# PARKIT ENTERPRISE INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED JULY 31, 2015

EXPRESSED IN CANADIAN DOLLARS

(UNAUDITED)

## Notice of Non-review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

**PARKIT ENTERPRISE INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

| AS AT | July 31, 2015 | October 31, 2014 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 1,392,632 | $ 563,515 |
| Restricted cash (Note 17) | - | 464,879 |
| Accounts Receivable | 74,912 | - |
| Prepaid expenses and deposits (Note 8) | 126,067 | 69,566 |
| | 1,593,611 | 1,097,960 |
| **Long term investment** (Note 9) | 2,017,704 | 1,082,400 |
| **Equipment** (Note 10) | 23,929 | 29,554 |
| **Income producing property** (Note 12) | - | 15,581,319 |
| **Investment in associate** (Note 14) | 4,507,944 | - |
| **Investment in joint venture** (Note 13) | 8,513,461 | 6,323,172 |
| | $ 16,656,649 | $ 24,114,405 |
| **LIABILITIES AND EQUITY (DEFICIENCY)** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 11) | $ 471,741 | $ 1,681,432 |
| Short-term loans payable (Note 16) | - | 5,242,007 |
| Current portion of loans payable (Note 17) | - | 566,069 |
| | 471,741 | 7,489,508 |
| **Loans payable** (Note 17) | - | 15,832,527 |
| | 471,741 | 23,322,035 |
| **Equity (Deficiency)** | | |
| Share capital (Note 18) | 22,370,967 | 22,220,817 |
| Reserves | 1,214,397 | 1,293,707 |
| Accumulated other comprehensive income | 100,731 | 350,206 |
| Non-controlling interest | - | (149,069) |
| Deficit | (7,501,187) | (22,923,291) |
| | 16,184,909 | 792,370 |
| | $ 16,656,649 | $ 24,114,405 |

Nature of operations and going concern (Note 1)
Commitments (Note 15)

Approved and authorized by the Board on September 29, 2015:

*"Pesach Goldman"* Director *"Richard Baxter"* Director

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

**PARKIT ENTERPRISE INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
(Expressed in Canadian Dollars)
(Unaudited)

| FOR THE | | Three months ended July 31, 2015 | Three months ended July 31, 2014 | Nine months ended July 31, 2015 | Nine months ended July 31, 2014 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| **Property Income** | | | | | |
| Property Revenue | | $ - | $ 2,718,619 | $5,495,659 | $ 6,994,853 |
| Property Operating Expenses (Note 7) | | - | (1,603,695) | (3,342,262) | (4,791,732) |
| **Property Net Profit** | | **-** | **1,114,924** | **2,153,397** | **2,203,121** |
| Mortgage interest | | - | 234,774 | 515,816 | 776,108 |
| Depreciation and amortization | | - | 302,391 | 1,262,151 | 907,034 |
| **Property Profit from Operations** | | **-** | **577,759** | **375,430** | **519,979** |
| **OTHER INCOME** | | | | | |
| **Fee income** | | **72,236** | **-** | **72,236** | **-** |
| **Share of profit/(loss) from joint ventures (Note 13)** | | **225,227** | **-** | **1,462,006** | **-** |
| **EXPENSES** | | | | | |
| Foreign exchange (gain)/loss | | (1,553,033) | (2,488) | (1,540,618) | (2,957) |
| Revaluation of assets held at fair value | | (360,296) | - | (360,296) | - |
| General and administrative | | 139,234 | 117,371 | 411,315 | 406,188 |
| Interest on short-term loans | | - | 28,7574 | 399,540 | 140,802 |
| Management fees | | 168,799 | 155,975 | 517,998 | 533,603 |
| Share based payments | | - | 1,135,673 | 45,164 | 1,135,673 |
| Settlement of debt | | - | (127,076) | - | (151,154) |
| GST Allowance | | - | 65,780 | - | 239,544 |
| | | (1,605,295) | 1,373,992 | 526,897 | 2,301,699 |
| **Gain on disposal of Canopy (Note 3)** | | **-** | **-** | **25,724,588** | **-** |
| **NET INCOME/(LOSS)** | | **$ 1,902,789** | **$ (796,233)** | **$ 28,161,156** | **$ (1,781,720)** |
| Allocation of profit (loss) to non-controlling interest | | 214,015 | 117,677 | 12,738,662 | 109,296 |
| **INCOME/(LOSS) ATTRIBUTABLE TO THE PARENT** | | **1,688,744** | **(913,910)** | **15,422,494** | **(1,891,016)** |
| Income/ (Loss) per share: | Basic | 0.05 | (0.03) | 0.49 | (0.07) |
| | Diluted | 0.04 | (0.03) | 0.37 | (0.07) |
| Common shares outstanding: | Basic | 31,293,923 | 29,075,773 | 31,293,923 | 29,075,773 |
| | Diluted | 41,999,890 | 40,333,257 | 41,999,890 | 40,333,257 |

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

**PARKIT ENTERPRISE INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME/LOSS
(Expressed in Canadian Dollars)
(Unaudited)

| FOR THE | Three months ended July 31, 2015 | Three months ended July 31, 2014 | Nine months ended July 31, 2015 | Nine months ended July 31, 2014 |
|---|---|---|---|---|
| **Net profit/(loss) for the period** | $ 1,902,789 | $ (796,233) | $ 28,161,156 | $ (1,781,720) |
| Exchange differences on translating foreign operations | 47,168 | 79,667 | (249,579) | (102,538) |
| **Comprehensive income/(loss) for the period** | 1,949,957 | (716,566) | 27,911,577 | (1,884,258) |
| Allocation of gain/ (loss) to non-controlling interest | 214,015 | 117,677 | 12,738,662 | 109,296 |
| **Comprehensive income/(loss) attributable to parent** | $ 1,735,942 | $ (834,243) | $ 15,172,915 | $ (1,993,554) |

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

**PARKIT ENTERPRISE INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

| FOR THE NINE MONTH PERIOD ENDED JULY 31 | 2015 | 2014 |
|---|---|---|
| **CASH FROM OPERATING ACTIVITIES** | | |
| Profit/ (Loss) for the period from operations | $ 15,442,494 | $ (1,891,016) |
| Items not affecting cash: | | |
| Gain from disposition of Canopy | (13,329,970) | - |
| Gain on revaluation of FVTPL assets | (360,295) | - |
| Non-controlling interest's share of gain | - | 109,296 |
| Realized foreign exchange on deconsolidation of subsidiary | (410,922) | - |
| Depreciation | 589,281 | 828,504 |
| Share-based payments | 45,164 | 1,135,673 |
| Share of profit in joint ventures, net of distributions | (1,462,006) | - |
| Accrued interest and fees | - | 149,996 |
| Amortization of loan closing cost | 644,159 | 84,152 |
| Gain on settlement of debt | - | (117,639) |
| GST Allowance | - | 237,780 |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (78,301) | (224,156) |
| Prepaid expenses and deposits | (98,758) | (434,216) |
| Accounts payable and accrued liabilities | (1,262,111) | 870,445 |
| **Net cash provided by (used in) operating activities** | **(301,265)** | **748,819** |
| **CASH FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of assets | 15,089,170 | - |
| Divestment of 880 Doolittle Dr joint venture | 7,639,960 | - |
| Investment in Parking Acquisition Fund | (735,000) | (1,045,914) |
| Investment in PAVe joint venture, net distributions | (7,742,995) | - |
| **Net cash provided by (used in) investing activities** | **14,251,135** | (1,045,914) |
| **CASH FROM FINANCING ACTIVITIES** | | |
| (Increase)/decrease in restricted cash | - | 662,013 |
| Distributions to non-controlling interest | (6,335,449) | (1,554,272) |
| Short term loans repayments | (5,476,000) | (2,428,889) |
| Exercise of warrants | 150,150 | 107,320 |
| Issuance of common shares | - | 3,540,931 |
| Share issuance costs | - | (31,587) |
| **Net cash provided by (used in) financing activities** | **(11,661,299)** | **(295,516)** |
| **Change in cash during the period** | 2,288,871 | (1,569) |
| **Effect of change in foreign currency on cash** | (1,459,453) | (87,065) |
| **Cash, beginning of period** | 563,515 | 268,884 |
| **Cash, end of period** | $ 1,392,632 | $ 180,250 |

**Supplemental disclosure with respect to cash flows** (Note 19)

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

**PARKIT ENTERPRISE INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited)

| | Share capital | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Number** | **Amount** | **Reserves** | **Deficit** | **Subscription Received in Advance (Receivable)** | **Equity Portion of Convertible Debentures** | **Accumulated Other Comprehensive income (loss)** | **Non-controlling Interest** | **Total** |
| **Balance, October 31, 2013** | 15,952,180 | $ 16,725,618 | $ 614,712 | $ (21,637,958) | $ (25,000) | $ 39,983 | $ 449,787 | $ 1,329,093 | $ (2,503,765) |
| Private placements | 10,212,475 | 3,545,826 | - | - | 25,000 | - | - | - | 3,570,826 |
| Shares for settlement of payables | 2,042,818 | 980,994 | - | - | - | - | - | - | 980,994 |
| Shares for convertible note | 600,000 | 180,000 | - | - | - | (39,983) | - | - | 140,017 |
| Share issuance costs | - | (31,587) | 5,377 | - | - | - | - | - | (26,210) |
| Share based payments | - | - | 1,135,673 | - | - | - | - | - | 1,135,673 |
| Reversal of expired stock options | - | - | (589,712) | 589,712 | - | - | - | - | - |
| Exercise of warrants | 268,300 | 107,320 | - | - | - | - | - | - | 107,320 |
| Distribution to non-controlling interest | - | - | - | - | - | - | - | (1,554,272) | (1,554,272) |
| Cumulative translation adjustment | - | - | - | - | - | - | (102,538) | 78,981 | (23,557) |
| Loss for the period | - | - | - | (1,891,016) | - | - | - | 109,296 | (1,781,720) |
| **Balance, July 31, 2014** | 29,075,773 | $ 21,508,171 | $ 1,166,050 | $ (22,939,262) | $ - | $ - | $ 347,249 | $ (36,907) | $ 10,013 |
| Shares for convertible debenture | 799,150 | 319,660 | - | - | - | - | - | - | 319,660 |
| Share issue costs | - | (38,455) | 3,184 | - | - | - | - | - | (29,894) |
| Issuance of warrants | - | - | 124,473 | - | - | - | - | - | 124,473 |
| Exercise of warrants | 1,054,000 | 431,450 | - | - | - | - | - | - | 538,770 |
| Distribution to non-controlling interest | - | - | - | - | - | - | - | (176,635) | (176,635) |
| Cumulative translation adjustment | - | - | - | - | - | - | 2,957 | (53,268) | (50,311) |
| Loss for the period | - | - | - | 15,971 | - | - | - | 117,736 | (133,707) |
| **Balance, October 31, 2014** | 30,928,923 | $ 22,220,817 | $ 1,293,707 | $ (22,923,291) | $ - | $ - | $ 350,206 | $ (149,069) | $ 792,370 |
| Exercise of warrants | 365,000 | 150,150 | - | - | - | - | - | - | 150,150 |
| Amortization of finance costs | - | - | (124,473) | - | - | - | - | - | (124,473) |
| Share based payments | - | - | 45,164 | - | - | - | - | - | 45,164 |
| Distribution to non-controlling interest | - | - | - | - | - | - | - | (6,335,449) | (6,335,449) |
| Deconsolidation of Subsidiary | - | - | - | - | - | - | - | (6,357,029) | (6,357,029) |
| Cumulative translation adjustment | - | - | - | - | - | - | (249,579) | 102,885 | (146,694) |
| Loss for the period | - | - | - | 15,422,494 | - | - | - | 12,738,662 | 28,161,156 |
| **Balance, July 31, 2015** | 31,293,923 | $ 22,370,967 | $ 1,214,397 | $ (7,816,301) | $ - | $ - | $ 100,627 | $ - | $ 16,185,195 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Parkit Enterprise Inc. (the "Company") was incorporated pursuant to the *Business Corporations Act* (British Columbia) on December 6, 2006. The Company's head office and principal address is 1088 – 999 West Hastings Street, Vancouver, British Columbia, Canada V6C 2W2, and its registered and records office is 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5. The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course on business rather than through a process of forced liquidation. During the three months ended July 31, 2015, the Company achieved profit of $1,688,744 and has working capital of $1,121,870, however the Company has a deficit of $7,501,187. The Company's working capital is expected to be sufficient to sustain operations over the next twelve months.

While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available at favorable terms. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its ongoing obligations and repay its liabilities arising from normal business operations which they come due. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The condensed consolidated interim financial statements are presented in Canadian dollars, except where otherwise indicated.

## 2. SIGNIFICANT ACCOUNTING POLICIES

*Basis of Preparation and Statement of Compliance*

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34, using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Company applied the same accounting policies, estimates, judgments and methods of computation as applied in its consolidated financial statements for the year ended October 31, 2014, except as described below. These accounting policies are disclosed in Note 3 of those statements, and should be read in conjunction with these condensed consolidated interim financial statements.

**New accounting policies**

Contingent consideration receivable

An earnings-based contingency meets the definition of a financial assets as it represents a contractual right to receive cash or other financial assets. As the underlying earning-based variable is a financial variable that meets the definition of a derivative, the Company accounts for the contingent consideration receivable as a derivative and classifies it as financial assets fair value through profit or loss ("FVTPL").

The contingent consideration receivable is recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the consolidated statement of operations under fair value adjustments.

**Changes in accounting policies**

a) *New and amended standards and interpretations*

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended October 31, 2014, except for the adoption of new standards and interpretations effective as of November 1, 2014. The Company has not early adopted any standard, interpretation or amended that has been issued but is not yet effective.

Although the following new standards and amendments apply for the first time, they do not have a material impact on the

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

annual consolidated financial statements of the Company or the condensed consolidated interim financial statements of the Company. The nature and impact of each new standard or amendment is described below.

*Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Company, since none of the subsidiaries has any offsetting arrangements.

*Annual improvements 2010-2012 Cycle*

These improvements were effective from 1 November, 2014 and do not have a material impact on the Company. They include:

IFRS 2 Share-based Payment This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

*IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

*IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

*IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

*Annual improvements 2011-2013 Cycle*

These improvements are effective from 1 November 2014 and do not have a material impact on the Company. They include:

*IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

*IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

**Standards issued but not yet effective**

Standards issued but not yet effective as of the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company is currently assessing the impact of these standards and intends to adopt these standards when they become effective.

*Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

*Amendments to IAS 27: Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

*IFRS 9 Financial Instruments: Classification and Measurement*

IASB issued its completed version of IFRS 9, Financial Instruments ("IFRS 9") in July 2014. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new standard.

The final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of this standard on our financial statements.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

### Critical judgments and estimates in applying accounting policies

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts and valuations of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. While actual results could differ materially from these estimates, and other than as described below in the fair value of the contingent consideration receivable, no specific sources of estimation uncertainty have been identified by management that are believed to have a significant risk of resulting in a material adjustment within the next financial year to the carrying amount if the Company's assets and liabilities as recorded at July 31, 2015.

(a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements:

*Accounting for subsidiaries and joint arrangements*

On April 22, 2015, the Company entered into a transaction (Note 3) with an affiliate of Och-Ziff Real Estate ("Och-Ziff"), a real estate private equity firm based in the United States and PRE LLC ("PRE"). As a result of the transaction, the Company has shareholding and membership units in three newly created companies – Parking Ventures (US). Ltd ("PV"), PAVe Admin LLC ("PAVe Admin") and Parking Acquisition Ventures LLC ("PAVe LLC").

The Company has determined that it controls and consolidates the subsidiaries in which it owns a majority of the shares. The Company owns 100% of PV through its wholly owned subsidiaries Greenswitch Canada Inc. and Greenswitch America Inc.

PAVe Admin LLC is owned and managed by the Company and PRE LLC, each of which has a 50% ownership interest. The operating agreement of PAVe Admin requires relevant activities of PAVe Admin be made with unanimous consent from both the Company and PRE.

PAVe LLC is managed by PAVe Admin LLC. Through its role as manager of PAVe LLC, PAVe Admin has power and control over PAVe LLC as it is exposed and has rights to variable returns from its involvement. In addition the Company has investment units entitling it to economic distributions. These units do not carry any control or management rights. The Company has determined that it could also exercise joint control with PRE over PAVe LLC as managers of PAVe Admin.

The Company has determined that it does not control the above two investments as investees as the ownership and power is shared with PRE. These investments are accounted for as joint arrangements. The joint arrangements are separately incorporated. It is determined that the joint arrangements are separate from the Company as the Company has no interest in the individual assets and obligations of the joint arrangements. The Company has (after considering the structure and form of the arrangements, the terms agreed by the parties in the contractual arrangements and the Company's rights and obligations arising from the arrangements) classified its interests as joint ventures in accordance with IFRS 11. It accounts for these investments using the equity method. The two investments have different class of membership units. The entitlements to distributions from these investments are different among each class. Accordingly, the Company has determined that it will equity account for its economic share of interest in these investments rather than its equity participation.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

(Expressed in Canadian Dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Contingent Consideration Receivable*

Estimates are required in respect of the amount of contingent consideration receivable on disposals, which is determined according to formulae agreed at the time of the disposal and is normally related to the future earnings of the disposed business. Contingent consideration receivable on disposals is valued at fair value at the disposal date. As the contingent consideration receivable meets the definition of a financial asset and management accounts for the accounts for the contingent consideration as a derivative, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on the discounted value of anticipated future receipts. The key assumptions take into consideration the probability if meeting each performance target, level of future profits of the disposed business and the discount factor.

The following are the key assumptions taken into consideration to determine the fair value as at July 31, 2015:

- Probability of meeting performance target: 90%
- Discount factor: 10%

**Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's presentation currency is the Canadian dollar. The principal subsidiaries of the Company as at July 31, 2015 and October 31, 2014 were as follows:

| Name of Subsidiary | Place of Incorporation | Percentage Ownership October 31, 2014 | Percentage Ownership July 31, 2015 | Principal Activity | Functional Currency |
|---|---|---|---|---|---|
| Greenswitch Capital Ltd. | Canada | 100% | 100% | Holding | CAD |
| Greenswitch America Inc. | USA | 100% | 100% | Holding | US |
| Parking Ventures (US). Ltd | USA | 100% | 100% | Holding | US |

Intercompany assets and liabilities, equity, income, expenses, and cash flows between the Company and its subsidiaries are eliminated.

These condensed interim consolidated financial statements also include the following investments in affiliates that are accounted for using the equity method:

| Name of Affiliate | Place of Incorporation | Percentage Ownership October 31, 2014 | Percentage Ownership July 31, 2015 | Principal Activity | Functional Currency |
|---|---|---|---|---|---|
| PAVe Admin LLC | USA | 50% | 50% | Administrator of PAVe LLC | US |
| PAVe, LLC | USA | 50% | 50% | Member/Administrator of OP Holdings LLC | US |
| 880 Doolittle Dr, LLC | USA | 50% | 50% | Operator of Expresso | US |
| Green Park Denver | USA | 40.6% | 40.6% | Operator of Canopy | US |

(Expressed in Canadian Dollars)

## 3. TRANSACTION WITH PRE AND OCH-ZIFF

On April 22, 2015, the Company entered into a joint arrangement with PRE and Och-Ziff Real Estate to form OP Holdings JV LLC (“OP Holdings”) (the “Transaction”). OP Holdings intends to pursue the acquisition of parking real estate located in North America. At the onset of the arrangement, OP Holdings has acquired six assets, including two in which Parkit held equity, Canopy Airport Parking (“Canopy”) and Expresso Airport Parking (“Expresso”).

As part of the Transaction, the Company and PRE jointly created separate legal entities – PAVe LLC and PAVe Admin LLC - to manage and oversee the parking assets of OP Holdings as an administrator. The Company has equity and economic interest in PAVe LLC and PAVe Admin LLC. These legal entities are accounted for as joint ventures. PAVe LLC is disclosed in Note 13. PAVe Admin is an entity created for legal purposes and holds no assets or liabilities, and records no income or expenses. The Company established that through PAVe LLC’s role as an administrator and equity member of OP Holdings, PAVe LLC is able to exert significant influence over OP holdings and accordingly accounts for OP Holdings as an investment in associate. Therefore the Company has an effective interest in OP Holdings of 22%. This interest is recognised as an associate of the PAVe LLC joint venture.

<u>Gain on disposal of Canopy</u>

As a result of the Transaction, the Company has not retained control or joint control over Canopy. The Company’s retained interest in Canopy is OP Holdings’s asset that the Company does not have control or joint control over. Accordingly, the Company accounted for the loss of control over Canopy as an asset disposal and the entire gain on disposal has been computed. Green Park Denver (the operator of Canopy Airport Parking was deconsolidated on July 31, 2015 (Note 4)).

The Company recognized $13,329,970 gain (net of non-controlling interest) on disposal of Canopy which is computed as the difference between the net disposal proceeds (“Consideration) and the carrying value of Canopy:

Consideration received on the disposal of Canopy:

| | USD | CAD *(translated at USD/ CAD1.2250)* |
|---|---|---|
| Cash proceeds (net of transaction costs) | 12,317,690 | 15,089,170 |
| Loan assumption, net of reserves | 14,499,960 | 17,762,451 |
| Transaction Costs | 276,320 | 338,492 |
| | 27,093,970 | 32,851,621 |
| Contingent consideration | 10,906,030 | 13,359,887 |
| Total Consideration | 38,000,000 | 46,211,508 |

From the cash proceeds (net of transaction costs) received from disposal of Canopy, $7,742,995 (US$6,178,000) was immediately paid to PAVe LLC as the Company’s paid in capital in its investment in PAVe LLC.

*Contingent consideration*

The arrangement includes a contingent consideration to a maximum of $13,359,887 (US$10,906,029) if the net operating income for OP Holdings exceeds certain thresholds. Accordingly, the Company’s contingent consideration receivable of $9,061,952 (US$7,397,512) was recorded on the disposal of Canopy. On July 31, 2015 the Company determined that it no longer exercised control over the subsidiary holding the Contingent consideration receivable asset. The company deconsolidated the subsidiary (Note 4), and records its equity portion of the contingent consideration receivable as its Investment in Associate (Note 14). The fair value contingent consideration receivable due to the Company is $4,325,246 (US$3,344,090).

A 5% increase in the probability of meeting each performance target used in the discounted value model would result in an increase to the contingent consideration receivable of $304,510 (US$ 235,434), a 5% decrease would result in a decrease to the contingent consideration receivable of $304,510 (US$ 235,434).

The difference between the consideration received and the carrying value of the assets and liabilities disposed as a result of the Transaction are (computed in CAD):

(Expressed in Canadian Dollars)

## 3. TRANSACTION WITH PRE AND OCH-ZIFF (cont'd)

| | |
|---|---|
| Total Consideration received | 46,211,508 |
| **Fair Value of Consideration received** | **41,816,667** |
| | |
| Net assets sold and derecognized: | |
| Income Producing Property | 15,581,319 |
| Restricted Cash and other Assets | 510,760 |
| | **(16,092,084)** |
| Gain on disposition | **25,724,588** |
| | |
| Non-controlling interest's share on gain of disposal | 12,394,618 |
| Company share on gain of disposal | 13,329,970 |

<u>Gain on disposal of Expresso</u>

As a result of the Transaction, the Company's joint venture 880 Doolittle Dr LLC has not retained control or joint control over Expresso. The Company's retained interest in Canopy is OP Holdings's asset that the Company does not have control or joint control over. Accordingly, the joint venture accounted for the loss of control over Expresso as an asset disposal and the entire gain on disposal has been computed. The Company has recorded this as profit in the joint venture (Note 13).

Consideration received on the disposal of Expresso:

| | USD | CAD *(translated at USD/ CAD1.2250)* |
|---|---|---|
| Cash proceeds (net of transaction costs) | 5,879,111 | 7,201,911 |
| Loan assumption, net of reserves | 13,146,143 | 16,104,025 |
| Transaction Costs | 174,746 | 214,064 |
| Total Consideration | 19,200,000 | 23,520,000 |

The joint venture recorded a gain on sale of $1,305,125.

## 4. DECONSOLIDATION OF GREEN PARK DENVER (CANOPY)

On April 22, 2015, the Company's subsidiary, Green Park Denver, sold Canopy Airport Parking, its sole asset and operation. On completion of the transaction, and subsequent settlement of assets, liabilities and obligations, the Company no longer has the power to govern the financial and operating policies if Green Park Denver; accordingly, On July 31, 2015 the Company derecognized related assets, liabilities and noncontrolling interests of Green Park Denver, and recognized the Company's equity portion of remaining assets and liabilities.

*Consideration Received*

The Company did not receive any consideration in the deconsolidation of Green Park Denver.

(Expressed in Canadian Dollars)

## 4. DECONSOLIDATION OF GREEN PARK DENVER (CANOPY) (cont'd)

*Analysis of assets and liabilities over which the Company lost control*

| | | July 31, 2015 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | $ | 354,408 |
| Accounts Receivable | | 107,141 |
| **Noncurrent assets** | | |
| Contingent consideration receivable | | 9,915,757 |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ | 11,756 |
| **Net assets deconsolidated** | **$** | **10,365,550** |

*Gain on deconsolidation of subsidiary*

| | | Nine months ended July 31, 2015 |
|---|---|---|
| Fair value of interest retained | $ | 4,507,944 |
| Less: Carrying amount of interest retained | | |
| Net assets deconsolidated | | 10,365,551 |
| Noncontrolling interests | | (6,357,030) |
| Allocation of other comprehensive income | | 499,523 |
| | | 4,507,944 |
| **Gain on deconsolidation** | $ | - |

*Net cash flow arising from deconsolidation of the subsidiary*

No net cash flows arose on deconsolidation

## 5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to support its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In the management of capital, the Company includes components of shareholders' equity (deficiency).

To maintain or adjust the capital structure, the Company may issue new shares, issue debt or sell assets to meet financial obligations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended July 31, 2015.

## 6. FINANCIAL INSTRUMENTS

The fair value of the Company's accounts receivable, contingent consideration receivable, accounts payable and accrued liabilities, loans payable, and convertible debentures approximate carrying value, which is the amount recorded on the consolidated Statements of Financial Position. The Company's other financial instruments, cash and restricted cash, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities. Contingent consideration is recorded at fair value using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (level three).

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's policy is to deal only with creditworthy counterparties. None of the Company's financial assets are secured by collateral or other credit enhancements. In respect of accounts receivable, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2015, the Company had a cash balance of $1,392,632 to settle current liabilities of $471,741. The Company expects to fund these liabilities through existing cash resources, revenue generated from operations, additional debt and equity financings, and from funds raised through the partial disposition of interests in its assets.

*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.

a) Interest rate risk

As at July 31, 2015 and October 31, 2014, the Company did not have any investments in investment-grade short-term deposit certificates or short-term debt issued by the federal government. The Company is not exposed to interest rate risk on its loans.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, contingent consideration receivable, investments, accounts payable and accrued liabilities, and loans payable that are denominated in US Dollars. A 10% fluctuation in the US dollar against the Canadian dollar would affect net profit for the period by $152,920

c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

## 7. CONSOLIDATED PROPERTY OPERATING EXPENSES

| FOR THE | Three months ended July 31, 2015 | Three months ended July 31, 2014 | Nine months ended July 31, 2015 | Nine months ended July 31, 2014 |
|---|---|---|---|---|
| Automobile and vehicle | $ - | $ 224,833 | $ 612,195 | $ 685,267 |
| General and administrative | - | 362,699 | 776,271 | 1,185,040 |
| Ground lease | - | 135,800 | 271,254 | 377,551 |
| Property Management fees | - | 141,697 | 284,535 | 365,028 |
| Repairs and maintenance | - | 124,757 | 209,337 | 368,293 |
| Salaries and wages | - | 436,994 | 926,607 | 1,341,759 |
| Taxes and licenses | - | 176,915 | 262,063 | 468,794 |
| **Total** | $ - | $ 1,603,695 | $ 2,981,967 | $ 4,791,732 |

## 8. PREPAID EXPENSES AND DEPOSITS

| AS AT | July 31, 2015 | October 31, 2014 |
|---|---|---|
| Prepaid expenses | $ 29,062 | $ 47,789 |
| Operational deposits | 97,005 | 21,777 |
| **Total** | $ 126,067 | $ 69,566 |

## 9. LONG TERM INVESTMENT

The Company has made advances of $2,017,704 (US$1,560,000) to the Parking Real Estate, LLC for the purpose of funding the acquisition of future investments and income producing properties. The Company will receive US$200,000 per annum for three years with the balance to be repaid upon disposition of those investments or parking assets. This advance does not receive interest.

## 10. EQUIPMENT

| | |
|---|---|
| **Cost** | |
| Balance, October 31, 2013 | $ 37,500 |
| Additions for the year | - |
| Balance, October 31, 2014 | 37,500 |
| Additions for the period | - |
| **Balance, July 31, 2015** | $ 37,500 |
| **Accumulated depreciation** | |
| Balance, October 31, 2013 | $ 446 |
| Depreciation for the year | 7,500 |
| Balance October 31, 2014 | 7,946 |
| Depreciation for the period | 5,625 |
| **Balance, July 31, 2015** | $ 13,571 |
| **Carrying amounts** | |
| As at October 31, 2014 | $ 29,554 |
| As at July 31, 2015 | $ 23,929 |

(Expressed in Canadian Dollars)

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | July 31, 2015 | October 31, 2014 |
|---|---|---|
| Accounts payable | $ 46,741 | $ 795,191 |
| Accruals | 425,000 | 520,649 |
| Property tax | - | 365,592 |
| **Total** | $ 471,741 | $ 1,681,432 |

## 12. INCOME PRODUCING PROPERTY

The major components of the Income Producing Property (Canopy Airport Parking Facility) are as follows:

| | **Building** | **Computer and equipment** | **Furniture** | **Improvements and fixtures** | **Land** | **Total** |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, October 31, 2013 | $ 3,386,285 | $ 258,313 | $ 361,500 | $ 13,581,383 | $ 1,046,200 | $ 18,633,681 |
| Cumulative translation adjustment | 263,147 | 20,074 | 28,092 | 1,030,358 | 81,300 | 1,422,971 |
| Balance, October 31, 2014 | 3,649,432 | 278,387 | 389,592 | 14,611,741 | 1,127,500 | 20,056,652 |
| Dispositions | (3,965,015) | (302,460) | (423,282) | (15,910,159) | (1,225,000) | (21,825,916) |
| Cumulative translation adjustment | 315,583 | 24,073 | 33,690 | 1,298,418 | 97,500 | 1,769,264 |
| Balance, July 31, 2015 | $ - | $ - | $ - | $ - | $ - | $ - |
| **Accumulated depreciation** | | | | | | |
| Balance, October 31, 2013 | $ 253,248 | $ 142,757 | $ 153,621 | $ 2,511,955 | $ - | $ 3,061,581 |
| Additions | 91,069 | 50,476 | 54,165 | 927,826 | - | 1,123,536 |
| Cumulative translation adjustment | 22,186 | 12,483 | 13,429 | 242,118 | - | 290,216 |
| Balance, October 31, 2014 | 366,503 | 205,716 | 221,215 | 3,681,899 | - | 4,475,333 |
| Additions | 50,087 | 29,802 | 29,790 | 473,977 | | 583,646 |
| Dispositions | (449,029) | (253,751) | (270,579) | (4,481,333) | - | (5,454,693) |
| Cumulative translation adjustment | 32,439 | 18,233 | 19,574 | 325,457 | - | 395,704 |
| Balance, July 31, 2015 | $ - | $ - | $ - | $ - | $ - | $ - |
| **As at October 31, 2014** | $ 3,282,929 | $ 72,671 | $ 168,377 | $ 10,929,842 | $ 1,127,500 | $ 15,581,319 |
| **As at July 31, 2015** | - | - | - | - | - | - |

During the six months ended July 31, 2015, the Company entered into the Transaction (Note 3) and as a result of the Transaction, the income producing property was disposed.

## 13. JOINT VENTURES

On April 22, 2015, the Company entered into the Transaction (Note 3) and as a result of the Transaction, the Company acquired 50% interest in PAVe Admin and 87% economic right to equity of PAVe LLC. The Company's interest in these is accounted for using the equity method in the consolidated statements.

On September 26, 2014, the Company acquired a 50% interest in 880 Doolittle Dr, LLC, a joint venture which owns freehold the Expresso parking facility in Oakland, California. Expresso Parking Facility was disposed on April 22, 2015 in the Transaction (Note 3).

(Expressed in Canadian Dollars)

## 13. JOINT VENTURES (cont'd)

Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summary of assets and liabilities:

| AS AT | July 31, 2015 | | | October 31, 2014 | | |
|---|---|---|---|---|---|---|
| | 880 Doolittle Dr | PAVe LLC | **Total** | 880 Doolittle Dr | PAVe LLC | **Total** |
| Cash and cash equivalents | $ 216,423 | $ - | **$ 216,423** | $ 395,394 | $ - | **$ 395,394** |
| Other current assets | 57,237 | - | **57,237** | 597,093 | - | **597,093** |
| Parking facility | - | - | - | 11,275,000 | - | **11,275,000** |
| Long-term deposits | - | - | - | 1,305,625 | - | **1,305,625** |
| Goodwill | - | - | - | 6,990,500 | - | **6,990,500** |
| Interest in Associate | - | 9,509,118 | **9,509,118** | - | - | - |
| | 273,660 | 9,509,118 | **9,782,778** | 20,563,612 | - | **20,563,612** |
| Accounts payable | 57,444 | - | **57,444** | 115,788 | - | **115,788** |
| Long-term borrowing | - | - | - | 14,124,652 | - | **14,124,652** |
| | 57,444 | - | **57,444** | 14,240,440 | - | **14,240,440** |
| **Net assets** | 216,216 | 9,509,118 | **9,725,334** | 6,323,172 | - | **6,323,172** |
| Percentage interest | 50% | 87% | **86%** | 100% | - | **100%** |
| **Interest in net assets** | 108,108 | 8,241,257 | **8,349,365** | 6,323,172 | - | **6,323,172** |
| Transaction costs | - | 164,095 | **164,095** | - | - | - |
| **Investment in Joint Venture** | $ 108,108 | $ 8,405,353 | **$ 8,513,461** | $ 6,323,172 | $ - | **$ 6,323,172** |

Summary of operations:

| FOR THE | Three months ended July 31, 2015 | | | Nine months ended July 31, 2015 | | |
|---|---|---|---|---|---|---|
| | 880 Doolittle Dr | PAVe LLC | **Total** | 880 Doolittle Dr. | PAVe LLC | Total |
| Revenue | $ - | $ - | **$ -** | $ 2,994,774 | $ - | **$ 2,994,774** |
| Property expenses | - | - | - | (2,617,772) | - | **(2,617,772)** |
| Net operating Profit | | - | - | 377,002 | - | **377,002** |
| Interest expense | - | - | - | 445,435 | - | **445,433** |
| Gain on Sale of Expresso | 32,709 | - | **32,709** | 1,305,125 | - | **1,305,125** |
| **Profit from Associate** | - | 241,009 | **241,009** | - | 278,849 | **278,849** |
| **Profit** | 32,709 | 241,009 | **273,718** | 1,236,692 | 278,849 | **1,515,541** |
| Company share of profit | 50% | 87% | **82%** | 99% | 88% | **99%** |
| **Income from Joint Venture** | $ 16,354 | $ 208,873 | **225,227** | $ 1,220,338 | $ 241,668 | **$ 1,462,006** |

(Expressed in Canadian Dollars)

## 14. ASSOCIATES

Summary of assets and liabilities:

| | | Green Park Denver |
|---|---|---|
| Cash and cash equivalents | $ | 354,409 |
| Accounts receivable | | 107,141 |
| Contingent consideration receivable | | 9,915,757 |
| | | 10,377,307 |
| Accounts payable | | 11,756 |
| | | 11,756 |
| **Net Assets** | | **10,365,550** |
| Interest in Net Assets | | 43.5% |
| **Investment in Associate** | **$** | **4,507,944** |

Summary of operations:

The Company derecognised Green Park Denver as a subsidiary and recorded its interest as an interest in associate on July 31, 2015. All operations for the three and nine month period ending July 31, 2015 were full consolidated in accordance with the Company's accounting policy. There were no results from operations of the associate in the period.

## 15. COMMITMENTS

The Company has a commitment to contribute 5% of any capital call made by the joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets, capital expenditures at assets currently owned by the joint venture and at other times as the Joint Venture may require capital. Management estimate this commitment to be US $7.5 million over 5 years.

## 16. SHORT TERM LOANS PAYABLE

On April 22, 2015, the Company repaid in full its short terms loan of $5,476,000. As at July 31, 2015, the Company had outstanding short term loans payable of $NIL (October 31, 2014 - $5,242,007). This loan was repaid from proceeds from the disposition of the Expresso Parking Facility into Joint Venture (Note 3). The Company repaid the principal balance of $5,476,000, and a prepayment fee of $41,857.64. The creditor released the Company from the General Security Interest attached to the loan agreement.

## 17. LOANS PAYABLE

| | | July 31, 2015 | | October 31, 2014 |
|---|---|---|---|---|
| Total loans payable | $ | - | $ | 16,398,596 |
| Current portion due within one year | | - | | (566,069) |
| Net long term portion | $ | - | $ | 15,832,527 |
| Restricted Cash due to Loans Payable | $ | - | $ | 464,879 |

The Company had no long term loan commitments in place as at July 31, 2015, and the following as at October 31, 2014:

On November 1, 2013 the Company, through its subsidiary, Canopy Airport Parking LLC ("Canopy LLC") executed a loan agreement

## 17. LOANS PAYABLE (cont'd)

with CapitalSource, a subsidiary of Pacific Western Bank whereby Canopy LLC agreed to borrow US$16,500,000. Under the terms of the loan agreement interest is to be charged at a rate of LIBOR plus 5.25% with a floor of 5.5%. The maturity date of the loan is November 1, 2017 with an option to extend to November 1, 2018. The loan was secured by the Company's ground lease covering the premises of the Canopy Airport Parking facility (Note 11).

The Company was required to maintain a debt service coverage ratio of not less than 1.10 to 1. The debt service coverage ratio is defined as the ratio of:

i) Operating revenues for the twelve calendar month period ending with the most recently completed calendar month less operating expenses for the twelve month period ending with the most recently completed calendar month,

ii) The debt service payable for the twelve month period beginning with the most recently completed calendar month.

On April 22, 2015, this loan agreement was assumed by OP Holdings JV LLC, an associate of the Company through its joint venture with PAVe LLC. Details of this transaction can be found in Note 3. As a result of this transaction, the Company derecognized this loan.

## 18. SHARE CAPITAL AND RESERVES

Share Capital is summarised below:

a) Authorized: Unlimited common shares, without par value

b) Issued: As at July 31, 2015, 31,293,923 common shares were issued and outstanding.

There were no transactions for the period ended July 31, 2015.

Transactions for the year ended October 31, 2014:

i. On March 21, 2014 the Company completed a private placement of 3,831,550 units at a price of $0.30 per unit for gross proceeds of $1,149,555. Each unit consists of one common share and a half share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.50 for a period of two years following the closing date. In relation to the offering the Company issued 72,779 warrants to agents. The value of the warrants was recorded as a share issue cost of $5,377. The value was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 122%, discount rate of 1.5%, expected life of 2 years, and dividend yield of 0%.

ii. On May 5, 2014 the Company completed a private placement of 3,152,333 units at a price of $0.30 per unit for gross proceeds of $945,700. Each unit consists of one common share and a half share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.50 for a period of two years following the closing date. In relation to the offering the Company issued 14,700 shares valued at $4,410 and 28,000 warrants to agents. The value of the warrants was recorded as a share issue cost of $3,184. The value was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 121%, discount rate of 1.5%, and expected life of 2 years.

   The warrants are subject to an acceleration provision such that if the closing price of the Company's shares is equal or greater to $0.95 per share for 20 consecutive trading days at any time following four months after issuance, the Company may, by notice to the warrant holders, reduce the remaining exercise period of the warrants to not less than 30 days following the date of such notice.

iii. On June 6, 2014 the Company completed a private placement of 3,213,892 units at a price of $0.45 per unit for gross proceeds of $1,446,251. Each unit consists of one common share and a half share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.60 for two years following the closing date.

(Expressed in Canadian Dollars)

## 18. SHARE CAPITAL AND RESERVES (cont'd)

The warrants are subject to an acceleration provision such that if the closing price of the Company's shares is equal or greater to $1.00 per share for 20 consecutive trading days at any time following four months after issuance, the Company may, by notice to the warrant holders, reduce the remaining exercise period of the warrants to not less than 30 days following the date of such notice.

iv. On June 18, 2014 the Company entered into various agreements to settle an aggregate of $1,728,146 in short term loans and payables. The Company converted $980,994 of short term loans and payables to equity, issuing 2,042,818 shares at $0.50. The Company settled $807,152 of short term loans and payables with cash.

a) Reserves are summarised below:

i) Stock Options

Under the Company's stock option plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees and consultants at an exercise price to be determined by the board of directors provided that the exercise price is not less than the price permitted by the TSX Venture Exchange. Option shares are subject to vesting requirements as determined by the Company's Board of Directors, and the life of the options granted is as determined by the Company's Board of Directors, to a maximum of 10 years. Stock option transactions are recorded in reserves.

On January 29, 2015, the Company granted 200,000 incentive stock options to a new director of the Company. Each option permits the grantee to acquire one common share in the Company at a price of $0.50 per share and expires five years after the date of grant on January 28, 2020. The value of the options was recorded as stock based compensation expense of $45,164. The value was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 83%, discount rate of 1.5%, expected life of 5 years, and dividend yield of 0%.

Stock option transactions and the number of stock options outstanding are summarized as follows:

| | Number of options | Weighted average exercise price |
|---|---|---|
| Balance as at October 31, 2013 | 621,000 | $ 2.03 |
| Options expired and forfeited | (621,000) | 2.03 |
| Options granted | 2,695,000 | 0.50 |
| Balance as at October 31, 2014 | 2,695,000 | 0.50 |
| Options granted | 200,000 | 0.50 |
| Balance July 31, 2015 – outstanding and exercisable | 2,895,000 | $ 0.50 |

(Expressed in Canadian Dollars)

## 18. SHARE CAPITAL AND RESERVES (cont'd)

ii) Warrant Reserve

At July 31, 2015, share purchase warrants were outstanding enabling holders to acquire shares as follows:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Balance as at October 31, 2013 | 3,258,786 | $ |
| Issued | 3,992,721 | 0.50 |
| Issued | 1,606,946 | 0.60 |
| Issued | 1,750,000 | 0.54 |
| Exercised | (1,322,300) | 0.41 |
| Balance as at October 31, 2014 | 9,286,153 | $ |
| Expired | (1,110,186) | 1.00 |
| Exercised | (365,000) | 0.43 |
| Balance as at July 31, 2015 | 7,810,967 | |

iii) Warrants - expiry

| Number of warrants | | Exercise Price ($) | Expiry date |
|---|---|---|---|
| 1,351,300 | * | 0.40 | September 24, 2015 |
| 2,169,554 | ** | 0.50 | March 20, 2016 |
| 1,683,167 | *** | 0.50 | May 5, 2016 |
| 1,606,946 | | 0.60 | June 6, 2016 |
| 1,000,000 | | 0.65 | October 7, 2015 |
| 7,810,967 | | | |

* Includes 58,300 agent warrants
** Includes 63,779 agent warrants
*** Includes 7,000 agent warrants

## 19. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | July 31, 2015 | July 31, 2014 |
|---|---|---|
| Cash paid for interest | $ - | $ 234,774 |
| Cash paid for taxes | $ - | $ - |

There were no significant non-cash transactions, other than disclosed in Note 3, during the periods ended July 31, 2015 and July 31, 2014.

(Expressed in Canadian Dollars)

## 20. SEGMENTED INFORMATION

The Company has one reportable segment. The Company operates in the parking facilities sector through its wholly owned subsidiary Greenswitch America, Inc. This reportable segment was determined based on the nature of the investment made. Reportable segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company earned 100% of its revenues in the United States through its subsidiary Greenswitch America, Inc. Details of identifiable assets by geographic location are as follows:

| | Revenues | Long Term Investment | Investment in Associate | Investment in Joint Venture | Parking Lot Facility | Office Equipment |
|---|---|---|---|---|---|---|
| July 31, 2015 | | | | | | |
| Canada | $ - | $ - | $ - | $ - | $ - | $ 23,929 |
| United States | $ - | $ 2,017,704 | $ 4,192,440 | $ 8,513,353 | $ - | $ - |
| October 31, 2014 | | | | | | |
| Canada | $ - | $ - | $ - | $ - | $ - | $ 29,554 |
| United States | $ 9,821,123 | $ 1,082,400 | $ - | $ 6,323,172 | $ 15,581,319 | $ - |

## 21. RELATED PARTY TRANSACTIONS

### Remuneration of directors and senior management

Senior management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Senior management personnel include the Company's executive officers and members of the Board of Directors.

| | July 31, 2015 | July 31, 2014 |
|---|---|---|
| Total for all senior management and directors | | |
| Short-term benefits | $ 168,799 | $ 155,975 |
| Total | $ 168,799 | $ 155,975 |

*Short-term benefits*
In addition to fees paid to non-executive directors, these amounts comprise management fees and benefits paid to executive directors and senior managers plus bonuses awarded during the period.

*Share based payments*
This is the cost to the Company of senior management's participation in share-based payment plans, as measured by the fair value of options accounted for in accordance with IFRS 2 'Share-based Payments'.

(Expressed in Canadian Dollars)

## 21. RELATED PARTY TRANSACTIONS (cont'd)

The following balances were owing to directors and senior management

| | July 31, 2015 | July 31, 2014 |
|---|---|---|
| Short Term benefits | $ - | $ - |
| Expenses | 31,776 | - |
| Total | 31,776 | $ - |

As at July 31 2015, the Company had no outstanding balances to related parties that are not directors of senior management (2014 - $NIL)

As at July 31, 2015, the Company had no borrowings from related parties in the form of short-term loans (2014 - $NIL).