



**PARKIT ENTERPRISE INC.**

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2018  
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 OPERATIONS AND COMPREHENSIVE INCOME**  
(Expressed in Canadian Dollars)  
(Unaudited)

<b>FOR THE</b>	<b>Three months ended July 31, 2018</b>	<b>Three months ended July 31, 2017</b>	<b>Nine months ended July 31, 2018</b>	<b>Nine months ended July 31, 2017</b>
Fee income	\$ 49,466	\$ 48,281	\$ 152,756	\$ 180,634
Share of profit from associate (note 6)	40,036	39,246	116,750	465,932
Share of profit from joint venture (note 7)	675,832	385,090	783,786	791,209
General and administrative (note 9)	(385,047)	(160,361)	(765,735)	(721,651)
	<b>380,287</b>	<b>312,256</b>	<b>287,557</b>	<b>716,124</b>
Foreign exchange gain (loss)	46,457	(318,287)	30,085	(249,373)
Finance income	934	787	4,019	2,423
Loss on disposal of equipment	-	-	-	(12,054)
<b>Income (loss) before tax</b>	<b>427,678</b>	<b>(5,244)</b>	<b>321,661</b>	<b>457,120</b>
Income tax expense	-	-	(959)	(35,538)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ 427,678</b>	<b>\$ (5,244)</b>	<b>\$ 320,702</b>	<b>\$ 421,582</b>
Earnings per share attributable to shareholders of the Company:				
Basic	\$ 0.01	\$ (0.00)	\$ 0.01	\$ 0.01
Diluted	\$ 0.01	\$ (0.00)	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding:				
Basic	32,318,767	32,293,820	32,313,482	32,261,932
Diluted	32,364,222	32,293,820	32,384,128	32,403,824

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)

<b>FOR THE NINE MONTH PERIOD ENDED JULY 31</b>	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	\$ 320,702	\$ 421,582
Items not affecting cash:		
Share of profit from associate	(116,750)	(465,932)
Share of profit from joint venture	(783,786)	(791,209)
Depreciation	-	2,500
Share-based payments	20,000	149,778
Unrealized foreign exchange	(30,140)	248,403
Loss on disposal of equipment	-	12,054
Changes in non-cash working capital items:		
Accounts receivable	(109,594)	(287,524)
Prepaid expenses and deposits	(4,299)	(5,543)
Accounts payable and accrued liabilities	189,636	(229,157)
Cash flows used in operating activities	(514,231)	(945,048)
<b>INVESTING ACTIVITIES</b>		
Long term receivable, net repayments	39,873	174,988
Purchase of intangible asset	(75,000)	-
Distributions from associate	-	2,343,655
Investment in PAVe LLC joint venture	-	(2,006,504)
Distributions from PAVe LLC joint venture	174,436	557,957
Cash flows from investing activities	139,309	1,070,096
<b>Change in cash and cash equivalents during the period</b>	<b>(374,922)</b>	<b>125,048</b>
<b>Effect of exchange rate changes on cash</b>	<b>15,955</b>	<b>(106,256)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,200,195</b>	<b>1,552,160</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 1,841,228</b>	<b>\$ 1,570,952</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash	\$ 537,588	\$ 320,135
Cash equivalents	1,303,640	1,250,817
	<b>\$ 1,841,228</b>	<b>\$ 1,570,952</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)

	<b>Share capital</b>		<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>			
<b>Balance, October 31, 2016</b>	32,245,723	\$ 22,785,248	\$ 367,154	\$ (6,396,836)	\$ 16,755,566
Shares issued	65,073	22,125	-	-	22,125
Share-based payments	-	-	149,778	-	149,778
Net income for the period	-	-	-	421,582	421,582
<b>Balance, July 31, 2017</b>	32,310,796	22,807,373	516,932	(5,975,254)	17,349,051
Expiration of stock options	-	-	(49,927)	49,927	-
Net income for the period	-	-	-	35,716	35,716
<b>Balance, October 31, 2017</b>	32,310,796	\$ 22,807,373	\$ 467,005	\$ (5,889,611)	\$ 17,384,767
Shares issued	66,666	20,000	-	-	20,000
Net income for the period	-	-	-	320,702	320,702
<b>Balance, July 31, 2018</b>	32,377,462	\$ 22,827,373	\$ 467,005	\$ (5,568,909)	\$ 17,725,469

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

**PARKIT ENTERPRISE INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

**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, 2017, which were prepared in accordance with IFRS as issued by the IASB.

**3. ACQUISITION OF ASSETS**

On July 1, 2018, the Company purchased the operating assets of Smart Parking Solutions Canada Inc. which included parking management agreements in Canada and permit management agreements in the United States. The Company paid total consideration of \$75,000.

The purchase was accounted for as an asset acquisition. The following table summarizes the assets acquired at the date of acquisition.

<b>Purchase consideration</b>	<b>\$</b>	<b>75,000</b>
Assets:		
Intangible assets	\$	75,000
<b>Total assets assumed</b>	<b>\$</b>	<b>75,000</b>

**4. ACCOUNTS RECEIVABLE**

	<b>July 31, 2018</b>	<b>October 31, 2017</b>
Current portion of advances to PRE (note 5)	\$ 189,999	\$ 205,257
Management fees	152,990	38,421
Taxes receivable	18,846	21,918
<b>Total</b>	<b>\$ 361,835</b>	<b>\$ 265,596</b>

**PARKIT ENTERPRISE INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

**5. LONG TERM RECEIVABLE**

	<b>July 31, 2018</b>	<b>October 31, 2017</b>
Advances to PRE	\$ 1,439,631	\$ 1,467,222
Less current portion (note 4)	(189,999)	(205,257)
<b>Long term receivable</b>	<b>\$ 1,249,632</b>	<b>\$ 1,261,965</b>

As at July 31, 2018, the Company has advanced \$1,439,631 (US\$1,105,962) to Parking Real Estate, LLC (“PRE”), a joint venture partner, for the purpose of PRE funding investments in income producing properties and related costs of acquisition, of which \$189,999 (US\$145,962) is to be repaid from the assignment of certain distributions due to PRE and the balance of \$1,249,632 (US\$960,000) is to be repaid upon disposition of certain investments or parking assets.

During the nine months ended July 31, 2018, the Company was repaid \$39,873 (US\$32,037). At July 31, 2018, the Company estimated the current portion receivable to be \$189,999 (US\$145,962).

**6. 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. The first tranche was earned and paid upon achievement of targets on April 22, 2016. The second tranche was earned and paid upon achievement of targets on April 22, 2017. The final tranche is payable upon disposition of certain assets in OP Holdings. Pursuant to the members’ agreement, the Company’s interest was 47.7% for the first tranche and 40.6% for the second and third tranches.

***Carrying value of associate***

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

	<b>Nine months ended July 31, 2018</b>
Balance – October 31, 2017	\$ 1,146,054
Share of profits in associate	116,750
<b>Balance – July 31, 2018</b>	<b>\$ 1,262,804</b>



**PARKIT ENTERPRISE INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

**7. INVESTMENT IN JOINT VENTURE****PAVe LLC**

In April 2015, the Company's subsidiary, Greenswitch America and PRE jointly created separate legal entities, Parking Acquisition Ventures, LLC ("PAVe LLC") and PAVe Admin to manage and oversee the parking assets of OP Holdings as an administrator. PAVe Admin is an entity created for legal purposes and hold no assets or liabilities.

PAVe LLC has different class of membership units, and the entitlements to distributions from these investments are different among each class PAVe LLC.

The Company is entitled to an 82.83% (October 31, 2017 – 82.83%) economic allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (October 31, 2017 – 29.45%) equity member of OP Holdings with PAVe LLC accounting for OP Holdings as an investment in associate. OP Holdings holds a portfolio of six U.S. based parking facilities, including Canopy previously held by Green Park Denver (note 5).

PAVe LLC also owns Fly-away parking by PAVe Nashville, LLC ("Nashville"). Nashville is held by PAVe LLC directly, and is not part of OP Holdings. The Company is entitled to a 50% economic allocation of distributions from Nashville to PAVe LLC

The activity for the Company's investment in PAVe LLC is set out below:

	<b>Nine months ended July 31, 2018</b>	
Balance – October 31, 2017	\$	12,508,779
Distributions		(174,436)
Share of profits in joint venture		783,786
<b>Balance – July 31, 2018</b>	<b>\$</b>	<b>13,118,129</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 based on investment targets set out at the inception of the joint venture in April 2015. Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, PAVe LLC member contributions to OP Holdings in respect of any future capital commitments approximate US\$1,652,000, of which the Company was required to contribute US\$725,000.

In connection with the acquisition of Fly-Away Parking in October 2015, Greenswitch America together with PAVe LLC 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

**7. INVESTMENT IN JOINT VENTURE (continued)***Summarized financial information of joint venture*

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

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

	<b>July 31, 2018</b>		<b>October 31, 2017</b>	
Cash and cash equivalents	\$	184,036	\$	78,213
Other current assets		-		5,372
Parking facility		6,938,285		7,053,299
Goodwill		2,775,327		2,760,257
Interest in associate		15,435,638		14,497,933
Subtotal - assets	\$	25,333,286	\$	24,395,074
Accounts payable		615,271		200,380
Borrowings		7,738,394		8,051,023
Subtotal - liabilities	\$	8,353,665	\$	8,251,403
<b>Net assets</b>	<b>\$</b>	<b>16,979,621</b>	<b>\$</b>	<b>16,143,671</b>
Interests in net assets		80%		80%
<b>Net assets attributable to the Company</b>	<b>\$</b>	<b>13,585,929</b>	<b>\$</b>	<b>12,859,843</b>
<b>Investment in joint venture – carrying value at historical cost</b>	<b>\$</b>	<b>13,118,129</b>	<b>\$</b>	<b>12,508,779</b>

The operations of the joint venture for the three and nine months ended July 31, 2018 and 2017 translated using average exchange rates for the period are summarized as follows:

	<b>Three months ended</b>		<b>Three months ended</b>		<b>Nine months ended</b>		<b>Nine months ended</b>	
	<b>July 31, 2018</b>		<b>July 31, 2017</b>		<b>July 31, 2018</b>		<b>July 31, 2017</b>	
Property revenue	\$	865,682	\$	804,752	\$	2,121,423	\$	2,117,573
Property expenses		(610,747)		(581,164)		(1,791,297)		(1,800,130)
Net property income		254,935		223,588		330,126		317,443
Depreciation Expense		(64,881)		(65,652)		(191,356)		(198,066)
Mortgage interest expense		(89,271)		(77,240)		(254,556)		(222,262)
Loss – property operations		100,783		80,696		(115,786)		(102,885)
Profit from associate		742,431		395,299		1,012,566		965,352
General and administrative		(88)		(6,318)		(9,598)		(8,944)
<b>Profit</b>	<b>\$</b>	<b>843,126</b>	<b>\$</b>	<b>469,677</b>	<b>\$</b>	<b>887,182</b>	<b>\$</b>	<b>853,523</b>
Company share of profit <sup>(1)</sup>		80%		82%		88%		93%
<b>Share of profit from joint venture</b>	<b>\$</b>	<b>675,832</b>	<b>\$</b>	<b>385,090</b>	<b>\$</b>	<b>783,786</b>	<b>\$</b>	<b>791,209</b>

(1) The Company is entitled to profits (losses) on the investments included in the joint venture ranging from 50% to 88.8%.

**PARKIT ENTERPRISE INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

**8. EQUITY**

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

On July 20, 2018, the Company issued 66,666 common shares to two new officers having a deemed value of \$20,000 (note 10). The common shares issued are subject to a transfer restriction prohibiting transfer thereto at any time prior to July 1, 2021. The value of the shares issued is included in share-based payments in the statements of operations.

b) **Stock Options**

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at October 31, 2017	1,745,000	\$ 0.44
Grants/expirations/cancellations	-	-
<b>Balance as at July 31, 2018</b>	<b>1,745,000</b>	<b>\$ 0.44</b>

As at July 31, 2018, 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	1,745,000	0.92

Subsequent to June 30, 2018, the Company granted 100,000 incentive stock option to two new officers (note 10). The options granted vest with the right to exercise one-quarter of the options every three months subsequent to the grant date, and permit the grantee to acquire one common share in the Company at a price of \$0.29 per share. The options expires five years after the date of grant, on August 22, 2023.

**9. GENERAL AND ADMINISTRATIVE EXPENSES**

	Three months ended July 31, 2018	Three months ended July 31, 2017	Nine months ended July 31, 2018	Nine months ended July 31, 2017
Management salaries and fees (notes 10 and 11)	\$ 244,426	\$ 75,410	\$ 390,980	\$ 197,859
Director fees (note 10)	28,200	24,308	77,400	61,250
Share-based payments (notes 8 and 10)	20,000	-	20,000	149,778
Professional fees (note 10)	62,475	32,395	168,798	187,909
Other administrative expenses	29,946	28,248	108,557	124,855
<b>Total</b>	<b>\$ 385,047</b>	<b>\$ 160,361</b>	<b>\$ 765,735</b>	<b>\$ 721,651</b>

**PARKIT ENTERPRISE INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

**10. 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.

	Nine months ended July 31, 2018	Nine months ended July 31, 2017
Total for all senior management		
Salaries, fees, and short-term benefits	\$ 238,150	\$ 214,275
Share-based payments	20,000	109,837
	\$ 258,150	\$ 324,112
Total for all directors		
Short-term benefits	\$ 77,400	\$ 61,250
Share-based payments	-	29,956
	\$ 77,400	\$ 91,206
<b>Total</b>	<b>\$ 335,550</b>	<b>\$ 415,318</b>

*Transactions with related parties.*

Included in accounts payable and accrued liabilities as of July 31, 2018 is \$7,776 in amounts due to related parties for salaries and fees settled subsequent to July 31, 2018.

Pursuant to the terms of employment agreements entered with two new officers in July 2018, the Company:

- issued a total of 66,666 common shares on July 20, 2018 as a signing bonus having a deemed value of \$20,000. The common shares issued are subject to a transfer restriction prohibiting transfer thereto at any time prior to July 1, 2021 (note 8);
- granted a total of 100,000 incentive stock options on August 22, 2018, which vest in four equal quarterly installments following the grant date an exercise price of \$0.29 per share. Any shares acquired upon the exercise of the options are subject to a hold period expiring four months and one day following the date of grant (note 8);
- will grant a further 100,000 incentive stock options on or about the first anniversary of July 1, 2019.

On July 1, 2018, the Company entered into an office lease agreement with an officer of the Company for premises located in Toronto, Ontario. The premises were previously leased to Smart Parking Solutions Canada Inc. (note 3). The two year office lease can be terminated at any time by the Company with sixty days' notice. The minimum monthly rent is \$1,200 plus operating costs and taxes.

**PARKIT ENTERPRISE INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

July 31, 2018

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**11. COMMITMENTS AND CONTINGENCIES**

The Company has an office lease for its head office located in Vancouver, British Columbia. As of July 31, 2018 the Company has total future aggregate minimum office lease payments of \$26,445 over the remaining lease term, which expires February 28, 2019.

On August 12, 2016, the Company terminated the employment of its former Chief Executive Officer without notice and without payment of any compensation in lieu of notice. In August 2018, believing it to be in its best interest, the Company entered into a confidential settlement agreement with the former Chief Executive Officer. The amount of the settlement agreement is not material and has been accrued in the financial statements.