



**PARKIT ENTERPRISE INC.**

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2019

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)

<b>AS AT</b>	<b>January 31, 2019</b>	<b>October 31, 2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 3,023,732	\$ 1,830,051
Accounts receivable (note 4)	202,545	149,037
Prepaid expenses and deposits	12,015	21,091
Deferred share issuance costs (note 9)	-	41,200
	3,238,292	2,041,379
<b>Long-term receivable</b> (note 5)	1,261,824	1,261,632
<b>Investment in associate</b> (note 6)	1,228,030	1,217,658
<b>Investment in joint venture</b> (note 7)	17,618,451	18,349,025
<b>Intangible assets</b>	30,208	45,833
	<b>\$ 23,376,805</b>	<b>\$ 22,915,527</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 157,271	\$ 75,830
Tax liabilities (note 8)	1,981,816	1,981,514
	2,139,087	2,057,344
<b>Equity</b> (note 9)		
Share capital	23,457,588	22,827,373
Reserves	476,873	472,381
Deficit	(2,696,743)	(2,441,571)
	21,237,718	20,858,183
	<b>\$ 23,376,805</b>	<b>\$ 22,915,527</b>

Commitments and contingencies (notes 7, 11 and 12)  
Subsequent event (note 14)

Approved and authorized by the Board on March 27, 2019:

“Elie Norowitz”

Director

“Avi Geller”

Director

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

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

<b>FOR THE</b>	<b>Three months ended January 31, 2019</b>	<b>Three months ended January 31, 2018</b>
Parking services revenue	\$ 25,000	\$ -
Parking services operating expenses	(19,722)	-
Fee income	35,929	52,521
Share of profit from associate (note 6)	10,372	38,830
Share of profit from joint venture (note 7)	37,349	10,728
General and administrative (note 10)	(338,040)	(194,716)
	<b>(249,112)</b>	<b>(92,637)</b>
Foreign exchange loss	(6,723)	(169,885)
Finance income	663	761
<b>Loss before tax</b>	<b>(255,172)</b>	<b>(261,761)</b>
Income tax expense	-	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (255,172)</b>	<b>\$ (261,761)</b>
Earnings per share attributable to shareholders of the Company:		
Basic	\$ (0.01)	\$ (0.01)
Diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding:		
Basic	33,562,016	32,310,796
Diluted	33,562,016	32,310,796

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 THREE MONTH PERIOD ENDED JANUARY 31</b>	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (255,172)	\$ (261,761)
Items not affecting cash:		
Share of profit from associate	(10,372)	(38,830)
Share of profit from joint venture	(37,349)	(10,728)
Amortization	15,625	-
Share-based payments	4,492	-
Unrealized foreign exchange	6,358	169,878
Changes in non-cash working capital items:		
Accounts receivable	(53,929)	(12,648)
Prepaid expenses and deposits	9,076	3,360
Accounts payable and accrued liabilities	65,269	35,734
Cash flows used in operating activities	(256,002)	(114,995)
<b>INVESTING ACTIVITIES</b>		
Long term receivable, net repayments	-	39,873
Distributions from PAVe LLC joint venture	767,923	174,436
Cash flows from investing activities	767,923	214,309
<b>FINANCING ACTIVITIES</b>		
Proceeds from rights offering (note 9)	718,271	-
Share issuance costs (note 9)	(30,684)	-
Cash flows from financing activities	687,587	-
<b>Change in cash and cash equivalents during the period</b>	<b>1,199,508</b>	<b>99,314</b>
<b>Effect of exchange rate changes on cash</b>	<b>(5,827)</b>	<b>(98,925)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,830,051</b>	<b>2,200,195</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 3,023,732</b>	<b>\$ 2,200,584</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash	\$ 1,708,669	\$ 970,671
Cash equivalents	1,315,063	1,229,913
	<b>\$ 3,023,732</b>	<b>\$ 2,200,584</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	Total
	Number	Amount			
<b>Balance, October 31, 2017</b>	32,310,796	\$ 22,807,373	\$ 467,005	\$ (5,889,611)	\$ 17,384,767
Net loss for the period	-	-	-	(261,761)	(261,761)
<b>Balance, January 31, 2018</b>	32,310,796	\$ 22,807,373	\$ 467,005	\$ (6,151,372)	17,123,006
Share-based payments	66,666	20,000	5,376	-	25,376
Net income for the period	-	-	-	3,709,801	3,709,801
<b>Balance, October 31, 2018</b>	32,377,462	\$ 22,827,373	\$ 472,381	\$ (2,441,571)	\$ 20,858,183
Rights offering	2,476,795	718,271	-	-	718,271
Share issuance costs	-	(88,056)	-	-	(88,056)
Share-based payments	-	-	4,492	-	4,492
Net loss for the period	-	-	-	(255,172)	(255,172)
<b>Balance, January 31, 2019</b>	34,854,257	\$ 23,457,588	\$ 476,873	\$ (2,696,743)	\$ 21,237,718

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)

January 31, 2019

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### **1. NATURE OF OPERATIONS**

Parkit Enterprise Inc. (“Parkit” or 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 is engaged in the acquisition and asset management of income producing parking facilities across the United States and Canada. 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, 2018, which were prepared in accordance with IFRS as issued by the IASB.

Except as noted in Note 3, the accounting policies set out in Note 2 of the Company’s audited financial statements as at and for the year ended October 31, 2018, have been applied in preparing these condensed interim consolidated financial statements

### **3. NEW ACCOUNTING STANDARDS EFFECTIVE 2018**

#### **a) IFRS 9 – Financial Instruments**

The Company adopted IFRS 9 on November 1, 2018 in accordance with the transitional provisions of the standard, applying a full retrospective approach in restating our prior period financial information. The Company has elected not to adopt the hedging requirements of IFRS 9 at this time but may adopt them in a future period.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss (“FVTPL”); (ii) those measured at fair value through other comprehensive income (“FVOCI”); and (iii) those measured at amortized cost. The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

**PARKIT ENTERPRISE INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian Dollars)

January 31, 2019

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**3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2018 (continued)**

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial assets are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial assets. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The key changes to Company's accounting policies resulting from the adoption of IFRS 9 are summarized below.

**Classification of Financial Assets and Financial Liabilities:**

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at November 1, 2018 for each class of the Company's financial assets and financial liabilities:

<b>Financial Asset/Liability</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS9</b>
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans and receivable (amortized cost)	Amortized cost
Long-term receivable	Loans and receivable (amortized cost)	Amortized cost
Accounts payable	Other financial liabilities (amortized cost)	Amortized cost
Tax liabilities	Other financial liabilities (amortized cost)	Amortized cost

There has been no change in the carrying value of the Company's financial instruments resulting from the changes to the measurement categories in the table noted above.

**Measurement:**

***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

***Financial assets at FVOCI***

Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

The Company currently does not have any FVOCI assets.

***Impairment of financial assets at amortized cost***

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.



**PARKIT ENTERPRISE INC.**

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

(Expressed in Canadian Dollars)

January 31, 2019

**3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2018 (continued)**

The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was \$nil as at January 31, 2019 and October 31, 2018.

**b) IFRS 15 – Revenue Recognition**

The Company has adopted all the requirements of IFRS 15 as of November 1, 2018. IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue, which had no impact on the Company's consolidated financial statements.

**4. ACCOUNTS RECEIVABLE**

	January 31, 2019	October 31, 2018
Current portion of advances to PRE (note 5)	\$ 52,351	\$ 52,343
Management fees	92,463	56,966
Taxes receivable	19,030	19,027
Parking services receivable	38,701	20,701
Total	<b>\$ 202,545</b>	<b>\$ 149,037</b>

**5. LONG TERM RECEIVABLE**

	January 31, 2019	October 31, 2018
Advances to PRE	\$ 1,314,175	\$ 1,313,975
Less current portion (note 4)	(52,351)	(52,343)
Long term receivable	<b>\$ 1,261,824</b>	<b>\$ 1,261,632</b>

As at January 31, 2019, the Company has advanced \$1,314,175 (US\$999,829) 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 \$52,351 (US\$39,829) is to be repaid from the assignment of certain distributions due to PRE and the balance of \$1,261,824 (US\$960,000) is to be repaid upon disposition of certain investments or parking assets.

**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>Three months ended January 31, 2019</b>
Balance – October 31, 2018	\$ 1,217,658
Share of profits in associate	10,372
<b>Balance – January 31, 2019</b>	<b>\$ 1,228,030</b>

**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, 2018 – 82.83%) economic allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (October 31, 2018 – 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 U.S. based parking facilities, including Canopy previously held by Green Park Denver (note 6).

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>Three months ended January 31, 2019</b>
Balance – October 31, 2018	\$ 18,349,025
Distributions	(767,923)
Share of profits in joint venture	37,349
<b>Balance – January 31, 2019</b>	<b>\$ 17,618,451</b>

**PARKIT ENTERPRISE INC.**

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

(Expressed in Canadian Dollars)

January 31, 2019

**7. INVESTMENT IN JOINT VENTURE (continued)***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.

*Summarized financial information of joint venture*

The assets and liabilities of the joint ventures translated into Canadian dollars are summarized as follows:

	January 31, 2019	October 31, 2018
Cash and cash equivalents	\$ 111,935	\$ 91,466
Other current assets	58,053	22,998
Parking facility	6,875,306	6,939,586
Goodwill	2,802,405	2,801,978
Interest in associate	21,123,393	21,941,459
<b>Subtotal - assets</b>	<b>\$ 30,971,092</b>	<b>\$ 31,797,487</b>
Accounts payable	815,345	599,763
Borrowings	7,541,478	7,678,508
<b>Subtotal - liabilities</b>	<b>\$ 8,356,823</b>	<b>\$ 8,278,271</b>
<b>Net assets of joint ventures</b>	<b>\$ 22,614,269</b>	<b>\$ 23,519,216</b>
Company’s interests in net assets - (i)	81%	81%
<b>Net assets attributable to the Company - (ii)</b>	<b>\$ 18,270,794</b>	<b>\$ 18,991,791</b>
<b>Investment in joint venture - (iii)</b>	<b>\$ 17,618,451</b>	<b>\$ 18,349,025</b>

- i. PAVe LLC has different classes of membership units, and the entitlements to voting and distributions are different among each membership class. The Company’s entitlement’s to each membership class ranges from 0% to 82.83%. Accordingly, the Company has determined that it will equity account for its economic share of interest in the joint venture rather than its equity participation.
- ii. The functional currency of the joint ventures is the United States dollar. The net assets of the joint venture and the net assets attributable to the company in the above table were translated into Canadian dollars using the period end exchange rates.
- iii. In accordance with the Company’s accounting policy, the carrying value of the investment in the joint venture on the consolidated statements of financial position is translated into Canadian dollars at historical cost. The difference in the translation method accounts for the difference between “net assets attributable to the Company” and “investment in joint venture” in the above table.

**PARKIT ENTERPRISE INC.**

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

(Expressed in Canadian Dollars)

January 31, 2019

**7. INVESTMENT IN JOINT VENTURE (continued)**

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

	<b>Three months ended January 31, 2019</b>	<b>Three months ended January 31, 2018</b>
Property revenue	\$ 682,847	\$ 609,255
Property expenses	(581,336)	(637,711)
Net property income	101,511	(28,456)
Depreciation Expense	(66,146)	(63,077)
Mortgage interest expense	(123,567)	(83,870)
Income (loss) – property operations	(88,202)	(175,403)
Profit from associate	98,336	128,316
General and administrative	-	(9,470)
<b>Profit (loss)</b>	<b>\$ 10,134</b>	<b>\$ (56,557)</b>
Company share of profit (loss) <sup>(1)</sup>	369%	(19%)
<b>Share of profit from joint venture</b>	<b>\$ 37,349</b>	<b>\$ 10,728</b>

(1) The Company is entitled to profits (losses) on the investments included in the joint venture ranging from 50% to 82.83%. As a result, the calculated percentage of the Company's total share of profits (losses) of the joint venture profits (losses) will vary from period to period.

**8. TAX LIABILITIES**

The Company's U.S. subsidiary is subject to U.S. tax on its partner's share of the profit and losses from its investment in joint ventures (note 7). The joint ventures have a December 31 tax year-end. During the year ended October 31, 2018, the joint ventures reported capital gains from the sale of properties. The Company has estimated its U.S. tax liability based approximately on its equity percentage of the joint venture's estimated taxable income. However, the Company received a substantially lower amount of distributions from those property dispositions pursuant to the joint venture agreement. Under the first stage of the multi-stage waterfall distribution, the majority member was entitled to a payment priority of receiving all capital distributions until it reached a benchmark return.

There is uncertainty to the amount of the 2018 taxable partnership income from the joint ventures that will be allocated to the Company's U.S. subsidiary, and whether any portion of the resulting tax liability can be deferred. As of January 31, 2019, and October 31, 2018, the entire U.S. tax provision was reflected as a current liability. The actual amount and timing of the tax liability could substantially differ from these estimates and judgments, as additional information becomes known.

**PARKIT ENTERPRISE INC.**

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

(Expressed in Canadian Dollars)

January 31, 2019

**9. EQUITY**

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

*Rights Offering*

In December 2018, Parkit closed its rights offering as announced on November 7, 2018. A total of 2,476,795 common shares were issued raising \$718,271 from the rights offering.

Parkit offered each shareholder resident in Canada 0.5336 of one right (each whole right, a "Right") for each common share held on November 14, 2018, entitling the holder to purchase one share for each right at a price of \$0.29 per share.

KDI Corporation Ltd., B&M Miller Equity Holdings Inc. Leonite Capital LLC, and Brad Dunkley entered into standby purchase agreements with Parkit, pursuant to which they each agreed to purchase \$700,000 in units. The standby guarantors are directors or companies controlled by directors of the Company, and are considered related parties to Parkit. In connection with such agreements, the standby-guarantors acquired 2,413,790 shares. As Leonite Capital LLC is resident in the United States it satisfied its commitment to purchase 862,068 shares through a non-brokered private placement and as a result the shares issued to Leonite are subject to a hold period that will expire on April 19, 2019.

Share issuance costs for the rights offering totalled \$88,056, of which \$57,372 is unpaid and included in accounts payable and accrued liabilities as of January 31, 2019. As of October 31, 2018, the Company had recognized \$41,200 in accrued expenses and deferred share issuance costs relating to the rights offering. The deferred share issuance costs were subsequently reclassified as a deduction from share capital in December 2018 when the common shares from the rights offering were issued.

**b) Stock Options**

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at October 31, 2018	1,845,000	\$ 0.43
Grants/expirations/cancellations	-	-
<b>Balance as at January 31, 2019</b>	<b>1,845,000</b>	<b>\$ 0.43</b>

As at January 31, 2019, the following stock options were outstanding and exercisable:

Exercise Price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
\$0.29	25,000	100,000	4.56
\$0.30	500,000	500,000	0.20
\$0.50	1,245,000	1,245,000	0.20
	1,770,000	1,845,000	0.65

**PARKIT ENTERPRISE INC.**

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

(Expressed in Canadian Dollars)

January 31, 2019

**10. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Three months ended January 31, 2019</b>	<b>Three months ended January 31, 2018</b>
Management salaries and fees (note 11)	\$ 96,492	\$ 72,753
Director fees (note 11)	24,300	24,600
Share-based payments (note 11)	4,492	-
Professional fees (note 11)	111,544	54,376
Other administrative expenses	85,587	42,987
Amortization	15,625	-
<b>Total</b>	<b>\$ 338,040</b>	<b>\$ 194,716</b>

**11. 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.

	<b>Three months ended January 31, 2019</b>	<b>Three months ended January 31, 2018</b>
Total for all senior management		
Salaries, fees, and short-term benefits	\$ 93,300	\$ 76,800
Share-based payments	4,492	-
	<b>\$ 97,792</b>	<b>\$ 76,800</b>
Total for all directors		
Short-term benefits	\$ 24,300	\$ 24,600
Share-based payments	-	-
	<b>\$ 24,300</b>	<b>\$ 24,600</b>
<b>Total</b>	<b>\$ 122,092</b>	<b>\$ 101,400</b>

*Transactions with related parties*

Included in accounts payable and accrued liabilities as of January 31, 2019 is \$1,829 (October 31, 2018 - \$11,006) is amounts due to related parties for expense reimbursements.

Pursuant to the terms of employment agreements with two officers, the Company will grant 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 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)

January 31, 2019

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**12. COMMITMENTS AND CONTINGENCIES**

At January 31, 2019, the Company has total future aggregate minimum office lease payments of \$31,360 over the remaining lease term, which expires February 28, 2020.

**13. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with level 1 inputs having the highest priority. The levels used to value the Company's financial assets and liabilities are described below.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, i.e. as prices, or indirectly, i.e. derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on an observable market, i.e. unobservable inputs.

The fair value of the Company's accounts receivable, long-term receivable, accounts payable and accrued liabilities, and tax liabilities approximate carrying value, which is the amount recorded on the consolidated statements of financial position.

Cash and cash equivalents are carried at fair value in accordance with Level 1 of the fair value hierarchy, being unadjusted quoted prices in active markets for identical assets or liabilities.

**14. SUBSEQUENT EVENTS**

The Company has received \$120,821 in cash distributions from the joint venture subsequent to January 31, 2019.