

BELLAIR VENTURES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended November 30, 2012 and 2011

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January 28, 2013

Introduction

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Bellair Ventures Inc. (the "Company" or "Bellair") is for the three months ended November 30, 2012. It is supplemental to, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements of the Company for the three months ended November 30, 2012, the audited annual financial statements of the Company for the year ended August 31, 2012, as well as the filing statement dated July 12, 2012.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Comparative financial information has been restated to conform to IFRS, unless otherwise stated. All amounts presented herein are stated in Canadian dollars, unless otherwise indicated.

Readers are cautioned that this MD&A contains certain forward looking statements. Please see the "Notice concerning forward-looking statements" section at the end of this document for a discussion concerning the use of such information in this MD&A.

Company overview

Bellair was incorporated under the Canada Business Corporation Act on August 22, 2008 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "TSX-V" or the "Exchange"). On July 30, 2012 the Exchange issued its Final Exchange Bulletin approving the Company's Qualifying Transaction as the term is defined within the Exchange's corporate finance manual, for the Acquisition of Clean Energy Developments Corp..

Bellair, through its wholly owned subsidiary Clean Energy Developments Corp. ("CleanEnergy"), is a Canadian industry leading geoexchange company that provides heating and cooling solutions for residential and commercial buildings using energy from the earth.

CleanEnergy provides a complete energy solution and is able to provide engineering and design, geo installation, equipment and control systems as well as manage the complete project. In a highly fragmented Canadian market, CleanEnergy is the only complete solution provider that operates nationally. CleanEnergy is currently the commercial geoexchange leader in Canada and intends to continue to build market share doing increasingly larger projects in this growing market segment.

On December 5, 2012, the Company acquired 100% of Urban Mechanical Contracting Ltd. ("Urban Mechanical"). Urban Mechanical is a leading mid-tier mechanical contractor which, together with predecessor businesses, has a history spanning more than 45 years in low-rise residential, high-rise residential and ICI installations in Ontario, Canada. With over 140 employees, Urban Mechanical has become an industry leader in design, LEED certified buildings, job site safety and risk management. Together these attributes have assisted Urban Mechanical with forging strong client/customer relationships which has enabled Urban Mechanical to complete over two billion dollars in mechanical installations.

Overall performance

CleanEnergy continues to complete a number of large projects including municipal, commercial and residential projects and focus on building brand and reputation through strategic partnerships and the dealer network. During the three months ended November 30, 2012, CleanEnergy achieved the following:

- CleanEnergy has continued to execute on larger scale projects and successfully positioned itself to be the industry leading commercial Geoexchange company. Our strengthening reputation has allowed us to bid on \$2.7 million of projects in this quarter and increase our pipeline to over \$50 million of project opportunities.
- CleanEnergy closed on sales of \$420K to Johnson Controls Inc. for the geothermal retrofit of Pinewood Elementary and South Delta Secondary Schools in Delta, BC. This is part of a large BC wide program to perform energy saving retrofits on hundreds of schools in the province
- CleanEnergy substantially completed the Terminal portion of its Calgary Airport project worth about \$3 million out of the total contract valued at \$4.5 million in revenue. The Calgary Airport Authority continues with its major development project at YYC, including building a new runway and doubling the size of the Air Terminal Building with the addition of a new concourse, which will be the new home for International and U.S. flights. YYC has chosen to incorporate geoexchange as part of its sustainable design principles that are expected to reduce the carbon footprint by 4,900 tonnes per year, which is equivalent to taking 1,200 cars off the road permanently.
- CleanEnergy completed its geoexchange installation at the Central Nova Scotia Regional Civic Centre in Truro, Nova Scotia for \$880,000. This facility will feature a NHL-sized ice surface with seating for 3,200 spectators. It will also be home to an indoor aquatic centre, an exercise track, a fitness centre and space for events like concerts, tradeshow and community gatherings.
- CleanEnergy completed a \$450,000 geoexchange heating and cooling solutions for a 72 unit senior's affordable living complex in London, Ontario.
- CleanEnergy continued construction of its geothermal system on a state of the art mental hospital in Ontario for \$1.5 million. Mental Health Centre Penetanguishene aims to achieve Leadership in Energy and Environmental Design (LEED®) Gold certification for the design and construction of the new facility. CleanEnergy's geothermal system will help the Health Centre achieve the necessary points to reach a LEED® Gold certification.

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Selected financial information

Selected quarterly financial information

	Q1-2013	Q4-2012	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,081,870	426,851	-	-	-	-	-	-
Net loss	110,117	801,435	53,354	60,975	23,300	190,313	126,988	32,698
Basic & diluted loss per share	0.01	0.19	0.04	0.03	0.01	0.10	0.05	0.01

Results of operations

The Company had the following sales and direct costs:

	Three months ended November 30,	
	2012	2011
Sales	\$ 1,081,870	\$ -
Cost of sales	620,455	-
Gross margin	\$ 461,415	\$ -

The three months ended November 30, 2012 is the first full quarter encompassing the operations of CleanEnergy subsequent to the qualifying transaction.

Revenues are earned on services provided for the design and engineering of geoexchange projects, the sale of geoexchange equipment and the installation of geoexchange systems.

Direct cost of sales includes direct labour and expenditures for services provided, as well as equipment costs and materials for geoexchange projects.

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Three months ended November 30, 2012, compared with the three months ended November 30, 2011

For the three months ended November 30, 2012, the Company reported a net loss of \$110,117 versus \$23,300 in the prior year. As the closing of the qualifying transaction took place in July of 2012, year-over-year results will not be directly comparable.

General and administrative expenses were \$530,095 during the period ended November 30, 2012. This includes items such as salaries and wages, professional fees, filing fees, and other office expenses. This was a large increase from the prior year (\$23,300) as this is the first full quarter of operations from CleanEnergy since the qualifying transaction in July 2012.

The \$32,770 of transaction costs recorded during the period ended November 30, 2012, relate to the acquisition of Urban Mechanical. While additional costs for this acquisition are expected in the 2nd quarter, these are not expected to be recurring costs. During the prior year, no such costs were classified as transaction costs.

Liquidity and capital resources

As at November 30, 2012, the Company had working capital of \$1,280,681. Working capital provides funds for the Company to meet its operational and capital requirements. Subsequent to the period, the Company closed a private placement for gross proceeds of \$1,267,246. For the near-term, management believes that increases in revenues will provide the necessary capital to fund operations.

The Corporation has contractual commitments on capital lease obligations for approximately \$2,625.

Related party transactions

Included in general and administrative expenses is remuneration of key management personnel of the Company. For the three months ended November 30, 2012, remuneration included \$121,538 of short-term compensation.

A corporation that holds significant influence over the Company was owed approximately \$388,226 as at November 30, 2012 (November 30, 2011 - \$nil) as a result of the qualifying transaction. These amounts are non-interest bearing and due on demand.

Financial instruments

The Company's financial instruments consist of cash, accounts receivable, note receivable, accounts payable and accrued liabilities, capital lease obligations and related party payable. Due to the short term nature of these financial assets and liabilities, the carrying values approximate the fair values. The carrying value of capital leases equals fair value as the assets could be leased at the same implicit rate of interest as is currently being received.

The Company did not hold or issue any derivative financial instruments during the period ended November 30, 2012. For further information on financial instruments please refer to the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2012.

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Future changes in accounting standards

A number of new standards, amendments to standards and interpretations are not yet effective for fiscal 2013, and have not been applied in preparing these consolidated financial statements but may affect the Company:

- IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015.
- IFRS 10 - Consolidated Financial Statements, effective for annual periods beginning on or after January 1, 2013.
- IFRS 12 - Disclosure of Interests in Other Entities, effective for annual periods beginning on or after January 1, 2013.
- IFRS 13 - Fair Value Measurement defines fair value, effective for annual periods beginning on or after January 1, 2013.

The Company is currently assessing the effects of these new standards.

Outlook

Urban Mechanical acquisition

On December 5, 2012 the Company completed the acquisition of all of the issued and outstanding shares of Urban Mechanical pursuant to the terms and conditions of a share purchase agreement for a purchase price equal to \$10,000,000 less all outstanding long term debt of Urban Mechanical as at closing of the acquisition. On closing, Urban Mechanical had \$1,721,581 of long term debt outstanding.

The addition of Urban Mechanical to the Company puts Bellair in the position to meet the increasing demand of the ICI marketplace. The combination of Urban Mechanical and the Company's wholly-owned subsidiary, Clean Energy Developments Corp., a leading national design building and distributor of thermal energy systems and solutions, will allow the delivery of end-to-end sustainable solutions for asset owners, managers, and construction leaders, which ultimately will enable the delivery of more cost effective and risk mitigated solutions to customers for inside and outside thermal energy and mechanical services.

The purchase Price was satisfied by the Company through the issuance of 9,597,125 common shares of the Company at an issue price of \$0.55 per share, the payment of \$500,000 in cash, payable within 90 days after closing and the assignment to the vendor by the Company of a \$500,000 term loan previously advanced by the Company to Urban Mechanical. Up to an additional 3,636,363 common shares of the Company will be issued in satisfaction of the balance of the purchase price. These shares will not be issued at closing but will be issued on the date that is one year following the closing of the transaction to ensure the vendor's performance of certain obligations under the agreement, and shall be subject to adjustment in certain events.

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Private placement

On January 15, 2013, the Company completed a brokered private placement of 2,534,492 units of the Company (each, a Unit) at a purchase price of \$0.50 per Unit, for gross proceeds of \$1,267,246. Proceeds of the private placement will be used for targeted acquisitions and general working capital purposes.

Each Unit shall be comprised of: one common share of the Company (a "Common Share"); and one Common Share purchase warrant (a "Warrant"). Each Warrant shall entitle the holder to purchase one Common Share at an exercise price of \$0.75 for a period of 24 months following the closing (the "Closing"), subject to adjustment in certain events. Proceeds of the private placement shall be used for targeted acquisitions and general working capital purposes.

As compensation, the Company paid the agent a cash commission equal to 8% of the gross proceeds. The Agent was also issued 202,759 broker warrants ("Broker Warrant") at an exercise price of \$0.50 per Broker Warrant. Each Broker Warrant is comprised of (a) one Common Share; and (b) one Common Share purchase warrant, which shall entitle the Agent to purchase one Common Share at an exercise price of \$0.75 per Common Share for a period of 24 months from date of Closing, subject to adjustment in certain events.

Disclosure of outstanding share data

As at January 15, 2013 there were 29,440,217 issued and outstanding common shares in the capital of the Company. The Company has outstanding options to purchase an aggregate of 170,440 common shares, outstanding warrants to purchase an aggregate of 7,322,492 common shares, and outstanding agent options to purchase an aggregate of 1,363,118 common shares (assuming warrants obtained from exercising of the agent options are also exercised).

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company is subject to certain risks and uncertainties from both financial and operational factors. Please refer to the risk factors outlined in the filing statement dated July 12, 2012. For financial risks, please refer to the unaudited condensed consolidated interim financial statements of the Company for the three months ended November 30, 2012.

Disclosure Controls and Procedures

Disclosure controls and procedures (the "Disclosure Procedures") are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Company's management conducted an evaluation of the effectiveness of the Disclosure Procedures. Based on this evaluation, management has concluded that, subject to certain limitations indicated in the MD&A, our Disclosure Procedures are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

It should be noted that while management believe that our Disclosure Procedures are effective

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and will provide a reasonable level of assurance, they do not expect that they will prevent all errors and frauds. A control system, no matter how well designed or operated, can only provide reasonable and not absolute assurance that the objectives of the control system are met.

Notice concerning forward-looking statements

Certain statements in this MD&A constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include the intention to grow the business and operations of the Company. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Company to obtain necessary financing; the economy generally; consumer interest in the services and products of the Company; competition; and anticipated and unanticipated costs. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted under “Risk Factors” in this MD&A. These forward-looking statements are made as of the date of the MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.