



PARKIT ENTERPRISE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION FOR
THE THREE MONTHS ENDED JANUARY 31, 2017



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This Management’s Discussion and Analysis (“MD&A”) is prepared as of March 30, 2017 and outlines the business strategy, risk profile, business outlook and analysis of financial performance and financial position of Parkit Enterprise, Inc. (“Parkit,” or “the Company”) for the three months ended January 31, 2017 (“Q1 2017”). This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes for the three months ended January 31, 2017 (the “Interim Financial Statements”).

This MD&A is based on financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts are in Canadian dollars (“CAD”), unless otherwise stated.

SECTION 1

FORWARD LOOKING STATEMENTS

Certain statements contained in this Management Discussion & Analysis (“MD&A”) constitute forward-looking statements. These statements reflect, among other things, management’s expectations regarding the Company and the Company’s business. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or event to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements are current only as of the date of the MD&A. The Company disclaims any obligation to publicly update or revise such statements to reflect any change in expectations, events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those in the forward looking statements, except as required by National Instrument 51-102.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- Establishment and expansion of business segments
- Capital and general expenditures;
- Projections of market prices and costs;
- Expectations regarding the ability to raise capital; and
- Treatment under governmental regulatory regimes.

Actual results could differ materially from those anticipated in this MD&A as a result of the risk factors set forth below and elsewhere in the MD&A:

- Liabilities inherent in our operations;
- Uncertainties associated with estimated market demand and sector activity levels;
- Competition for, among other things, capital, acquisitions and skilled personnel;
- Fluctuations in foreign exchange or interest rates and stock market volatility; and
- The other factors discussed under “Risk Factors”.

These factors should not be construed as exhaustive.



NON-IFRS MEASURES

Certain terms used in the MD&A such as “Earnings Before Interest, Tax, Depreciation and Amortization” (“EBITDA”), “Net Operating Income” (“NOI”), “Funds From Operations (“FFO”), “Yield”, “Occupancy”, “Gross Book Value”, “Appraised Value”, “Capitalisation (Cap) Rates”, “Investor Rate of Return” and any related per Unit amounts used by management to measure, compare and explain the operating results and financial performance of the Company are not recognized terms under IFRS, and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the Company’s performance to industry data, and the Company’s ability to earn cash from, and invest cash in parking real estate. These terms are defined in this MD&A. Such terms do not have standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publically traded companies.

EBITDA is a non-IFRS measure commonly used as a measurement tool in Canadian businesses. For the purposes of this MD&A, EBITDA is calculated as earnings determined under IFRS less amounts included for interest, taxes, depreciation and amortization included in the IFRS financial statements.

NOI is a non-IFRS measure commonly used as a measurement tool in real estate businesses. For the purposes of this MD&A, NOI is calculated as earnings determined under IFRS less amounts included for corporate expenses, other expenses, interest, taxes, depreciation and amortization included in the IFRS financial statements.



SECTION 2

BUSINESS OVERVIEW

Parkit Enterprise Inc. is an alternative real estate investment firm engaged in the acquisition, optimization, and asset management of income-producing parking facilities across the United States and Canada. As asset manager and investor, the Company has multiple sources of revenue (management fees, acquisition fees, and earnings in equity). Parkit will aggregate a large portfolio of assets, the market value of which will benefit from yield improvement and scale premium. Upon disposition, Parkit will realize capital gains and incentive distributions.

As a listed asset manager and investor, the combination of income streams and gains in intrinsic value (unrealized capital gains) provide Parkit shareholders a rare opportunity for leveraged returns alongside institutional private equity.

The Company's primary asset and source of revenue is a 23% equity interest in OP Holdings JV LLC ("OP Holdings," or "the joint venture"). On April 22, 2015, the Company entered into a joint arrangement with Parking Real Estate, LLC ("PRE") and Och-Ziff Real Estate to form OP Holdings JV, LLC ("OP Holdings") (the "Transaction"). Upon closing the Transaction, OP Holdings acquired six assets, including two in which Parkit held equity, Espresso Airport Parking ("Espresso") and Canopy Airport Parking ("Canopy"). The majority member of OP Holdings is Och-Ziff Real Estate ("Och-Ziff"), a division of an institutional asset manager with US\$45 billion in assets under management. OP Holdings will seek to acquire and aggregate US\$500 million of parking real estate located in North America over a three to five year period.

As part of the Transaction, the Company's subsidiary, Greenswitch America and PRE jointly created separate legal entities, Parking Acquisition Ventures, LLC ("PAVe LLC") and PAVe Admin, LLC to manage and oversee the parking assets of OP Holdings as an administrator. The Company has an 87% economic interest in PAVe LLC, which is a 26% equity member of OP Holding. PAVe Admin is an entity created for legal purposes and hold no assets or liabilities.

In addition, the Company holds an investment in Fly-Away Airport Parking ("Fly-Away Parking"), servicing the Nashville International Airport, in which PAVe LLC acquired a 50% interest on October 31, 2016.

Parkit's strategic partner, PRE, is responsible for the day-to-day asset management activities of OP Holdings and Fly-Away Parking. PRE is comprised of senior executives at Propark America, Inc. ("Propark"), an established parking manager with a three-decade history of managing and developing parking facilities.

Parkit's shares trade on the TSX-Venture Exchange under the symbol PKT, and the OTCQX under the symbol PKTEF.

Additional information related to the Company is available on SEDAR at www.sedar.com.

STRATEGIC DIRECTION

Parkit's investment strategy is to maximize shareholder value through growing income streams, and increasing the intrinsic value of portfolio assets. Investments provide income growth through management fees, incentive fees and returns on invested equity. Targeted acquisitions will have 2% to 3% yield improvement potential, and portfolio scale will allow for aggregation premium on sale. Combined, these factors increase the Company's intrinsic value significantly over time. While Parkit's assets are not marked-to-market, and gains in intrinsic value are not recognized in the Company's financial statements, this value is ultimately monetized on disposition.

The Company believes that a geographically diversified parking real estate portfolio possesses excellent potential to generate attractive risk-adjusted returns. On a macro level, both the improving fundamentals of the US economy and the continued strength of the US dollar should provide positive long-term benefits for shareholder value.



Parkit’s primary investment is in a joint venture, OP Holdings, alongside with Och-Ziff Real Estate and Parking Real Estate LLC. This joint venture brings together best-of-class alternative real estate investment expertise and parking management expertise. Along with asset level debt financing, OP Holdings has access to sufficient equity capital to grow the portfolio.

As its initial contribution towards the joint venture, Parkit divested substantially all of its equity in Canopy Airport Parking, Denver (“Canopy”) and Espresso Airport Parking, Oakland, into OP Holdings. Concurrently, as part of a larger acquisition strategy, the joint venture invested in four additional assets, for a total asset value of \$82.6 million, assuming the full repayment of all associated conditional earn-outs.

Since acquisition, the yield on this portfolio has improved 1.5% through execution of our optimization strategies that continue to improve returns. As a result, the Company believes Parkit’s intrinsic valuation is significantly more than its book value, and expects the gap to grow over time.

As with Fly-Away Parking, Parkit will also acquire assets independent of OP Holdings, either outright or jointly, with the objective of incubating or optimizing assets for sale into the joint venture or elsewhere.

To more fully take advantage of the North America wide joint venture agreement, the Company has initiated discussions with potential strategic partners to assist in the provision of deal flow for future acquisitions.

For further information visit the Company’s website at www.parkitenterprise.com.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The Company recorded a net loss of \$110,937 for the three months ended January 31, 2017 (“Q1 2017”) as compared to income of \$148,192 in the comparative year period. The loss for the three months ended January 31, 2017 reflects a foreign exchange loss of \$95,802 (2016 – gain of \$193,370) and, included in the general and administrative expenses for the period of \$326,892 (2016 - \$355,092), is share-based payments expense of \$149,778 (2016 - \$nil).

	January 31, 2017	January 31, 2016
Summary of Company Financial Information		
Net (loss) income for the period	(110,937)	148,192
Net (loss) income per share – basic and diluted	(0.00)	0.01
Income (loss) from operations	18,592	(37,170)
Foreign exchange (loss) gain	(95,802)	193,370
Cash	1,749,740	1,436,490
Working capital	1,813,227	987,797
Net assets	16,794,407	16,637,511

SUMMARY OF SIGNIFICANT EVENTS

OP Holdings continues to be impacted by road works at Canopy

The Company’s investment in PAVe (OP Holdings and Fly-Away Parking) generated a profit of \$180,230 for the three months ended January 31, 2017. PAVe’s holding in OP Holdings reported a profit of \$285,587 in Q1 2017 of which the Company’s share of PAVe LLC’s profit for Q1 2017 amounted to \$247,497 as compared to \$281,001 in the prior year period. PAVe’s investment in OP Holdings has a book value of \$10.45 million. OP Holdings portfolio



revenues in Q1 2017 decreased by 5.5% against the prior year period while NOI contracted by 12.0%, reflecting the impact of the major ongoing road works effecting Canopy.

In view of the disruption to Canopy in Q1 2017, management is cautiously optimistic that the OP Holdings portfolio of properties will achieve the maximum performance hurdle associated with the second tranche of the earn-out consideration. Therefore, at this time there is some uncertainty as to whether the full amount of the second tranche of the contingent consideration may be earned.

Cash flow from joint ventures

The Company received both management fees and cash distributions from its joint ventures. In Q1 2017 the Company earned management fees in connection with the OP Holdings joint venture of \$66,118 and received cash distributions from PAVE of \$311,572. The book value of the investment in joint ventures decreased by approximately \$0.13 million during Q1 2017, reflecting equity earnings from joint ventures of \$0.18 million less distributions of \$0.31 million during the period. Properties in the portfolio held by the Company's joint ventures are not marked-to-market, resulting in a gap between the book and intrinsic value of the properties. The annualized cash yield for the investment is in excess of 11%. The Company believes this will continue to be positively impacted with expected further optimization.

Settlements reached with former CIO and CFO

On August 12 and 15, 2016, the Company terminated the employment of the former Chief Executive Officer, Chief Investment Officer and Chief Financial 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, was accrued in the Company's audited financial statements as at October 31, 2016, and is included in the accounts payable and accrued liabilities balance reported in the Interim 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.

Significant general and administrative cost reductions already achieved

As a result of the changes to the Company's management, a reduction in the size of the Company's board of directors, a decision to relocate the Vancouver office to smaller premises and other cost saving initiatives, the Company has already realized further net annualized cash cost savings. The annualized net cost savings of management's compensation is \$488,000 and the reduction in the number of independent directors (from five to three) will result in a further \$50,400 annual savings. In addition, the recent relocation and down-sizing of its Vancouver office will result in a further \$45,000 of annual cost savings from rent and communication costs. Accordingly, the Company anticipates that its general and administrative expenses for fiscal 2017 will approximate \$840,000 before any one-off items, equivalent to a reduction of \$0.03 per share against that reported for fiscal 2016. For the three months ended January 31, 2017 the Company reported general and administration expenses of \$177,114, adjusted for share-based payments of \$149,778.



Stock option grants and shares to be issued to a director

On January 9, 2017, the Company granted 750,000 stock option 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 payment expense during Q1 2017 of \$149,778.

In recognition of the extraordinary amount of time and effort contributed by Mr. Pace Goldman, Independent Director, in coordinating the Company's engagement with the dissident group of shareholders, and the defeat of the dissidents' proposals and the eventual removal of the former officers from office, the other directors elected to compensate Mr. Goldman for his services valued at \$47,125. In January 2017, Mr. Goldman was paid cash compensation of \$25,000, with the balance to be settled in shares of the Company. Accordingly, subject to the approval of the TSX Venture Exchange, the Company will issue Mr. Goldman 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 shares issued to Mr. Goldman will also be restricted from sale for a period of 12 months. The full value of the services was accrued in the Company's audited financial statements as at October 31, 2016, and the value of the services to be settled by the issue of shares is included in the accounts payable and accrued liabilities balance reported in the Interim Financial Statements.

Management activity

Since its appointment in August 2016, the Company's new management, together with the support of the directors, has been focused on matters relating to the transition of the management of the Company. Recently, the CEO and Chairman of the Board met in New York with the Company's joint venture partners, PRE and Och-Ziff and have maintained good working relations with each. In the time since its appointment, management has been actively identifying and evaluating prospective assets for investment or purchase. To date none of the opportunities reviewed has met the investment objectives of the Company or its joint venture partners.



SECTION 3

SUMMARY OF OPERATIONS

A summary of the results of operations for the three-month periods and years ended January 31, 2017 and 2016 are as follows:

	Three months ended January 31, 2017	Three months ended January 31, 2016
Fee income	\$ 66,118	\$ 73,144
Share of profit from associate	99,136	-
Share of profit from joint ventures	180,230	244,778
General and administrative expenses	(326,892)	(355,092)
Income from operations	18,592	(37,170)
Foreign exchange gain / (loss)	(95,802)	193,370
Finance income	803	-
(Loss) Income before tax	(76,407)	156,200
Income tax (expense) / recovery	(34,530)	(8,008)
Net (Loss) income for the period	(110,937)	148,192

Note: All revenues, operating expenses and share of profit from joint venture are in US dollars and translated to CAD dollars for the financial statements. Thus quarter-on-quarter comparisons are subject to variation in foreign exchange fluctuation.

Discussion of results for the three-month period ended January 31, 2017

For the three-month period ended January 31, 2017 (“Q1 2017”), the Company reported a net loss of \$110,937 as compared against net income of \$148,192 in prior year comparative period (“Q1 2016”). The net loss in Q1 2017 was comprised of income from operations of \$18,592 (Q1 2016 – loss of \$37,170) and a foreign exchange loss of \$95,802 (Q1 2016 – gain of \$193,370). The more significant items are discussed below.

Fee income

The Company receives service fees as the asset manager of OP Holdings. In Q1 2017, the Company earned fees of \$66,118 (Q1 2016 – \$73,144), which was lower than in the comparative year period reflecting the reset of the asset management fees to a lower rate effective on the one year anniversary of the OP Holdings transaction pursuant to the joint venture agreement.

Share of profit from associate

The Company’s share of profit from associate represents its equity participation of income in Green Park Denver relating to the fair value adjustment of the contingent consideration for the sale of Canopy. Fair value adjustments to the contingent consideration arise principally from the accretion of the discounted value over time as well as the reversal of any impairment for achievement risk. In Q1 2017, the Company recorded share of profit from associate of \$99,136 (Q1 2016 - \$nil), which reflects the accretion of the discounted value of the remaining earn-out consideration amount recognized during the period.

Share of profit from joint ventures

The Company recorded \$180,230 (Q1 2016 - \$244,778) in book profits from joint ventures, which reflects the Company’s share of profits from PAVe LLC (OP Holdings and Fly-Away Parking). The lower share of profits from joint ventures in the current year period as compared against the prior year period arises due to both a lower contribution from OP Holdings during the Q1 2017 and a greater loss from Fly-Away Parking.



The Company received cash distributions from PAVe of \$311,572 during Q1 2017 as compared with \$486,800 during Q1 2016. In Q1 2016, the Company also received cash distributions of residual amounts from 880 Doolittle Dr. (“Doolittle”) following its sale of Expresso to OP Holdings of \$58,510.

The PAVe LLC book profit also includes the Company’s 50% participation in Fly-Away Parking, which generated a loss for the Company of \$65,005 in Q1 2017, as compared with a loss of \$21,458 in Q1 2016.

General and administrative expenses

In Q1 2017, general and administrative expenses decreased by \$28,200 to \$326,892 from \$355,092 in the prior year period. Adjusting for share-based payments included in the current year period of \$149,778 (Q1 2016 - \$nil), general and administrative expenses for the period were \$177,114, or \$177,978 lower than in Q1 2016. This decrease reflects reductions in management salaries and fees paid to the current management and other administrative expense following the termination of the Former Officers in August 2016, and lower director fees with a smaller number of directors.

Foreign exchange

In Q1 2017, the Company recorded a foreign exchange loss of \$95,802 which reflects the impact of the appreciation of the C\$ against the US\$ during the quarter on the translation of the Company’s US\$ cash balances and the US\$ denominated long-term receivable.

Income tax expense

The Company recorded an income tax expense for the period of \$34,530 (Q1 2016 –\$8,008) in connection with state tax instalments owing.

FINANCIAL POSITION

The following table presents consolidated information for the latest interim period and the two most recently completed fiscal years:

	January 31, 2017	October 31, 2016	October 31, 2015
Current Assets	\$2,099,920	\$1,890,948	\$1,306,641
Long Term Receivable ⁽¹⁾	1,432,048	1,554,295	1,941,952
Investment in Associate	3,084,529	2,985,393	4,708,364
Investment in Joint Ventures	10,451,924	10,583,266	9,018,751
Equipment	12,679	14,554	22,054
Total Assets	17,081,100	17,028,456	16,997,762
Current Liabilities	286,693	272,890	612,864
Long Term Liabilities	-	-	-
Total Liabilities	286,693	272,890	612,864
Equity	16,794,407	16,755,566	16,384,898

(1) As at January 31, 2017 management estimated a current portion of the long term receivable of \$217,072 (2016 - \$213,404; 2015 - \$nil) which is included with current assets



As at January 31, 2017, Current Assets are composed of \$1.75 million of cash and \$0.35 million of accounts receivables and prepaid expenses and deposits. The cash assets are retained by the corporate entity for operational expenses and future investment. The accounts receivable balance includes asset management fees, withholding taxes receivable and in 2017 and 2016, the short-term portion of the Long-Term Receivable owing to Parkit from Parking Real Estate, (“PRE”).

The Long Term Receivable represents advances (net of repayments) made by Parkit to PRE for the purpose of PRE’s funding of investments in income producing properties and related costs of acquisition. This advance does not receive interest. As at January 31, 2017, the Long Term Receivable balance was \$1.43 million (US\$1.10 million) excluding the short term portion of \$0.16 million, which is management’s estimate of the amount it expects the Company will be repaid in in the next 12 months from the assignment by PRE of its annual management fees from OP Holdings for the year. As at January 31, 2017, the aggregate of the current and non-current portions of the Long Term Receivable balance was \$1.65 million (US\$1.27 million) of which \$0.40 million (US\$0.31 million) is to be repaid from the assignment of certain distributions due to PRE and the balance of \$1.25 million (US\$0.96 million) is to be repaid upon a disposition of properties from OP Holdings or an exit from OP Holdings.

Investment in Associate is the Company’s equity share of assets held in Green Park Denver, and represents the remaining fair value of conditional consideration to be received from the sale of Canopy. The increase in the Investment in Associate balance in Q1 2017 is attributable to the accretion of the discounted value of the remaining earn-out consideration amount recognized during the period (\$99,136). The second tranche of the contingent consideration receivable is payable on April 22, 2017, subject to achievement of the OP Holdings performance target. At this time, in view of the continuing disruption to Canopy in Q1 2017, management is cautiously optimistic that the OP Holdings portfolio of properties will achieve the maximum performance hurdle associated with the second tranche of the earn-out consideration. Therefore, there is some uncertainty as to whether the full amount of the second tranche of the contingent consideration may be earned.

Investment in Joint Ventures decrease to \$10.45 million as at January 31, 2017 from \$10.58 million as at October 31, 2016. This decrease results from cash distributions during Q1 2017 of \$0.31 million, which were greater than the Company’s share of profits from PAVe of \$0.18 million. Properties in the portfolio are not marked-to-market, resulting in a potential gap between the book and intrinsic value of the properties. Any erosion of book value due to cash distributions further increases this gap. The Company believes that the intrinsic value of the OP Holdings properties as a portfolio is higher than the carrying value as a result of improved yield, aggregation and the expected ability to achieve a premium price on the eventual sale. However, the Company is monitoring Fly-Away Parking for indicators of impairment in view of recent underperformance.

INVESTMENTS IN JOINT VENTURES

ALL INVESTMENTS ARE IN THE UNITED STATES. ALL RESULTS IN THE INVESTMENT SECTION DISCUSSION ARE IN US DOLLARS

The Company has investments in two joint ventures: i) PAVe LLC; and ii) Doolittle. PAVe holds the Company’s investments in OP Holdings and Fly-Away Parking. Doolittle owned the Espresso assets until April 2015 at which time Espresso was divested to OP Holdings. Doolittle is in the process of being dissolved.

Parking Acquisition Ventures LLC (“PAVe LLC”)

PAVe LLC has different classes of membership units, and the entitlements to distributions from these investments are different among each class. The Company is entitled to an 86.67% economic allocation of distributions from OP



Holdings to PAVe LLC. However, the Company determined it does not control PAVe LLC and accordingly it accounts for the entity as a joint venture (See Interim Financial Statements note 6).

Following the Company's reinvestment of a portion of the first tranche of the contingent consideration, PAVe LLC is now a 26% equity member of OP Holdings with PAVe LLC (see "OP Holdings" below). The Company has 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 PAVe LLC accounts for its 26% interest in OP Holdings as an investment in associate (See Interim Financial Statements note 6).

On October 30, 2015, the Company invested US\$677,865 in PAVe LLC for the acquisition of 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.

Equity earnings for Q1 2017 from the PAVe joint venture was US\$135,318 (2016 - US\$189,332), which includes earnings from OP Holdings and Fly-Away Parking (see below) as well as PAVe expenses of US\$1,698 (2016 - US\$nil).

OP Holdings

OP Holdings is an investment vehicle that will seek to acquire and aggregate up to US\$500 million in income producing parking assets. Parkit acquired a 22% membership in OP Holdings (through its PAVe joint venture) for US\$6.2 million initially and during the year, pursuant to the joint venture agreement, contributed a further US\$1.4 million of the first earn-out consideration. As a result, the OP Holding equity members have now recognized that PAVe's economic interest in OP Holdings has increased from 25% to 26%. The majority member of the joint venture is Och-Ziff Real Estate, a real estate private equity firm based in the United States. In addition to its equity membership, Parkit serves as the entity's asset manager, alongside PRE.

In April 2015, OP Holdings acquired six assets at an 8% capitalization rate, for a total of US\$82.6 million, assuming full payment of associated conditional earn-outs. The initial property portfolio includes two assets in which Parkit held equity, Canopy and Espresso, as well as four additional facilities described below.

- 'Chapel Square' located in New Haven, Connecticut (Commercial/business district)
- 'Terra Park' located in Jacksonville, Florida (Commercial/business district)
- 'Riccio Lot' located in New Haven, Connecticut (University and medical facility)
- 'Z Parking' located in East Granby, Connecticut (Bradley International Airport)

Going forward, Parkit will provide 5% of the equity component of future acquisitions made by OP Holdings. Pursuant to the joint venture agreement, the Company contributed approximately US\$365,000 of the first earn-out consideration received to OP Holdings toward its future equity commitments.

During Q1 2017, the Company earned portfolio asset management fees of US\$49,726 (2015 - US\$53,000) from OP Holdings. The decrease in fees earned in the current period reflects the lower fee percentage rate reset on the first anniversary date, as well as a further adjustment recognized in Q1 2017 in respect of an underpayment of fees in 2016.

Over the term of investment in OP Holdings, the Company has targeted yield optimization of 2-3%. The yield optimization achieved to date is 1.5%, which has been adversely impacted by the recent performance of Canopy, effected by major ongoing road works that are expected to continue through to mid-2017. Equity earnings for Q1 2017 from the OP Holdings joint venture was US\$185,822 (Q1 2016 - US\$204,572).



In Q1 2017, OP Holdings revenues decreased by 11.3% and NOI decreased by 25.7%, respectively, compared to the prior quarter, which is consistent with the strong seasonality effect on off-airport parking. However, revenues and NOI decreased by 5.4% and 12.0%, respectively, compared against the results achieved in Q1 2016, which reflects the impact of the ongoing road works at Canopy. Comparing the trailing 12 month results for these assets as at January 31, 2017 and as at October 31, 2016, revenues decreased 1.3% and NOI development was down by 2.6%. While revenue growth and NOI development have been impacted by the short-term disruption at Canopy, the overall portfolio performance continues to reflect the successful implementation of strategies focused on gaining efficiencies and cost savings across the portfolio.

During Q1 2017, the Company received cash distributions from OP Holdings of US\$236,000 compared with \$319,000 in the prior year comparative period. Total cash distributions of US\$1,463,778 have been received during the term of this investment through Q1 2017. The annual cash yield for the investment is approximately 11%, which reflects the impact of the contribution of a portion of the first earn-out in the year, as compared with the yield in the first year of the investment which was in excess of 15%. The Company believes the cash yield will continue to be positively impacted by further expected optimization.

A central component of the Parkit strategy is to realize capital gains on the assets upon an exit. However, the accounting rules do not allow the Company to carry its joint venture investments on its balance sheet at a fair value that reflects any appreciation in value beyond that initially recognized at the time of the acquisition and as adjusted for the earn-out consideration. Therefore, any unrealized gain that may arise after the date of acquisition, and taking into account any payment of the earn-out consideration paid, is not reflected on the statement of operations, or in the carrying value on the balance sheet. Further, the carrying value of the joint venture investments is reduced by the amount of any cash distributions to the Company and increased by the amount related book profits attributable to the Company. To the extent distributions exceed book profits the carrying value is reduced. These factors combine to provide a book value that the Company believes is lower than the current fair value of its joint ventures, and supports a notable premium per-share intrinsic value for Parkit shareholders.

Nashville Fly-Away Parking

On October 30, 2015, the Company invested US\$886,850 (US\$677,865) in PAVe LLC for the acquisition of Fly-Away Parking (“Fly-Away Parking”) by PAVe Nashville, LLC (“Nashville”). Fly-Away Parking is a 1,140 stall, 8.5 acre facility servicing the Nashville International Airport. The US\$ 8.0 million acquisition was completed with US\$5.4 million of financing at LIBOR plus 230 basis points, amortizing for periods up to 25 years. In addition, US\$1.2 million of vendor financing was utilized at 4% amortizing over 5 years.

In the first year following its acquisition Fly-Away Parking generated a modest profit for the Company of US\$16,000. However, in Q1 2017, Fly-Away Parking generated a loss for the Company of US\$48,807. Management is concerned that the positive trend in profitability development evidenced during through September 2016 has stalled and is investigating with Propark to determine if changes to optimization strategies in the near-term are required.



CASH FLOW SUMMARY

A summary of the Company's consolidated cash flows for the three-month periods ended January 31, 2017 and 2016 is as follows:

Three months ended	January 31, 2017	January 31, 2016
Cash used in operating activities	\$ (143,332)	\$ (185,153)
Cash provided by investing activities	<u>386,052</u>	<u>592,756</u>
Increase in cash and cash equivalents	242,720	407,603
Foreign exchange effect on cash	(45,140)	(208,174)
Cash balance, beginning of the period	<u>1,552,160</u>	<u>1,237,061</u>
Cash balance, end of period	1,749,740	1,436,490

Operating Activities:

Net cash used in operating activities for Q1 2017 was \$143,332, compared to \$185,153 for the comparative period in the prior year. The lower level of cash used in operations in Q1 2017 reflects the lower level of cash general and administrative expenses incurred during the period as compared against the prior year.

Investing Activities:

Net cash provided by investing activities for Q1 2017 was \$386,052, compared to \$592,726 for the comparative period in the prior year. The cash provided by investing activities in Q1 2017 period includes the distribution from PAVe and the assignment by PRE to the Company of its management fee received during the quarter to repay a portion of the PRE loan (Long term investment). In the comparative period in 2016, the Company received a greater distribution from PAVe and a distribution of residual cash from Doolittle.

Financing Activities:

The Company did not undertake any financing activities during the three month periods ended January 31, 2017 and 2016.



SECTION 4

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2017, the Company had a working capital of \$1,813,227 (October 31, 2016 - \$1,618,058), and current liabilities of \$286,693 (October 31, 2016 - \$272,890). The working capital includes cash of \$1,749,740 (October 31, 2016 - \$1,552,160). The Company expects to settle its current liabilities through existing cash resources, and revenue generated from operations. The Company does not currently anticipate any additional debt or equity financings to fund current operations.

The Company believes that based on its current cash flow projections, that it will be able to meet its liquidity requirements for the foreseeable future.

CONTRACTUAL OBLIGATIONS AND 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 capital. The Company estimates this commitment to be US \$7.5 million over 5 years.

Additionally, if the maximum performance target is achieved in relation to the April 22, 2017 second tranche of the earnings-based contingent consideration (approximately US\$1,735,000) receivable from OP Holdings, 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.

There are no other sources of financing that the Company has arranged but not yet utilized.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Unless otherwise mentioned in the Management's Discussion & Analysis there were no proposed transactions.

OUTSTANDING SHARE DATA

As at the date of this report, the Company has 32,245,723 issued and outstanding common shares, 1,995,000 common share stock options outstanding, and no common share purchase warrants outstanding.

On March 7, 2017, the Company announced that subject to the approval of the TSX Venture Exchange, in connection with services provided to the Company in connection with the proxy contest, it will issue to a director of the Company 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 was accrued in the Company's audited financial statements as at October 31, 2016, and is included in the accounts payable and accrued liabilities balance reported in the Interim Financial Statements (see "*Related Party Transactions*").



SECTION 5

SELECTED QUARTERLY INFORMATION

The following table sets forth the selected financial information of the Company on a consolidated basis for each of the eight most recent financial quarters:

Financial (\$000's)	January 31, 2017	October 31, 2016	July 31, 2016	April 30, 2016
Fee income	\$ 66	\$ 46	\$ 69	\$ 71
Share of profit from associate	99	1,006	-	-
Share of profit from joint venture	180	348	263	266
Expenses ⁽¹⁾	(210)	(573)	(492)	(321)
Share-based payments	(150)	-	-	(88)
Foreign exchange (loss) gain	(96)	86	107	(323)
Net income (loss) for the period	(111)	913	(51)	(395)
Per share – basic	\$ (0.00)	\$ 0.03	\$ (0.01)	\$ (0.01)

Financial (\$000's)	January 31, 2016	October 31, 2015	July 31, 2015	April 30, 2015
Property income ⁽²⁾	\$ -	\$ -	\$ -	\$ 476
Gain from disposal of assets ⁽²⁾	-	-	-	26,130
Non-controlling interest ⁽²⁾	-	-	-	(12,538)
Allocation of income for Parkit	-	-	-	14,068
Fee income	\$ 73	69	69	
Share of profit from joint venture	245	392	351	564
Expenses ⁽¹⁾	(363)	(603)	(307)	(735)
Share-based payments	-	-	-	-
Foreign exchange gain (loss)	193	281	771	(166)
Net income (loss) for the period	148	139	884	13,729
Per share – basic and diluted	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.43

Note (1): Expenses include general and administrative expenses (excluding share-based payments) and tax expense/recovery

(2): Consolidated

During the quarter ended April 30, 2015, the Company completed the sale of Canopy Airport Parking and Espresso Airport Parking to the newly formed investment vehicle, Op Holdings, at which time the Company recorded a gain on sale of \$26.1 million and derecognized related assets, liabilities and non-controlling interests of Green Park Denver.



SECTION 6

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.

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

The following balances were owing to directors and senior management:

	January 31, 2017	October 31, 2016
Short-term benefits ⁽¹⁾	\$ 22,125	\$ 47,125
Expenses	<u>2,123</u>	<u>-</u>
Total	\$ 24,248	\$ 47,125

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.



SECTION 7

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is described in Notes 2 and 3 of the Company's audited consolidated financial statements for the year ended October 31, 2016.

New accounting policies

There were no new accounting policies adopted during the period and the accounting policies adopted in the Company's Interim Financial Statements are consistent with those adopted in the Company's Consolidated Financial Statements for the year ended October 31, 2016.

Critical judgments and estimates in applying accounting policies

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting period may result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

In preparing the Interim Financial Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those in the Company's Consolidated Financial Statements for the year ended October 31, 2016.

SECTION 8

RISKS AND UNCERTAINTIES

Liquidity Concerns and Future Financing Requirements

We may require additional financing in order to fund our businesses or business expansion. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

General Economic Factors

The willingness of airline passengers to spend money on parking instead of using sources of public transit may be dependent upon general economic conditions. Additionally, if general economic forces lag there is a possibility that air transport demand will decrease thereby directly affecting demand for airport related parking facilities.



Competition

The parking facilities directly competes with existing parking facilities and results are affected by availability of other facilities servicing the same geographic region. The proximity of competitors that will have an impact on operations varies from type of parking facility (off-airport, stadium, central business district).

Future Acquisitions

As part of our business strategy, we may seek to grow by acquiring companies, assets or establishing business relations that we believe will complement our current or future business. We may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for our business. We cannot guarantee that we can complete any acquisition we pursue on favourable terms, or that any acquisitions completed will ultimately benefit our business.

Industry Regulation

There can be no assurances that we may not be negatively affected by changes in United States, Canadian federal, provincial or other legislation, or by any decisions or orders of any governmental or administrative body or applicable regulatory authority.

Our operations are governed by a broad range of federal, state, provincial and local environmental, health and safety laws and regulations, permits, approvals, common law and other requirements that impose obligations relation to, among other things: worker health and safety. As such there are potential liability risks (including potential civil actions, compliance or remediation orders, fines and other penalties) with respect to certain aspects of our businesses.

Conflicts of Interest

Certain of our directors and officers are, and may continue to be, involved in consulting activities outside of their roles with the Company. Situations may arise where the other interests of these directors and officers may conflict with our interests. Directors and officers of the Company with conflicts of interest will be subject to and follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dependence on, and Protection of, Key Personnel

We depend on the continued support and involvement of our directors and officers to develop our business and operations, and the services of our key technical, sales, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on our business, our results of operations, our ability to implement our business plans, and our financial condition. Our success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and we cannot provide assurance that we will be able to attract or retain highly qualified personnel in the future. Our inability to attract and retain highly qualified technical, sales, marketing and management personnel may adversely affect our future growth and profitability. It may be necessary for us to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased. We do not currently maintain corporate life insurance policies on key employees.



Currency Fluctuations

Our revenue is earned in U.S. dollars, and our operating expenses are incurred in Canadian and U.S. dollars. Fluctuations in the exchange rate between the U.S. and Canadian dollar may have a material adverse effect on our business, financial condition and operating results.

Change of management

The Company was engaged in a contested election of its board of directors and the Company subsequently terminated the employment of the former President & Chief Executive Officer, former Chief Investment Officer and former Chief Financial Officer. The uncertainty relating to the control of the Board and the Company during that period and the transition of new management may adversely impact the future performance of the business.

SECTION 9

CONTROLS AND PROCEDURES

For the purposes of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, the Company is a Venture Issuer and has made no representations relating to the design and evaluations of the disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") and it has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.