CHC LP Properties Co-Owner's Interests

The Company has entered into an agreement of purchase and sale with the entity that owns the other 50% co-ownership interests of the four investment properties (the "CHC LP Properties Co-Owner"), pursuant to which the Company has agreed to acquire 50% co-ownership interests in the CHC LP Properties for a purchase price of $89,197 which includes an amount of $882 plus HST payable to CHC LP GP upon completion of this transaction. This will be satisfied through the assumption of the CHC LP Properties' Co-Owner's portion of the existing mortgages on the CHC LP Properties of $47,672 net of fair value discount of $13, with the remaining $41,525 payable in cash, which results in an estimated bargain purchase gain of $7,025.

(f) Other adjustments affecting the pro-forma statement of financial position and statement of net loss and comprehensive loss are outlined below.

(i) Investment properties

The fair value of investment properties to be acquired in connection with the probable acquisitions and the purchase of CHC LP is described in notes 4(b) and 4(c), respectively.

(ii) Income support receivable

The Company has negotiated income support arrangements with amounts held in escrow in connection with certain of the probable acquisitions as follows:

50 Lisgar, Sudbury, ON

The vendor has agreed to pay to the Company an amount equal to the shortfall, if any, between the actual gross rental income from the residential component of the property and the corresponding gross rental income based on 95% occupancy for a period of six months after the closing. The vendor has also agreed to pay to the Company certain amounts under a head lease for any commercial space that is vacant on closing for a term of five years. The Company has recorded a pro forma adjustment for an income support receivable of $68 in connection with this acquisition.

306-318 Georgian Drive, Barrie, ON

The vendor has agreed to pay to the Company certain amounts under a head lease in the event that there are more than four bedrooms that are vacant for a period of twenty four months after the closing. The Company has recorded a pro forma adjustment for an income support receivable of $69 in connection with this acquisition.

1266 Pine Avenue, Montréal, ON

The vendor has agreed to pay to the Company certain amounts under a head lease equal to the shortfall, if any, between the actual gross rental income and the corresponding gross rental income based on 95% occupancy for a period of twelve months after the closing. The Company has recorded a pro forma adjustment for an income support receivable of $nil in connection with this acquisition as the estimated occupancy under the guarantee period is expected to exceed 95%.

4. Pro forma adjustments (continued)

2021-2023 Simcoe Street North, Oshawa, ON

The vendor has agreed to pay to the Company certain amounts under a head lease in the event that there are more than four bedrooms that are vacant for a period of twenty four months after the closing. The Company has recorded a pro forma adjustment for an income support receivable of $nil in connection with this acquisition.

The preceding income support receivable amounts total $137 and are carved out from the respective fair value of the acquired investment properties and presented separately on the unaudited consolidated pro forma statement of financial position. Accordingly, a pro forma adjustment is made to reflect the portion of the income support receivable to be received in the next twelve months of $78 and the non-current portion amount of $59.

(iii) Mortgages payable

On closing, the Company will assume the mortgages of CHC, CHC LP, the CHC LP Properties Co-Owner's interests, and 25% of the Ottawa Property of $159,588 (which includes a fair value mark-to-market premium of $281). Concurrent with closing, the Company intends to refinance the existing mortgages on two CHC LP properties for a term of five years at blended interest rates of 3.61% and 3.51%, respectively, with increased financing of $2,500 and $3,000 at Village Suites and West Village Suites, respectively, which the Company intends to use to repay $5,500 of an existing mortgage of $13,750 on the London Property located at 673-677 Richmond Street, London. The Company also intends to refinance the mortgage on the Ottawa Property that is expected to be assumed at closing for a term of five years at an interest rate of 2.75% for the same balance of $8,700.

In respect to the probable acquisitions, the mortgages payable balance at 100% for all properties except the Ottawa Property at 25% are expected to be $78,841. As a result of the intended co-ownership agreement with Woodbourne, the non-current and current portion of the mortgages payable balance would decrease by $28,668 and $752 respectively. The net impact to cash would be an overall increase of $29,420.

The initial carrying amount of the new and assumed mortgages is net of financing transaction costs of $973.

As a result of the refinancing activities, a pro forma adjustment of $2,768 is recorded to reflect the gain on the extinguishment of debt. This adjustment is not in the pro forma income statement because it is a non-recurring cost directly related to the transactions.

As a result of this new mortgage financing interest expense has been adjusted for an increase of $1,595 and $3,189 for the six months ended June 30, 2016 and the year ended December 31, 2015, respectively. As a result of existing mortgage refinancing, interest expense has been decreased by $1,178 and $2,599 for the six months ended June 30, 2016 and the year ended December 31, 2015, respectively.

Management is in the process of finalizing financing for the respective acquisitions. Accordingly, the adjustments above include mortgage financing for the Barrie Property, the Montréal Property, the Oshawa Property (Phase 1), the Oshawa Property (Phase 2), the Oshawa Property (Phase 3), the Kingston (Alfred) Property, the Kingston (Mack) Property and the Ottawa Property as the financing is necessary for the applicable transaction to be consummated.

(iv) Deferred income taxes

A deferred tax liability in the amount of $2,488 is reflected in the unaudited pro forma consolidated statement of financial position in connection with the purchase of the CHC LP Properties on account of inherent recapture based on the recognized fair values of the acquired investment properties. A deferred tax asset of $297 reflected in the unaudited pro forma consolidated statement of financial position in connection with the purchase of the probable acquisitions and the CHC LP Properties Co-Owner's portion on account of the allocation of certain acquisition costs to buildings.

The other adjustment related to deferred income taxes relates to the recognition of previously unrecognized tax benefits. Historically, the Company has not recognized any deferred tax assets related to net operating losses or deductible temporary differences as it was not more likely that not that the net deferred tax asset would be realized. The unaudited pro forma consolidated statement of financial position includes an adjustment in respect of the assumption that the Company will be able to generate sufficient taxable income to utilize the carry forward losses and deductible temporary and accordingly, previously unrecognized tax benefits in the approximate amount of $4,176, have been recorded.

As at June 30, 2016, the Company would have unrecognized taxable temporary differences related to temporary differences on capital account (being substantially in respect of Investment Properties) of $18.3 million.

The pro forma deferred income tax expense adjustment is calculated using the statutory tax rate of 39.5% resulting in a deferred tax expense of $1,139 being recognized for the six-month period ended June 30, 2016. In determining this deferred tax expense, the fair value gains of $20,943 were excluded from taxable income as they were considered to be capital gains and were therefore not recognized as deferred tax liabilities consistent with the treatment of capital gains on Investment Properties as discussed above. There was no estimated pro forma tax recovery during the year ended December 31, 2015 due to the losses in that year and the Company not considering, at that time, that it would have been more likely than not to have realized the benefit of any deferred tax assets.

4. Pro forma adjustments (continued)

(v) Transaction costs

Transaction costs of $10,746 which includes financing transaction costs of $973, are included as part of the carrying amount of mortgages payable (see note 4(f)(iii)), are presented as a charge to retained earnings in the unaudited pro forma consolidated statement of financial position. An adjustment for financing transaction costs has not been made in the pro forma income statement because it is a non-recurring cost directly related to the transactions. Transaction costs have not been reflected in the unaudited pro forma consolidated statement of net loss and comprehensive loss including transaction costs incurred by Dundee Acquisition Ltd. for the six months ended June 30, 2016.

Transaction costs of $209 accrued in DAQ's statement of net income and comprehensive income for the 6 months ended June 30, 2016 have been removed and replaced with the transaction costs described above. There were no such costs accrued for the year ended December 31, 2015.

(vi) Net unrealized gain or loss on changes in the fair value of financial liabilities

A pro forma adjustment has been recorded to remove the net unrealized loss of $1,685 and net realized gain of $2,358 in respect of changes in the share price of the Class A Restricted Voting Shares of DAQ for the six months ended June 30, 2016 and for the year ended December 31, 2015, respectively, as these shares would not be outstanding as a result of the Arrangement and related transactions.

(vii) Settlement of DAQ intercompany loan

Amounts due to Dundee Corporation of $222 as of June 30, 2016 are non-interest bearing and payable no later than the date of the consummation of a Qualifying Acquisition. Due to the short-term nature of this arrangement, the fair value of the amounts due to Dundee Corporation approximate their carrying amount. Dundee Corporation has agreed that until the Corporation completes a Qualifying Acquisition, it will provide certain office space, utilities and administrative support to the Corporation as may be required by the Corporation from time to time. This loan will be settled upon completion of this transaction.

(viii) Bridge Financing

The Company is finalizing various bridge financing arrangements with Woodbourne and other potential lenders to seek to ensure capital is available to close the multiple Acquisitions under various DAQ redemption scenarios. CSL expects to draw down on the bridge facility following closing to cover certain cash requirements and to refinance certain debt on the Properties; the drawing(s) are being pursued to improve the pro forma company's financial flexibility and deal with potential redemptions. The terms of these bridge facilities are still being finalized but the expected draw for purposes of the transaction has been estimated in the amount of $3,864. For the purposes of these pro formas it has been assumed that all Class A Restricted Voting Shares are ultimately converted to Common Shares of CHC and are not redeemed.

(ix) Working capital adjustments

At the time of close, working capital items including accounts receivables, prepaid assets, and accounts payables, will remain on the account of individual vendors and as such, the Company has removed these items through pro forma adjustments.

Included as part of these adjustments, are deferred underwriting commission fee of $3,931 accrued by DAQ as part of the initial public offering dated May 2015. This amount is expected to be paid in cash upon completion of this Qualifying Transaction.

(x) Warrants

Pursuant to the Arrangement, all share purchase warrants of DAQ outstanding immediately prior to the Arrangement will represent equivalent warrants of CSL ("Replacement Warrants") to purchase Common Shares of CSL at an exercise price of $11.50 per common share. As at June 30, 2016, the Replacement Warrants have an estimated fair value of $2,628.

(xi) Settlement of CHC DSUs

On September 13, 2016, CHC's Board adopted a deferred share unit plan (the "CHC DSU Plan") and approved the grant of an aggregate of $304 in deferred share units (the "CHC DSUs") to the directors of CHC in settlement of directors' fees accrued and unpaid during 2015 and the first two quarters of 2016, for a total of 63,070 CHC DSUs. The CHC DSUs are currently to be settled in cash when a director ceases to be a director of CHC. On close of the Arrangement, it is expected that 63,070 CHC Shares will be issuable to directors of CHC in consideration of settling the outstanding CHC DSUs. This is equivalent to 35,978 CSL shares post consolidation at an estimated share price of $10.08 per share.

A pro forma adjustment has been recorded to increase Common Shares by $363 related to the settlement of the CHC DSUs. This would retire the liability of $304 on CHC's statement of financial position at June 30, 2016, and the balance of $59 is recorded as an expense.

5. Pro forma net income (loss) per share

The calculation of pro forma net income (loss) per weighted average share, basic and diluted and the weighted average number of shares outstanding is based on the pro forma number of shares outstanding for the year had the issuance of shares taken place on January 1, 2016 and January 1, 2015. For the year ended December 31, 2015, the share based payments, including warrants, were excluded from the diluted weighted average number of common shares calculation since the Company incurred a loss and, therefore, their effect would have been antidilutive.

	Six months ended June 30, 2016	Year ended December 31, 2015
Pro forma net income/(loss)	$22,688	$(11,198)
Pro forma weighted average combined company shares outstanding, basic and diluted	15,857	15,857
	22,207	15,857
Pro forma net income/(loss) per weighted average combined company shares outstanding, basic and	$ 1.43	$ (0.71)
diluted	$ 1.02	$ (0.71)

CERTIFICATE OF DUNDEE ACQUISITION LTD. AND PROMOTER

October 26, 2016

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Dundee Acquisition Ltd. as required by the securities legislation of each of the provinces and territories of Canada.

"MARK GOODMAN" (signed)	"LUCIE PRESOT" (signed)
By: MARK GOODMAN President and Chief Executive Officer	By: LUCIE PRESOT Chief Financial Officer

On behalf of the Board of Directors

"ANDREW DURNFORD" (signed)	"DAVID GOODMAN" (signed)
By: ANDREW DURNFORD Director	By: DAVID GOODMAN Director

Dundee Corporation, as Promoter

"DAVID GOODMAN" (signed)

By: DAVID GOODMAN
President and Chief Executive Officer

"MARK GOODMAN" (signed)

By: MARK GOODMAN
Executive Vice President

Schedule A
CHARTER OF THE AUDIT COMMITTEE
OF CANADIAN STUDENT LIVING GROUP INC./

Section 1 PURPOSE

The audit committee (the "**Audit Committee**") is a committee of the board of directors (the "**Board**") of Canadian Student Living Group Inc. (the "**Corporation**"). The primary function of the Audit Committee is to assist the directors of the Corporation in fulfilling their applicable roles by:

(a) recommending to the Board the appointment and compensation of the Corporation's external auditor;

(b) overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;

(c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation by the Corporation's external auditor;

(d) satisfying themselves that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in (g) below, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;

(e) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(f) reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of the Corporation; and

(g) reviewing and approving the annual and interim financial statements, related Management Discussion and Analysis ("MD&A") and other financial information provided by the Corporation to any governmental body or the public.

The Audit Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct internal or external audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of management, and in certain cases, the external auditor.

Section 2 LIMITATIONS ON AUDIT COMMITTEE'S DUTIES

In contributing to the Audit Committee's discharge of its duties under this Charter, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended to be, or may be construed as, imposing on any members of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject.

Members of the Audit Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditor, (iv) financial statements of the Corporation represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

Section 3 COMPOSITION AND MEETINGS

The Audit Committee should be comprised of not less than three directors as determined by the Board, all of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would inter-

fere with the exercise of his or her independent judgment as a member of the Audit Committee. All members of the Audit Committee should have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices. At least one member of the Audit Committee should have accounting or related financial management expertise and be considered a financial expert. Each member should be "financially literate" within the meaning of 52-110. The Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair of the Audit Committee (the "**Chair**") is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

In addition, the Audit Committee members should meet all of the requirements for members of audit committees as defined from time to time under applicable legislation and the rules of any stock exchange on which the Corporation's securities are listed or traded.

The Audit Committee should meet at least four times annually, or more frequently as circumstances require. The Audit Committee should meet within forty-five (45) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate.

For greater certainty, management is indirectly accountable to the Audit Committee and is responsible for the timeliness and integrity of the financial reporting and information presented to the Board.

In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Corporation's interim financial statements.

A quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine, provided that a majority thereof are resident Canadians.

Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Audit Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Audit Committee. Each of the Chair of the Board, the external auditor, the Chief Executive Officer, the Chief Financial Officer or the Secretary shall be entitled to request that any member of the Audit Committee call a meeting.

This Charter is subject in all respects to the Corporation's articles of incorporation and by-laws from time to time.

Section 4 ROLE

As part of its function in assisting the Board in fulfilling its oversight role (and without limiting the generality of the Audit Committee's role), the Audit Committee should:

(1) Determine any desired agenda items;

(2) Review and recommend to the Board changes to this Charter, as considered appropriate from time to time;

(3) Review the public disclosure regarding the Audit Committee required by 52-110;

(4) Review and seek to ensure that disclosure controls and procedures and internal control over financial reporting frameworks are operational and functional;

(5) Summarize in the Corporation's annual information form the Audit Committee's composition and activities, as required; and

(6) Submit the minutes of all meetings of the Audit Committee to the Board upon request.

Documents / Reports Review

(7) Review and recommend to the Board for approval the Corporation's annual and interim financial statements, including any certification, report, opinion, undertaking or review rendered by the external auditor and the related MD&A, as well as such other financial information of the Corporation provided to the public or any governmental body as the Audit Committee or the Board require.

(8) Review other financial information provided to any governmental body or the public as they see fit.

(9) Review, recommend and approve any of the Corporation's press releases that contain financial information.

(10) Seek to satisfy itself and ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and related MD&A and periodically assess the adequacy of those procedures.

External Auditor

(11) Recommend to the Board the selection of the external auditor, considering independence and effectiveness, and review the fees and other compensation to be paid to the external auditor.

(12) Review and seek to ensure that all financial information provided to the public or any governmental body, as required, provides for the fair presentation of the Corporation's financial condition, financial performance and cash flow.

(13) Instruct the external auditor that its ultimate client is not management and that it is required to report directly to the Audit Committee, and not management.

(14) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.

(15) Review and discuss, on an annual basis, with the external auditor all significant relationships it has with the Corporation to determine the external auditor's independence.

(16) Pre-approve all non-audit services (or delegate such pre-approval, as the Audit Committee may determine and as permitted by applicable Canadian securities laws) to be provided by the external auditor.

(17) Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.

(18) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(19) Communicate directly with the external auditor and arrange for the external auditor to be available to the Audit Committee and the full Board as needed.

(20) Review and approve any proposed hiring by the Corporation of current or former partners or employees of the current (and any former) external auditor of the Corporation.

Audit Process

(21) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Audit Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(22) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(23) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.

(24) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Audit Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

Financial Reporting Processes

(25) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.

(26) Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

(27) Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.

(28) Review with management and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto.

(29) Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

(30) If considered appropriate, establish separate systems of reporting to the Audit Committee by each of management and the external auditor.

(31) Periodically consider the need for an internal audit function, if not present.

Risk Management

(32) Review program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

General

(33) With prior Board approval, the Audit Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.

(34) Respond to requests by the Board with respect to the functions and activities that the Board requests the Audit Committee to perform.

(35) Periodically review this Charter and, if the Audit Committee deems appropriate, recommend to the Board changes to this Charter.

(36) Review the public disclosure regarding the Audit Committee required from time to time by applicable Canadian securities laws, including:

(i) the Charter of the Audit Committee;

(ii) the composition of the Audit Committee;

(iii) the relevant education and experience of each member of the Audit Committee;

(iv) the external auditor services and fees; and

(v) such other matters as the Corporation is required to disclose concerning the Audit Committee.

(37) Review in advance, and approve, the hiring and appointment of the Corporation's senior financial executives by the Corporation, if any.

(38) Perform any other activities as the Audit Committee deems necessary or appropriate including ensuring all regulatory documents are compiled to meet Committee reporting obligations under 52-110.

Section 5 AUDIT COMMITTEE COMPLAINT PROCEDURES

Submitting a Complaint

(39) Anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair should oversee treatment of such complaints.

Procedures

(40) The Chair will be responsible for the receipt and administration of employee complaints.

(41) In order to preserve anonymity when submitting a complaint regarding questionable accounting or auditing matters, the employee may submit a complaint confidentially.

Investigation

(42) The Chair should review and investigate the complaint. Corrective action will be taken when and as warranted in the Chair's discretion.

Confidentiality

(43) The identity of the complainant and the details of the investigation should be kept confidential throughout the investigatory process.

Records and Report

(44) The Chair should maintain a log of complaints, tracking their receipt, investigation, findings and resolution, and should prepare a summary report for the Audit Committee.

The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's securityholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.

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