



**PARKIT ENTERPRISE INC.**

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2017

EXPRESSED IN CANADIAN DOLLARS

(UNAUDITED)

## **Notice of Non-review of Interim Financial Statements**

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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.

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

AS AT	January 31, 2017	October 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,749,740	\$ 1,552,160
Accounts receivable (note 3)	311,144	314,893
Prepaid expenses and deposits	39,036	23,895
	2,099,920	1,890,948
<b>Long-term investment</b> (note 4)	1,432,048	1,554,295
<b>Investment in associate</b> (note 5)	3,084,529	2,985,393
<b>Investment in joint ventures</b> (note 6)	10,451,924	10,583,266
<b>Equipment</b>	12,679	14,554
	\$ 17,081,100	\$ 17,028,456
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	\$ 286,693	\$ 272,890
<b>Equity</b> (note 7)		
Share capital	22,785,248	22,785,248
Reserves	516,932	367,154
Deficit	(6,507,773)	(6,396,836)
	16,794,407	16,755,566
	\$ 17,081,100	\$ 17,028,456
Commitments and contingencies (notes 6 and 10)		

Approved and authorized by the Board on March 30, 2017:

“Pesach Goldman” Director
“Bryan Wallner” 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 MONTH PERIOD ENDED JANUARY 31	2017	2016
Fee income	\$ 66,118	\$ 73,144
Share of profit from associate (note 5)	99,136	-
Share of profit from joint ventures (note 6)	180,230	244,778
General and administrative (note 8)	(326,892)	(355,092)
	<b>18,592</b>	<b>(37,170)</b>
Foreign exchange (loss) gain	(95,802)	193,370
Finance income	803	-
<b>(Loss) income before tax</b>	<b>(76,407)</b>	<b>156,200</b>
Income tax expense	(34,530)	(8,008)
<b>NET (LOSS) INCOME FOR THE PERIOD</b>	<b>\$ (110,937)</b>	<b>\$ 148,192</b>
(Loss) income per share:		
Basic	\$ (0.00)	\$ 0.01
Diluted	(0.00)	0.01
Weighted average number of common shares outstanding:		
Basic	32,245,723	32,245,723
Diluted	32,245,723	32,245,723

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 MONTH PERIOD ENDED JANUARY 31	2017	2016
<b>Net (loss) income for the period</b>	\$ (110,937)	\$ 148,192
Revaluation of associate assets held for sale	-	163,036
Exchange differences on translating foreign operations	-	(58,414)
<b>Comprehensive (loss) income for the period</b>	\$ (110,937)	\$ 252,814

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

FOR THE THREE MONTH PERIOD ENDED JANUARY 31	2017	2016
<b>OPERATING ACTIVITIES</b>		
(Loss) Income for the period from operations	\$ (110,937)	\$ 148,192
Items not affecting cash:		
Share of profit from associate	(99,136)	-
Share of profit in joint ventures	(180,230)	(244,778)
Depreciation	1,875	1,875
Share-based payments	149,778	-
Unrealized foreign exchange	95,630	-
Changes in non-cash working capital items:		
Accounts receivable	1,026	(24,183)
Prepaid expenses and deposits	(15,141)	(20,530)
Accounts payable and accrued liabilities	13,803	(45,729)
Net cash used in operating activities	(143,332)	(185,153)
<b>INVESTING ACTIVITIES</b>		
Long-term receivable repayments	74,480	47,446
Distributions from 880 Doolittle joint venture	-	58,510
Distributions from PAVe joint venture (note 6)	311,572	486,800
Net cash provided by investing activities	386,052	592,756
<b>Change in cash during the period</b>	<b>242,720</b>	<b>407,603</b>
<b>Effect of exchange rate changes on cash</b>	<b>(45,140)</b>	<b>(208,174)</b>
<b>Cash, beginning of period</b>	<b>1,552,160</b>	<b>1,237,061</b>
<b>Cash, end of period</b>	<b>\$ 1,749,740</b>	<b>\$ 1,436,490</b>

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**  
(Expressed in Canadian Dollars)  
(Unaudited)

	<u>Share capital</u>				Reserves	Deficit	Accumulated other comprehensive income (loss)	Total
	Number	Amount						
<b>Balance, October 31, 2015</b>	32,245,723	\$ 22,751,687	\$ 1,214,397	\$ (7,914,208)	\$ 333,022	\$	16,384,898	
Revaluation of assets held for sale	-	-	-	-	163,036		163,036	
Cumulative translation adjustment	-	-	-	-	(58,414)		(58,414)	
Net income for the period	-	-	-	148,192	-		148,192	
<b>Balance, January 31, 2016</b>	32,245,723	\$ 22,751,687	\$ 1,214,397	\$ (7,766,016)	\$ 437,644	\$	16,637,712	
Expiration of warrants and stock options		33,561	(935,073)	901,512	-		-	
Share-based payments	-	-	87,830	-	-		87,830	
Share of other comprehensive income of associate	-	-	-	-	(333,022)		(333,022)	
Revaluation of assets held for sale	-	-	-	-	(163,036)		(163,036)	
Cumulative translation adjustment	-	-	-	-	58,414		58,414	
Net income for the period	-	-	-	467,668	-		467,668	
<b>Balance, October 31, 2016</b>	32,245,723	\$ 22,785,248	\$ 367,154	\$ (6,396,836)	\$ -	\$	16,755,566	
Share-based payments	-	-	149,778	-	-		149,778	
Net loss for the period	-	-	-	(110,937)	-		(110,937)	
<b>Balance, January 31, 2017</b>	32,245,723	\$ 22,785,248	\$ 516,932	\$ (6,507,773)	\$ -	\$	16,794,407	

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

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**JANUARY 31, 2017**

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**1. NATURE OF OPERATIONS**

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 500 – 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8, 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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Preparation and Statement of Compliance*

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”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual consolidated financial statement, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended October 31, 2016, which were prepared in accordance with IFRS as issued by the IASB.

**3. ACCOUNTS RECEIVABLE**

The following balances were included in accounts receivable:

	<b>January 31, 2017</b>	<b>October 31, 2016</b>
Current portion of advances to Parking Real Estate LLC, (note 4)	\$ 217,072	\$ 213,404
Management fees	40,649	46,537
Taxes receivable	53,423	54,952
<b>Total</b>	<b>\$ 311,144</b>	<b>\$ 314,893</b>

**4. LONG TERM RECEIVABLE**

	<b>January 31, 2017</b>	<b>October 31, 2016</b>
Advances to PRE	\$ 1,649,120	\$ 1,767,699
Less current portion (note 3)	(217,072)	(213,404)
<b>Long term receivable</b>	<b>\$ 1,432,048</b>	<b>\$ 1,554,295</b>

As at January 31, 2017, the Company has advanced \$1,649,120 (US\$1,265,633) to PRE, a joint venture partner, for the purpose of PRE funding investments in income producing properties and related costs of acquisition, of which \$398,240 (US\$305,633) is to be repaid from the assignment of certain distributions due to PRE and the balance of \$1,250,880 (US\$960,000) is to be repaid upon disposition of certain investments or parking assets.

During the three months ended January 31, 2017, the Company was repaid \$74,480 (US\$53,250). At January 31, 2017, the Company estimated the current portion of the receivable to be \$217,072.



**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**JANUARY 31, 2017**

**5. INVESTMENT IN ASSOCIATE**

*Green Park Denver*

The only significant asset retained in the associate is an earnings-based contingent receivable from OP Holdings. The associate has no continuing operations and is being maintained to receive the earn-out payments. The earn-out is payable in three tranches on achievement of targets on April 22, 2016 (earned and paid) and April 22, 2017, and then on the disposition of certain assets in OP Holdings. Pursuant to the members' agreement, the Company's interest in the first tranche was 47.7% and is 40.6% for the remaining two tranches.

*Carrying value of associate*

The year to date activity for the Company's investment in associate is set out below:

<b>Investment in Associate</b>	
Balance – October 31, 2016	\$ 2,985,393
Share of profits in associate	99,136
<b>Balance – January 31, 2017</b>	<b>\$ 3,084,529</b>

*Commitment*

If the maximum performance target is achieved in relation to the April 22, 2017 contingent consideration (approximately US\$1,735,000), in accordance with the Company's joint venture agreement, the Company will be required to contribute approximately US\$1,485,000 of the consideration to PAVe LLC to satisfy its required contributions to OP Holdings.

**6. INVESTMENT IN JOINT VENTURES**

The carrying amounts of the Company's investments in joint ventures at January 31, 2017 and October 31, 2016 were as follows:

	<b>880 Doolittle</b>	<b>PAVe LLC</b>	<b>Total</b>
Balance – October 31, 2016	\$ -	\$ 10,583,266	\$ 10,583,266
Distributions	-	(311,572)	(311,572)
Share of profits in joint ventures	-	180,230	180,230
<b>Balance – January 31, 2017</b>	<b>\$ -</b>	<b>\$ 10,451,924</b>	<b>\$ 10,451,924</b>

*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 as jointly agreed by the members, and at other times as the joint venture may require working capital. Management estimates this commitment to be US\$7.5 million over 5 years.

In connection with the acquisition of Fly-Away Parking, Greenswitch America together with PAVe and two other parties (collectively the "Borrowers") entered into a loan and security agreement pursuant to which the Borrowers received a bank loan in the principal amount of US\$5,460,000 as partial consideration for the acquisition (the "Loan"). In connection with the Loan, the Borrowers have each granted a security interest in all of their present and future assets and property including the property and assets of Fly-Away Parking. The loan bears interest at LIBOR plus 235 basis points and matures on October 30, 2020.

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**JANUARY 31, 2017**

**6. INVESTMENT IN JOINT VENTURES (continued)**

*Summarized financial information of joint ventures*

The functional currency of the joint ventures is the United States dollar.

The assets and liabilities of the joint ventures translated using the period end foreign exchange rates are summarized as follows:

AS AT	January 31, 2017			October 31, 2016		
	880 Doolittle	PAVe LLC	Total	880 Doolittle	PAVe LLC	Total
Cash and cash equivalents	\$ -	\$ 98,641	\$ 98,641	\$ -	\$ 323,396	\$ 323,396
Parking facility	-	7,319,992	7,319,992	-	7,584,342	7,584,342
Goodwill	-	2,789,588	2,789,588	-	2,881,260	2,881,260
Interest in associate	-	11,486,919	11,486,919	-	11,893,335	11,893,335
	-	21,695,140	21,695,140	-	22,682,333	22,682,333
Accounts payable	-	176,494	176,494	-	244,626	244,626
Long-term borrowing	-	8,351,247	8,351,247	-	8,684,955	8,684,955
	-	8,527,741	8,527,741	-	8,929,581	8,929,581
<b>Net assets</b>	\$ -	\$ 13,167,399	\$ 13,167,399	\$ -	\$ 13,752,752	\$ 13,752,752
Interest in net assets	50%	84%	84%	50%	83%	83%
<b>Net assets attributable to the Company</b>	\$ -	\$ 11,030,039	\$ 11,030,039	\$ -	\$ 11,478,444	\$ 11,478,444
<b>Investment in joint ventures – carrying value at historical cost</b>	\$ -	\$ 10,451,924	\$ 10,451,924	\$ -	\$ 10,583,266	\$ 10,583,266

The operations of the joint ventures translated using average exchange rates for the period are summarized as follows:

FOR THE	Three months ended January 31, 2017			Three months ended January 31, 2016		
	880 Doolittle	PAVe LLC	Total	880 Doolittle	PAVe LLC	Total
Property revenue	\$ -	\$ 629,534	\$ 629,534	\$ -	\$ 614,848	\$ 614,858
Property expenses	-	(621,353)	(621,353)	(30,579)	(515,144)	(545,733)
Net property income	-	8,181	8,181	(30,579)	99,704	69,125
Depreciation Expense	-	(66,206)	(66,206)	-	(69,989)	(69,989)
Mortgage interest expense	-	(71,986)	(71,986)	-	(72,630)	(72,630)
Income – property operations	-	(130,011)	(130,011)	(30,579)	(42,915)	(73,494)
Profit from associate	-	285,587	285,587	-	324,233	324,233
General and administrative	-	(2,609)	(2,609)	-	-	-
<b>Profit (loss)</b>	\$ -	\$ 152,967	\$ 152,967	\$ (30,579)	\$ 281,318	\$ 250,739
Company share of profit	50% <sup>(1)</sup>	118% <sup>(2)</sup>	118%	50% <sup>(1)</sup>	92% <sup>(2)</sup>	98%
<b>Share of profit from joint ventures</b>	\$ -	\$ 180,230	\$ 180,230	\$ (15,289)	\$ 260,067	\$ 244,778

(1) The Company is entitled to profit distributions on the investments included in the joint venture ranging from 50% to 100%.

(2) The Company is entitled to profit distributions on the investments included in the joint venture ranging from 50% to 86.67%.

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**JANUARY 31, 2017**

**7. EQUITY**

- a) **Authorized:** Unlimited common shares, without par value.

There were no transactions for the period ended January 31, 2017 (note 9).

b) **Stock Options**

On January 9, 2017, the Company granted 750,000 incentive stock options to directors, officers and a consultant of the Company. Each option vested on the grant date and permits the grantee to acquire one common share in the Company at a price of \$0.30 per share and expires five years after the date of grant, on January 9, 2022. The value of the options was recorded as stock based compensation expense of \$149,778. The value was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 85%, discount rate of 1.01%, expected life of 5 years, dividend yield of 0%, and expected forfeiture rate of 0%.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at October 31, 2016	1,245,000	0.50
Granted	750,000	0.30
Expired/cancelled	-	
Balance as at January 31, 2017	1,995,000	\$ 0.42

As at January 31, 2017, the following stock options were outstanding and exercisable:

Exercise Price	Number of options outstanding and exercisable	Weighted average years to expiry
\$0.30 to \$0.50	1,995,000	3.36

**8. GENERAL AND ADMINISTRATIVE EXPENSES**

	January 31, 2017	January 31, 2016
Management salaries and fees (note 9)	\$ 55,324	\$ 180,681
Director fees (note 9)	18,686	31,500
Share-based payments (note 9)	149,778	-
Professional fees	58,720	50,151
Other administrative expenses	44,384	92,760
<b>Total general and administrative expenses</b>	<b>\$ 326,892</b>	<b>\$ 355,092</b>

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**JANUARY 31, 2017**

**9. RELATED PARTY TRANSACTIONS**

*Compensation of key management personnel*

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.

	January 31, 2017	January 31, 2016
Total for all senior management		
Short-term benefits	\$ 61,425	\$ 187,174
Share based payments	109,837	-
	171,262	187,174
Total for all directors		
Short-term benefits	18,686	31,500
Share based payments	29,956	-
	48,642	31,500
<b>Total</b>	<b>\$ 219,904</b>	<b>\$ 218,674</b>

The following balances were owing to directors and senior management:

	January 31, 2017	October 31, 2016
Short Term benefits	\$ 22,125	\$ 47,125
Expenses	2,123	-
<b>Total</b>	<b>\$ 24,248</b>	<b>\$ 47,125</b>

As at October 31, 2016, the Company accrued an amount owing to a director of the Company for services provided valued at \$47,125. During the three-month period ended January 31, 2017, the director was paid cash of \$25,000, with the balance to be settled in shares of the Company. Subject to the approval of the TSX Venture Exchange, the Company will issue to the director 65,073 shares in the Company, having a deemed value of \$22,125 based on the Company's closing share price on March 6, 2017 of \$0.34. The value of the services to be settled by the issue of shares is included in accounts payable and accrued liabilities as at January 31, 2017.

**10. CONTINGENCIES**

On August 12 and 15, 2016, the Company terminated the employment of its former Chief Executive Officer, Chief Financial Officer and Chief Investment Officer without notice and without payment of any compensation in lieu of notice. In all three cases, the Company believed, and it continues to believe, that it had (and continues to have) no liability to give any notice or pay any severance to any of the three former officers. However, in February 2017, believing it to be in its best interest, the Company entered into separate confidential settlement agreements with each of the former Chief Financial Officer and former Chief Investment Officer. The aggregate amount from both settlement agreements is not material and has been accrued in the financial statements.

On December 6, 2016, counsel for the former Chief Executive Officer made a demand for compensation, which was rejected by the Company. While the Company continues to believe, that it has no liability to have given any notice or to pay any severance to the Chief Executive Officer, the Company is unable to predict the outcome or potential liability, if any, arising from the termination of the former Chief Executive Officer at this time and no further amount has been accrued in the financial statements.