CHC Realty Capital Corp.
Financial Statements
December 31, 2013

Contents

For the period from April 12, 2013 (date of incorporation) to December 31, 2013

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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

March 21, 2014
Toronto, Canada

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*"
Mark Hansen
President, CEO and Director

(signed) "*Craig Smith*"
Craig Smith
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**

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.

2. Summary of significant accounting policies *(continued)*

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.

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

3. Future Accounting Changes (continued)

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.

4. Share capital (continued)

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.

6. Capital management (continued)

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.

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.