

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.