

Nurcapital Corporation Ltd.
Condensed Interim Financial Statements
For the periods ended September 30, 2016 and 2015

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Corporation 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 CPA Canada for a review of interim financial statements by an entity's auditor.

Nurcapital Corporation Ltd.

Condensed Interim Statements of Financial Position (in Canadian Dollars)

As At	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash	\$ 490,767	\$ 62,238
	490,767	62,238
Deferred financing costs (<i>notes 3 and 6</i>)	-	49,485
	\$ 490,767	\$ 111,723
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 6</i>)	\$ 23,254	\$ 48,857
Shareholders' equity		
Share capital (<i>note 3</i>)	524,628	105,000
Contributed surplus (<i>note 3</i>)	45,500	-
Deficit	(102,615)	(42,134)
	467,513	62,866
	\$ 490,767	\$ 111,723

Nature of Operations (*note 1*)

The accompanying notes are an integral part of these condensed interim financial statements.

Nurcapital Corporation Ltd.

Condensed Interim Statements of Loss and Comprehensive loss
(in Canadian Dollars)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	January 8, 2015 (from the date of incorporation) to September 30, 2015
Expenses				
Professional fee and listing fee	7,211	-	23,479	30,057
Stock based compensation	-	-	36,200	-
General and administrative	-	-	802	-
Net loss and comprehensive loss	\$ <u>(7,211)</u>	\$ <u>-</u>	\$ <u>(60,481)</u>	\$ <u>(30,057)</u>
Basic and diluted loss per share	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>	\$ <u>(0.02)</u>	\$ <u>(0.03)</u>
Weighted average number of shares outstanding	<u>3,744,500</u>	<u>1,050,000</u>	<u>3,241,799</u>	<u>1,050,000</u>

The accompanying notes are an integral part of these condensed interim financial statements.

Nurcapital Corporation Ltd.

Condensed Interim Statements of Changes in Equity
(in Canadian Dollars)

Share Capital					
	Number of Shares	Amount	Contributed surplus	Deficit	Total
Balance, January 8, 2015 (Date of incorporation)		\$	\$	-	\$ -
Issuance of common shares	1,050,000	105,000	--	-	105,000
Net and comprehensive loss for the period	-	-	-	(30,057)	(30,057)
Balance, September 30, 2015	1,050,000	\$ 105,000	\$ -	\$ (30,057)	\$ 74,943

Share Capital					
	Number of Shares	Amount	Contributed surplus	Deficit	Total
Balance, December 31, 2015	1,050,000	\$ 105,000	\$ -	\$ (42,134)	\$ 62,866
Issuance of common shares	2,694,500	538,900	-	-	538,900
Share issuance costs		(119,272)	9,300	-	(109,972)
Stock-based compensation			36,200	-	36,200
Net and comprehensive loss for the period		-	-	(60,481)	(60,481)
Balance, September 30, 2016	3,744,500	\$524,628	\$45,500	\$ (102,615)	\$ 467,513

The accompanying notes are an integral part of these condensed interim financial statements.

Nurcapital Corporation Ltd.

Condensed Interim Statements of Cash Flows (in Canadian Dollars)

	Nine months ended September 30, 2016	From January 8, 2015 (from the date of incorporation) to September 30, 2015)
Cash flows from operating activities:		
Loss before income taxes	\$ (60,481)	\$ (30,057)
Adjustments:		
Stock based compensation	36,200	-
Net change in non-cash working capital:		
Deferred costs	-	(43,415)
Increase (decrease) in accounts payable and accrued liabilities	<u>(25,603)</u>	<u>28,850</u>
Net cash generated from (used in) operating activities	<u>(49,884)</u>	<u>(44,622)</u>
Cash flows from financing activities:		
Proceeds from issuance of shares, net of issuance costs	478,413	105,000
Net cash generated from financing activities	<u>478,413</u>	<u>105,000</u>
Net increase in cash	428,529	60,378
Cash at beginning of period	<u>62,238</u>	<u>-</u>
Cash at end of period	<u>\$ 490,767</u>	<u>\$ 60,378</u>

The accompanying notes are an integral part of these condensed interim financial statements

Notes to Condensed Interim Financial Statements
For the periods ended September 30, 2016 and 2015
(in Canadian Dollars)

1. Nature of Operations

Nurcapital Corporation Ltd. ("the Corporation" or "the Company") was incorporated under the *Business Corporations Act of Ontario* on January 8, 2015 and is 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.. The Corporation proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation with a view to completing a Qualifying Transaction (the "Qualifying Transaction"), as defined in the policies of the Exchange.

As a Capital Pool Company, the proceeds raised by the Corporation from the issuance of common shares 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 \$105,000 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 evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the Exchange. 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 its ability to obtain additional financing. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval. As disclosed in note 7, subsequent to September 30, 2016, the Corporation has entered into a letter of intent with Nurreal Capital Corporation to complete its Qualifying Transaction.

The head office and the registered head office of the Corporation is located at 1 Adelaide Street, Suite 801, Toronto, Ontario, M5C 2V9.

On November 22, 2016, the Board of Directors approved the financial statements for issuance.

2. Summary of Significant Accounting Policies

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. Accordingly, these unaudited condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended September 30, 2016 are not necessarily indicative of future results. The accounting policies applied by the Corporation in these unaudited condensed interim financial statements are the same as those applied by the Corporation in its December 31, 2015 audited financial statements.

Notes to Condensed Interim Financial Statements
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3. Share Capital

Authorized

Unlimited Common shares

Issued and Outstanding

On January 8, 2015 the Corporation issued 1,050,000 common shares, at a price of \$0.10 per share for gross proceeds of \$105,000.

On February 2, 2016 the Corporation completed its initial public offering by issuing 2,208,500 common shares at a price of \$0.20 per share, for gross proceeds of \$441,700. The Company also granted incentive stock options to its five officers and directors to acquire a total of 220,850 common shares. The options may be exercised for a period of ten years at a price of \$0.20 per share. All Group Financial Services Inc. ("All Group") acted as the agent for the initial public offering. In connection with the offering the Corporation granted All Group warrants to acquire 88,340 common shares at a price of \$0.20 per share, paid All Group a commission of \$17,668 (4% of the gross proceeds of the offering) and a corporate finance fee of \$15,000. The warrants may be exercised for a period of 24 months from the date of listing of the common shares on the Exchange. The agent's warrants were valued at \$9,300 on the date of issue at using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.11%, expected volatility of 100% and an expected life of two years.

On May 18, 2016 the Corporation completed a non-brokered private placement financing by issuing 486,000 common shares at a price of \$0.20 per share, for gross proceeds of \$97,200. No financing cost was incurred for this financing.

As at December 31, 2015 the Corporation had incurred \$49,485 in costs directly related to the initial public offering. These costs were classified as deferred financing costs on the statement of financial position as at December 31, 2015. Upon the completion of the Corporation's initial public offering on February 2, 2016, these costs were charged to share capital as share issuance costs.

Escrow Shares

1,050,000 common shares will be subject to an Escrow Agreement pursuant to the requirements of the Exchange. Under the terms of the Escrow Agreement, these shares will be held in escrow and released as to 10% thereof on the completion of the Corporation's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

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. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

Notes to Condensed Interim Financial Statements
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Stock Options

On February 2, 2016 the Corporation granted incentive stock options to its five officers and directors to acquire a total of 220,850 common shares. The options may be exercised for a period of ten years at a price of \$0.20 per share. The agent's options were valued at \$36,200 on the date of issue at using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1 %, expected volatility of 100% and an expected life of ten years

4. Financial Instruments

Fair Values

At September 30, 2016 and December 31, 2015, the Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of cash held in trust.

Interest Rate Risk

The Corporation is not exposed to any significant interest rate risk.

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 currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

5. Capital Management

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. 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.

Notes to Condensed Interim Financial Statements
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6. Related Party Balances and Transactions

Included in cash is \$468,547 (December 31, 2015 - \$39,722) held in trust in an account at a law firm where a partner is also a Board member of the Corporation. This amount is used to pay expenses of the Corporation.

As part of the initial public offering the Company incurred fees to the law firm in the amount of \$72,982. These have been recorded as share issuance costs in the amount of \$65,084 which is a reduction of share capital, and \$7,898 of these costs have been recorded as general and administrative expenses in the nine months ended September 30, 2016.

The Corporation incurred deferred financing costs of \$32,535 from this law firm during the period ended December 31, 2015.

7. Subsequent Events and Qualifying Transaction

On November 1, 2016, the Company entered into a letter of intent (the “LOI”) with Nurreal Capital Corporation (“Nurreal”) to acquire from Nurreal a 50% of the issued and outstanding common shares of Erindale Village Living Inc. (“EVLI”) and 2,000,0000 preferred shares of EVLI, which owns a condominium project presently called EV Royale Condo Residences (the “Project”). The LOI will be superseded by definitive documentation between the Company and Nurreal that includes customary representations, warranties conditions and covenants for transactions of this nature. Subject to the approval of the Exchange, this proposed transaction will constitute the Company's Qualifying Transaction (the “QT”) under Exchange Policy 2.4 – Capital Pool Companies (the “CPC Policy”). The Company intends to list its common shares on the Exchange as a Tier 2 Investment Issuer upon completion of the proposed QT.

Pursuant to the LOI, Nurreal will sell its ownership interest of EVLI, which owns the Project. For the QT, the Company will acquire from Nurreal a 50% of the issued and outstanding common shares of EVLI and 2,000,0000 preferred shares of EVLI, in consideration for 9,900,0000 common shares, based on an appraised value of \$2,475,000 for Nurreal’s equity interest of EVLI at \$0.25 per common share.

Upon completion of the QT, the Company will have 2,000,0000 preferred shares of EVLI, which are entitled to preferential redemption by EVLI for \$2,000,000.00 before any profits are dispersed, and 50% of the issued and outstanding common shares of EVLI. Pursuant to a unanimous shareholders agreement with the other shareholders of EVLI, the Company will have decision making authority over EVLI and the Project.

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7. Subsequent Events and Qualifying Transaction- *continued*

Completion of the QT is subject to completion and execution of all definitive transaction documents (including accuracy of representations and warranties, compliance of covenants and satisfaction of customary conditions) and receipt of all requisite approvals and consents for the QT including without limitation completion of due diligence by the Company, approval by the Exchange for the QT, approval by the board of directors and by the shareholders of the Company, as well as receipt of all other necessary regulatory, corporate and third party approvals and other conditions precedent customary for a transaction such as the proposed QT. There can be no assurance that the proposed QT will be completed as proposed or at all.

Nurreal and the Company are related as a result of officers and directors in common and these officers and directors of the Company directly and indirectly, own and control all the issued and outstanding shares of Nurreal. Accordingly, the proposed QT constitutes a “Non-Arm's Length Qualifying Transaction” within the meaning of Exchange Policy 2.4 and, as such, Majority of the Minority Approval (as defined in Exchange Policy 2.4) is required to approve the proposed QT.