

**REBEL CAPITAL INC.**

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**SEPTEMBER 30, 2019**

**NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim condensed financial statements of Rebel Capital Inc. have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

# REBEL CAPITAL INC.

## INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

*(Unaudited, expressed in Canadian Dollars)*

**September 30, 2019**

**December 31, 2018**

### **Assets**

#### Current assets

|      |         |         |
|------|---------|---------|
| Cash | 144,729 | 194,719 |
|      | 144,729 | 194,719 |

### **Liabilities**

#### Current liabilities

|                                          |        |        |
|------------------------------------------|--------|--------|
| Accounts payable and accrued liabilities | 13,737 | 46,941 |
|------------------------------------------|--------|--------|

### **Shareholders' Equity**

|                              |           |           |
|------------------------------|-----------|-----------|
| Share capital (Note 3)       | 256,892   | 256,892   |
| Contributed surplus (Note 4) | 25,395    | 24,717    |
| Deficit                      | (151,295) | (133,831) |
|                              | 130,992   | 147,778   |
|                              | 144,729   | 194,719   |

*See accompanying notes to the interim condensed financial statements.*

## REBEL CAPITAL INC.

### INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

| <i>(Unaudited, expressed in Canadian Dollars)</i>    | For the three months ended |                | For the nine months ended |                 |
|------------------------------------------------------|----------------------------|----------------|---------------------------|-----------------|
|                                                      | 2019                       | 2018           | 2019                      | 2018            |
| <b>Revenue:</b>                                      |                            |                |                           |                 |
| Interest and other                                   | 467                        | 530            | 1,568                     | 654             |
| <b>Expenses:</b>                                     |                            |                |                           |                 |
| Professional fees                                    | 7,786                      | 2,869          | 10,037                    | 41,014          |
| Transfer agent and filing fees                       | 904                        | 904            | 8,256                     | 8,392           |
| Bank fees                                            | 13                         | 25             | 61                        | 481             |
| Stock-based compensation (Note 4)                    | -                          | 624            | 678                       | 3,208           |
|                                                      | 8,703                      | 4,422          | 19,032                    | 53,095          |
| <b>Loss and comprehensive loss for the period</b>    | <b>(8,236)</b>             | <b>(3,892)</b> | <b>(17,464)</b>           | <b>(52,441)</b> |
| Loss per share – basic and diluted (Note 3)          | (0.00)                     | (0.00)         | (0.01)                    | (0.03)          |
| Weighted average number of common shares outstanding | 2,000,000                  | 2,000,000      | 2,000,000                 | 2,000,000       |

See accompanying notes to the interim condensed financial statements.

# REBEL CAPITAL INC.

## INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*(Unaudited, expressed in Canadian Dollars)*

|                                      | <b>Number of<br/>Common Shares</b> | <b>Share<br/>Capital</b> | <b>Contributed<br/>Surplus</b> | <b>Deficit</b>   | <b>Total</b>   |
|--------------------------------------|------------------------------------|--------------------------|--------------------------------|------------------|----------------|
| Balance at January 1, 2018           | 4,660,000                          | 256,892                  | 20,885                         | (59,069)         | 218,708        |
| Share-based payments                 |                                    |                          | 3,208                          |                  | 3,208          |
| Loss                                 |                                    |                          |                                | (52,441)         | (52,441)       |
| <b>Balance at September 30, 2018</b> | <b>4,660,000</b>                   | <b>256,892</b>           | <b>24,093</b>                  | <b>(111,510)</b> | <b>169,475</b> |

|                                      | <b>Number of<br/>Common Shares</b> | <b>Share<br/>Capital</b> | <b>Contributed<br/>Surplus</b> | <b>Deficit</b>   | <b>Total</b>   |
|--------------------------------------|------------------------------------|--------------------------|--------------------------------|------------------|----------------|
| Balance at January 1, 2019           | 4,660,000                          | 256,892                  | 24,717                         | (133,831)        | 147,778        |
| Share-based payments                 |                                    |                          | 678                            |                  | 678            |
| Loss                                 |                                    |                          |                                | (17,464)         | (17,464)       |
| <b>Balance at September 30, 2019</b> | <b>4,660,000</b>                   | <b>256,892</b>           | <b>25,395</b>                  | <b>(151,295)</b> | <b>130,992</b> |

*See accompanying notes to the interim condensed financial statements.*

# REBEL CAPITAL INC.

## INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30

| <i>(Unaudited, expressed in Canadian Dollars)</i>      | For the three months ended |         | For the nine months ended |          |
|--------------------------------------------------------|----------------------------|---------|---------------------------|----------|
|                                                        | 2019                       | 2018    | 2019                      | 2018     |
| <b>Cash flows related to the following activities:</b> |                            |         |                           |          |
| <b>Operating activities</b>                            |                            |         |                           |          |
| Loss for the period                                    | <b>(8,236)</b>             | (3,892) | <b>(17,464)</b>           | (52,441) |
| Adjustments for:                                       |                            |         |                           |          |
| Stock-based compensation                               | -                          | 624     | <b>678</b>                | 3,208    |
| Change in non-cash working capital                     | <b>7,292</b>               | 649     | <b>(33,204)</b>           | 22,213   |
| <b>Net change in cash</b>                              | <b>(944)</b>               | (2,619) | <b>(49,990)</b>           | (27,020) |
| Cash, beginning of period                              | <b>145,673</b>             | 201,589 | <b>194,719</b>            | 225,990  |
| <b>Cash, end of period</b>                             | <b>144,729</b>             | 198,970 | <b>144,729</b>            | 198,970  |

See accompanying notes to the interim condensed financial statements.

REBEL CAPITAL INC.  
Notes to the Interim Condensed Financial Statements  
For the three and nine months ended September 30, 2019 (unaudited)

## **1. INCORPORATION**

Rebel Capital Inc. (the "Corporation") was incorporated under the laws of the Province of British Columbia on September 16, 2016. The Corporation completed in October 2017 its Initial Public Offering (the "Offering") on the TSX Venture Exchange ("Exchange") as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the Exchange. The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction under the Exchange rules. The Corporation was required to complete a Qualifying Transaction on or before two (2) years from the date of listing of the Common Shares on the Exchange, being November 3, 2019. The address of the registered office is 2000, 250 Howe Street, Vancouver, BC.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

As of the date of these interim condensed financial statements, the Corporation has not completed a Qualifying Transaction within the time limitations permissible under the policies of the Exchange. On November 5, the Exchange formally advised that trading in the shares of the Company will be suspended effective at the open, November 7, 2019, until further notice.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These interim condensed financial statements follow the same accounting policies and method of computation as the Corporation's audited financial statements for the year ended December 31, 2018 (the "Audited Financial Statements"), with the exception of certain disclosures that are normally required to be included in audited financial statements which have been condensed or omitted. These interim condensed financial statements should be read in conjunction with the Corporation's Audited Financial Statements.

### **Basis of measurement**

These unaudited interim condensed financial statements have been prepared on a going concern basis, under the historical cost methodology, are stated in Canadian dollars, and were authorized for issue by the Board of Directors on November 7, 2019.

### **Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

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Given the early stage of the Corporation there were no significant estimates or judgments made by management in the preparation of these interim condensed financial statements.

**New standards adopted on January 1, 2019**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods.

***IFRS 16: Leases***

On January 1, 2019, the Corporation adopted IFRS 16 "Leases" to replace the existing guidance of IAS 17 "Leases". The standard establishes principles and disclosures related to the amount, timing and uncertainty of cash flows arising from a lease. Given that the Corporation has no leases, no adjustments were required from the adoption of this standard.

**3. SHARE CAPITAL**

**a) Authorized**

The Corporation has authorized an unlimited number of common shares to be issued.

**b) Issued**

In July 2017, the Corporation issued 660,000 common shares at a price of \$0.05 per common share for total consideration of \$33,000 pursuant to a non-brokered private placement. All 660,000 common shares were acquired by directors and officers of the Corporation.

In October 2017, the Corporation completed the Offering and issued 2,000,000 common shares at a price of \$0.10 per common share for total consideration of \$200,000. Pursuant to an agency agreement dated August 11, 2017 (the "Agency Agreement") between the Corporation and Leede Jones Gable Inc. (the "Agent"), the Agent received a cash commission of \$20,000, a corporate finance fee of \$10,000 and an amount equal to the Agent's reasonable expenses of \$8,549. Effective November 3, 2017, the date that the common shares were listed for trading on the Exchange, the Corporation issued to the Agent options to purchase 200,000 common shares at an exercise price of \$0.10, which were exercisable until November 3, 2019 (the "Agent's Option"). The Corporation incurred total share issue costs of \$76,108, consisting of cash transaction costs of \$65,565 directly related to the Offering and \$10,543 for share-based payments related to the Agent's Options (note 6b).

As of September 30, 2019, the Corporation had 4,660,000 common shares issued and outstanding with a share capital balance of \$256,892 (December 31, 2018 - \$256,892).

**c) Escrowed shares**

Pursuant to an escrow agreement dated August 29, 2017 (the "Escrow Agreement") between the Corporation and certain shareholders of the Corporation, 2,660,000 common shares (the "Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the Offering, were deposited in escrow. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. The Escrow Agreement provides that holders of escrowed common shares shall not sell, transfer, assign, mortgage, enter into a derivative transaction concerning or otherwise deal in any way with their escrowed shares.

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**d) Loss per share**

The basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. With the completion of the Offering, Escrowed Shares will be subject to the Escrow Agreement and may be cancelled in the event that the Corporation is unable to complete a Qualifying Transaction within the required time limits. Accordingly, these shares are accounted for as contingently returnable shares and excluded from the calculation of basic and diluted loss per share. For the three and nine months ended September 30, 2019, the weighted average number of common shares outstanding for purposes of calculating basic and diluted loss per share were 2,000,000 common shares (2,000,000 - September 30, 2018). For purposes of the loss per share calculations for the three and nine months ended September 30, 2019 and 2018, there is no difference between the basic loss per share and the diluted loss per share amounts as all instruments are anti-dilutive.

**4. SHARE-BASED PAYMENTS**

**a) Stock options**

On April 3, 2017, the Corporation adopted a stock option plan, pursuant to which the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and employees of and consultants to the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant. However, for so long as the Corporation is a CPC under the policies of the Exchange, the aggregate number of common shares issuable upon exercise of all options granted under the stock option plan shall not exceed 10% of the common shares of the Corporation issued and outstanding at the closing of the Offering. Options granted under the option plan may be exercisable for periods of up to 10 years from the date of grant. For so long as the Corporation is a CPC, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% and to all technical consultants will not exceed 2% of the common shares of the Corporation issued and outstanding at the closing of the Offering. Options granted to the directors and officers of the Corporation while it is a CPC may be exercised during the greater of 12 months after the completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement is by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to the requirements of the Exchange under a CPC escrow agreement, as described previously.

On April 10, 2017, the Corporation granted options to its directors and officers entitling the purchase of 200,000 common shares at a price of \$0.10 per common share. The options are for a five year term, expiring on April 10, 2022, and vest one-third on April 10, 2017, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant. As at September 30, 2019 there are 200,000 options outstanding and exercisable with a remaining life of 2.5 years.

Options granted were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 0.92%, an expected dividend yield of 0%, an expected stock price volatility of 100%, and an expected option life of five years. This resulted in a calculated fair value per stock option of \$0.074.

During the nine months ended September 30, 2019, the Corporation recognized \$678 (September 30, 2018 - \$3,208) of share-based payments that were recorded as contributed surplus.

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**b) Agent's Options**

The Corporation issued the Agent Options to purchase 200,000 common shares at an exercise price of \$0.10 as part of the completed Offering. The Agent Options were exercisable for a period of two years, and expired on November 3, 2019. The fair value of the Agent's Options was estimated using the Black-Scholes option pricing model using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 1.39%, an expected dividend yield of 0%, an expected stock price volatility of 100%, and an expected option life of two years. This resulted in a calculated fair value per Agent Option of \$0.052.

The share-based payment amount of \$10,543 for Agent's Options was included within share issue costs in association with the Offering finalized in October 2017, with the offset being included as contributed surplus.

**5. RELATED PARTY TRANSACTIONS**

**Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel include the Corporation's executive officers and directors.

Other than stock options disclosed above, there was no other compensation paid to key management during the periods ended September 30, 2019 and 2018.

**6. CAPITAL DISCLOSURES**

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that the lesser of 30% of the gross proceeds (being \$99,900) and \$210,000 may be used to cover prescribed costs of issuing the common shares and general administrative expenses of the Corporation. These restrictions apply until the completion of the Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

**7. FINANCIAL INSTRUMENTS**

The Corporation, as part of its operations, carries financial instruments consisting of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

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**Fair value**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. Certain of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Corporation's fair value measurements are classified as one of the following levels of the fair value hierarchy:

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

**Credit Risk**

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash and cash equivalents and accounts receivable. The carrying amount of cash and cash equivalents and accounts receivable represent the maximum credit exposure to the Corporation. The Corporation held cash in the bank of \$144,729 at September 30, 2019 (December 31, 2018 - \$194,719). The Corporation manages credit exposure related to cash and cash equivalents by selecting financial institution counterparties with high credit ratings.

**Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Corporation has accounts payable and accrued liabilities of \$13,737 as at September 30, 2019 (December 31, 2018 - \$46,941) that are considered payable within the next year.

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Corporation does not have significant exposure to these risks.

**8. COMPARATIVE FIGURES**

Certain categories of expenses have been reclassified in the comparative period in order to provide improved disclosure and to conform to current period presentation within the statements of loss and comprehensive loss. For the nine months ended September 30, 2018, \$22,299 of general and administrative expenses and \$27,588 of business development expenses have been reclassified to \$41,014 of professional fees, \$8,392 of transfer agent and exchange fees, and \$481 of bank fees. For the three months ended September 30, 2018, \$3,593 of general and administrative expenses and \$205 of business development expenses have been reclassified to \$2,869 of professional fees, \$904 of transfer agent and exchange fees, and \$25 of bank fees.

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## **9. SUBSEQUENT EVENTS**

### **Termination of Proposed Qualifying Transaction**

In July 2019, the Corporation had entered into a definitive agreement with Chief Commercial Construction L.P., a Pennsylvania limited partnership (the "Vendor"), to acquire a property located in Pittsburgh, Pennsylvania containing a 91,790 square foot data center with a three-story connected 43,800 square foot office property on an approximately 7.65 acre site (collectively, the "Property") for a total purchase price (the "Purchase Price") of US\$32 million (the "Proposed Transaction"). In October 2019, the Corporation announced that the Proposed Transaction was terminated as certain conditions of the Proposed Transaction were not met by the required dates. The Proposed Transaction was intended to constitute Rebel's "Qualifying Transaction" in accordance with Policy 2.4 of the Exchange.

### **Suspension of Trading of Company Shares**

On November 5, 2019, the Exchange formally communicated that trading in the shares of the Company will be suspended effective at the open, November 7, 2019, until further notice. This suspension is the result of the Company having failed to complete a Qualifying Transaction within 24 months of its listing.