PARKIT
ENTERPRISE INC

PARKIT ENTERPRISE INC.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Parkit Enterprise Inc.

Opinion

We have audited the accompanying consolidated financial statements of Parkit Enterprise Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2020 and 2019 and the consolidated statements of operations and comprehensive loss, cash flows, and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

February 26, 2021

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT OCTOBER 31		**2020**		**2019**
ASSETS				
Current				
Cash and cash equivalents (note 15)	$	588,635	$	768,434
Accounts receivable (note 4)		287,854		189,745
Prepaid expenses and deposits		14,548		14,111
Deferred acquisition costs (note 15)		80,767		-
		971,804		972,290
Long-term receivable (note 5)		1,278,528		1,263,360
Investment in associate (note 6)		643,187		1,244,078
Investment in joint ventures (note 7)		12,769,866		17,215,992
	$	**15,663,385**	**$**	**20,695,720**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	165,433	$	58,410
Tax liabilities (note 11)		197,106		16,561
		362,539		74,971
Equity (note 9)				
Share capital		23,457,588		23,457,588
Reserves		34,700		27,094
Deficit		(8,191,442)		(2,863,933)
		15,300,846		20,620,749
	$	**15,663,385**	**$**	**20,695,720**

Commitments (notes 7 and 14)
Subsequent events (note 19)

Approved and authorized by the Board on February 26, 2021:

"David Delaney" Director *"Avi Geller"* Director

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

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

FOR THE YEARS ENDED OCTOBER 31		2020		2019
Share of (loss) profit from joint ventures (note 7)	$	(4,061,621)	$	646,365
Share of (loss) profit from associate (note 6)		(600,891)		26,420
Fee income		145,349		145,986
Parking services revenue		-		70,010
Parking services operating expenses		-		(47,690)
General and administrative expenses (note 10)		(594,574)		(1,060,619)
		(5,111,737)		**(219,528)**
Foreign exchange gain (loss)		16,904		(11,322)
Finance income		861		4,928
Income before tax		**(5,093,972)**		**(225,922)**
Income tax expense (note 11)		(233,537)		(653,460)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$**	**(5,327,509)**	**$**	**(879,382)**
Earnings per share attributable to shareholders of the Company:				
Basic	$	(0.15)	$	(0.03)
Diluted	$	(0.15)	$	(0.03)
Weighted average number of common shares outstanding:				
Basic		34,854,257		34,528,541
Diluted		34,854,257		34,528,541

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED OCTOBER 31	2020	2019
OPERATING ACTIVITIES		
Net loss for the year	$ (5,327,509)	$ (879,382)
Items not affecting cash:		
Share of (loss) profit from associate	600,891	(26,420)
Share of (loss) profit from joint ventures	4,061,621	(646,365)
Depreciation and amortization	-	45,833
Share-based payments	7,606	11,733
Unrealized foreign exchange	(17,865)	10,504
Changes in non-cash working capital items:		
Accounts receivable	(98,173)	(53,532)
Prepaid expenses and deposits	(437)	6,980
Accounts payable and accrued liabilities	26,256	23,780
Tax liabilities	180,545	(1,997,076)
Cash flows used in operating activities	(567,065)	(3,503,945)
INVESTING ACTIVITIES		
Long term receivable, net repayments	-	14,854
Contributions to joint venture	(33,770)	-
Distributions from joint venture	418,275	1,779,398
Cash flows from investing activities	384,505	1,794,252
FINANCING ACTIVITIES		
Proceeds from rights offering	-	718,271
Share issuance costs	-	(88,056)
Cash flows from financing activities	-	630,215
Change in cash and cash equivalents during the year	(182,560)	(1,079,478)
Effect of exchange rate changes on cash and cash equivalents	2,761	17,861
Cash and cash equivalents, beginning of year	768,434	1,830,051
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 588,635**	**$ 768,434**

Supplemental disclosure with respect to cash flows (note 15)

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, October 31, 2018	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	-	-	11,733	-	11,733
Expiration of stock options	-	-	(457,020)	457,020	-
Net loss for the year	-	-	-	(879,382)	(879,382)
Balance, October 31, 2019	34,854,257	23,457,588	27,094	(2,863,933)	20,620,749
Share-based payments	-	-	7,606	-	7,606
Net loss for the year	-	-	-	(5,327,509)	(5,327,509)
Balance, October 31, 2020	34,854,257	$ 23,457,588	$ 34,700	$ (8,191,442)	$ 15,300,846

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

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, and its registered and records office is 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5. Parkit's common shares are listed on TSX Venture Exchange ("TSX-V") (Symbol: PKT) and on the OTC (Symbol: PKTEF).

Subsequent to October 31, 2020, Parkit shifted its strategy to focus on the acquisition of industrial real estate in Canada to complement its parking assets in the United States (note 19). As of October 31, 2020, the Company was engaged in the ownership of parking assets in the United States. The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires that the Company's management make assumptions and estimates of effects of various future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally. COVID-19 has negatively impacted parking operations in the Company's joint venture starting in the second half of March 2020. The outbreak and current market conditions have increased the complexity of estimates and assumptions used to prepare the consolidated financial statements, particularly related to the estimation of fair values and recoverable amounts reported by the Company, its associate and its joint ventures. The full extent of the impact of COVID-19 on the Company's and its joint venture operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets and any new information that may emerge concerning the severity of the virus. It is difficult to estimate the nature, timing, and extent of the business and economic impact on the Company's financial performance and this uncertainty could materially affect the Company's operations and financial condition. This uncertainty could also materially affect estimates including those used in its impairment testing on receivables and on its investments in associates and joint ventures.

Subsequent to October 31, 2020, the Company raised gross proceeds of $94 million in three separate private placements (note 19). Based on the funds from the private placements and the Company's twelve month cash flow forecast, the Company has sufficient capital to fund its targeted acquisitions and meet its current obligations and corporate overheads.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's consolidated statements of financial position reported in future periods.

a) Critical judgments

Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a) Critical judgments (continued)

Classification of investees as subsidiaries, associates or joint ventures

The Company, through its subsidiary Greenswitch America, Inc. ("Greenswitch America") holds investments in parking real estate in the United States of America, and is a party to a number of arrangements whereby the Company is required to assess the degree of control it exerts over the investee in order to classify the investee as a subsidiary, associate or joint venture. In assessing control, the Company considers the structure and form of the arrangements, the terms agreed by the parties in the contractual arrangements and the Company's rights and obligations arising from the arrangements.

Accounting for investments in associates and joint ventures

Certain investees have different class of membership units, and the entitlements to distributions from these investments are different among each class. Accordingly, the Company has determined that it will equity account for its economic share of interest in the joint venture or associate rather than its equity participation.

Impairment testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required.

The Company also exercised judgment in identifying the cash generating units to apply impairment testing on goodwill and other long-lived assets held in its joint ventures.

Acquisition of investment properties

For the purpose of recording asset acquisitions, the Company must exercise judgment to determine if the acquisition meets the definition of a business under IFRS 3 "Business Combinations". Such determination may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs.

b) Critical estimates and assumptions

Accounting for investments in associates and joint ventures

In applying equity accounting, the Company reviews the accounting policies of the investee and if necessary, make any adjustments in line with those of the Company.

An earnings-based contingency recognized in the Company's associate, Green Park Denver, meets the definition of a financial asset as it represents a contractual right to receive cash or other financial assets (note 6). The associate accounts for the contingent consideration receivable as financial asset measured at fair value through profit and loss. The determination of the fair value is based on the discounted value of anticipated future receipts. The final tranche of the consideration receivable is payable upon disposition of certain assets in OP Holdings JV LLC ("OP Holdings"), the timing of which is unknown as of October 31, 2020. The Company uses a weighted average probability of the expected timing for the pay-out of the contingent consideration. The other key assumptions take into consideration the probability of meeting the performance target, level of future profits of the disposed business and the discount factor. The key assumptions taken into consideration to determine the fair value as at October 31, 2020 include 90% (2019 – 90%) probability of meeting performance target, and a 10% (2019- 10%) discount factor.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

b) Critical estimates and assumptions (continued)

Impairment testing

In assessing impairment on parking real estate, the Company considers a number of factors including cash flow forecasts, capitalization rates (the rate of return on a real estate investment property based on the income that the property is expected to generate), and property valuations. The estimates and assumptions are subject to risk and uncertainty with the impact of COVID-19 on operations and current market conditions increasing the complexity of the estimates and assumptions used in impairment analysis. Changes in inputs may alter the results of impairment testing impacting the amount of impairment charge recorded in the statements of operations and the resulting carrying value of assets.

Income Taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. In addition, these consolidated financial statements have been prepared under the accrual basis of accounting, except for cash-flow information.

c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries.

Subsidiaries are all entities over which the Company has control. Control is defined as where the Company is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Principles of consolidation (consolidated)

The principal subsidiaries of the Company are as follows:

Name of Subsidiary	Place of Incorporation	Percentage Ownership October 31, 2020	Percentage Ownership October 31, 2019	Principal Activity	Functional Currency
Greenswitch Capital Ltd.	Canada	100%	100%	Holding	CAD
Greenswitch America Inc.	USA	100%	100%	Holding	CAD
Park Drive Capital, LLC	USA	100%	100%	Holding	CAD

d) Foreign exchange and functional currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and each of its subsidiaries is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars.

Transactions and balances in foreign currencies

In preparing the financial results of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in currencies other than the functional currency of the individual entities are translated using the period end foreign exchange rate. Non-monetary assets, liabilities and equity are translated using the rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in net income or loss.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and short-term liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets:

Amortized Cost – Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Fair Value through Other Comprehensive Income ("FVOCI") – Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest. The Company currently does not have any FVOCI assets.

Fair value through profit or loss ("FVTPL") – Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. On initial recognition of an equity investment that is not held-for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. There is no subsequent reclassification of fair value changes to earnings following the derecognition of the investment. However, dividends that reflect a return on investment continue to be recognized in net earnings. This election is made on an investment-by-investment basis.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net earnings.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

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

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of operations and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVOCI remain within accumulated other comprehensive income (loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net earnings. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net earnings. Any gain or loss on derecognition is also recognized in net earnings.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net earnings based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net earnings.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations and comprehensive loss.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significant inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) 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 or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

g) Leases

The following leases accounting policies have been applied as of November 1, 2019 on adoption of IFRS 16 “Leases”. For comparative periods, the Company applied leases policies in accordance with IAS 17, Leases (IAS 17) and IFRIC 4, Determining Whether an Arrangement Contains a Lease (IFRIC 4) where operating lease payments were recognized as an expense on a straight-line basis over the lease term. Note 3(s) outlines the effect of adopting IFRS 16 requirements.

The Company assesses whether a contract is or contains a lease, at the inception of a contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Leases (continued)

Company as a lessee

The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of operations on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of operations.

h) Investment in associates and joint ventures

Associates are investments over which the Company exercises significant influence but does not control or jointly control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control for strategic financial and operating decisions. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method. The equity method involves recording the initial investment at cost, which represents the fair value of the consideration paid. When the Company recognizes an investment in an associate on the loss of control of a former subsidiary, cost is measured as the fair value of the investment retained in the former subsidiary.

Thereafter, the carrying value of the investment is increased by additional contributions to the associate or joint venture, and decreased for any distributions received from the associate or joint venture. The carrying value is also adjusted for the Company's share of the profit or loss, and other comprehensive profit or loss of the associate or joint venture after the initial date of recognition.

Financial statements of the associate and joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Investment in associates and joint ventures (continued)

When the Company's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If such evidence exists, the investment is tested for impairment. An impairment loss is recognized as the amount by which the carrying value exceeds the recoverable amount of the investment. Impairment losses are reversed to the extent the recoverable amount subsequently increases.

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company does not have any intangible assets with indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and estimated useful lives for current and comparative periods are as follows:

Customer contracts: straight-line over terms up to three years.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

j) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net income or loss for the period.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Provisions

Provisions are recognized when the Company or its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes if their recovery is deemed probable.

l) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of new shares are recognized in equity, net of tax, as a deduction from the share proceeds.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

m) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards.

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of equity settled share options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Consideration paid for the shares on the exercise of stock options is credited to share capital, and the applicable amounts of reserves are transferred to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Reserves

The reserves recorded in equity on the Company's statements of financial position include the fair values of share-based payments and warrants. Upon expiration of stock options, the applicable amounts of reserves are transferred to deficit. Upon expiration of warrants accounted for as share-based payments and originally recorded as share issue costs, the applicable amounts of reserves are transferred to share capital.

o) Parking services revenue

The Company's revenues are primarily derived from parking and permit management agreements. In accordance with the guidance related to revenue recognition, revenue is recognized when persuasive evidence of an arrangement exists, the fees are fixed or determinable, and collectability is reasonably assured and as services are provided. The Company recognizes gross receipts (net of taxes collected from customers) as revenue from leased locations, and management fees for parking services, as the related services are provided. Ancillary services are earned from management contract properties and are recognized as revenue as those services are provided.

p) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

q) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share does not adjust the earnings (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) New accounting standards and interpretations adopted

Impact of application of IFRS 16 Leases

Effective November 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on November 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening balance of accumulated deficit.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases under IFRS 17 and requiring the recognition of a ROU asset and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated statement of operations; and (iii) separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows. For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within general and administrative expenses in the consolidated statement of operations.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and
- Apply the assessment of IFRS 16 only to those contracts that were previously identified as leases under IAS17. The definition of a lease under IFRS 16 was only applied to contracts entered into or changed after November 1, 2019.

The Company leases office space with lease terms of 12 months or less. The Company has elected not to recognize ROU assets and liabilities for these leases, and recognized $32,748 lease expense in general and administrative expenses in the statement of operations during the year ended October 31, 2020.

t) New standards and interpretations issued but not yet effective

Amendments to IFRS 3, Business Combinations

The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business, as well as provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment will be applied by the Company at the beginning of its next fiscal year on November 1, 2020, which includes the industrial real estate acquisitions subsequent to October 31, 2020 (note 19).

(Expressed in Canadian Dollars)

4. ACCOUNTS RECEIVABLE

	October 31, 2020	October 31, 2019
Current portion of advances to PRE (note 5)	$ 38,359	$ 37,903
Management fees	227,738	82,908
Parking services receivable (note 19)	21,757	68,934
Total	$ 287,854	$ 189,745

5. LONG TERM RECEIVABLE

	October 31, 2020	October 31, 2019
Advances to PRE	$ 1,316,887	$ 1,301,263
Less current portion (note 4)	(38,359)	(37,903)
Long term receivable	$ 1,278,528	$ 1,263,360

As at October 31, 2020, the Company has advanced $1,316,887 (US$988,802) 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 $38,359 (US$28,802) is to be repaid from the assignment of certain distributions due to PRE and the balance of $ $1,278,528 (US$960,000) is to be repaid upon disposition of certain investments or parking assets.

There were no repayments during the year ended October 31, 2020. During the year ended October 31, 2019, the Company was repaid $14,854 (US $11,027). At October 31, 2020, the Company estimated the current portion of the receivable to be $38,359 (2019 - $37,903).

6. INVESTMENT IN ASSOCIATE

Green Park Denver

In April 2015, the Company's then subsidiary Green Park Denver, LLC ("Green Park Denver") sold Canopy Airport Parking ("Canopy") to OP Holdings, and in July 2015 Green Park Denver was deconsolidated as a subsidiary with the fair value of the retained interest in Green Park Denver recorded as an investment in associate accounted for using the equity method.

The only significant asset retained in the associate is an earnings-based contingent receivable from OP Holdings. The associate measures the contingent consideration receivable at fair value through profit or loss. 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.

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATE (continued)

Carrying values of associate

The carrying amounts of the Company's investments in associate at October 31, 2020 and 2019 were as follows:

	October 31, 2020		October 31, 2019	
Balance – beginning of year	$	1,244,078	$	1,217,658
Share of (loss) profit from associate (i)		(600,891)		26,420
Balance – end of year	$	643,187	$	1,244,078

i. The final tranche of the consideration receivable is payable upon disposition of certain assets in OP Holdings JV LLC ("OP Holdings"), the timing of which is unknown as of October 31, 2020. As of October 31, 2020, and 2019, the Company updated the expected timing of the pay-out of the consideration receivable using a weighted average probability of the expected timing for the pay-out of the contingent consideration. The adjustment to the carrying value of the consideration receivable was recognized as a reduction in the associate's profit and loss for the years ended October 31, 2020 and October 31, 2019.

Summarized financial information of associate

The functional currency of the associate is the United States dollar.

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

Summarized statement of financial position	**October 31, 2020**		**October 31, 2019**	
Non-current assets				
Contingent consideration receivable	$	1,766,808	$	3,208,796
Net assets	**$**	**1,766,808**	**$**	**3,208,796**
Interest in net assets		40.6%		40.6%
Net assets attributable to the Company (i)	**$**	**717,324**	**$**	**1,302,771**
Investment in associate – carrying value at historical cost (ii)	**$**	**643,187**	**$**	**1,244,078**

i. The functional currency of the associate is the United States dollar. The net assets of the associate and the net assets attributable to the Company in the above table were translated into Canadian dollars using the period end exchange rates.

ii. In accordance with the Company's accounting policy, the carrying value of the investment in associate 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.

(Expressed in Canadian Dollars)

7. INVESTMENT IN JOINT VENTURES

Interests in joint ventures

The Company uses the equity method for accounting for joint ventures. The significant joint venture of the Company is as follows:

Name of Joint Venture	Place of Incorporation	Percentage Ownership October 31, 2020	Percentage Ownership October 31, 2019	Principal Activity	Functional Currency
PAVe LLC	USA	50%	50%	Member/Administrator of OP Holdings and PAVe Nashville, LLC	US

PAVe LLC

In April 2015, the Company's subsidiary, Greenswitch America and PRE jointly created separate legal entities, 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 holds 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% (2019 - 82.83%) economic allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (2019 - 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.

Carrying values of joint ventures

The carrying amounts of the Company's investments in joint ventures at October 31, 2020 and 2019 were as follows:

	October 31, 2020	October 31, 2019
Balance – Beginning of year	$ 17,215,992	$ 18,349,025
Contributions	33,770	-
Distributions	(418,275)	(1,779,398)
Share of (loss) profit from joint ventures	(4,061,621)	646,365
Balance – End of year	**$ 12,769,866**	**$ 17,215,992**

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. Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, upon earning the second earn-out contingent consideration (note 6), 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.

(Expressed in Canadian Dollars)

7. INVESTMENT IN JOINT VENTURES (continued)

Commitments (continued)

In connection with the acquisition of Fly-Away Parking in October 2015, Greenswitch America together with PAVe and two other parties (collectively the "Borrowers") entered into a loan and security agreement pursuant to which the Borrowers received a bank loan in the principal amount of US$5,460,000 as partial consideration for the acquisition (the "Loan"). In connection with the Loan, the Borrowers have each granted a security interest in all of their present and future assets and property including the property and assets of Fly-Away Parking. The loan bears interest at LIBOR plus 235 basis points and matured on October 30, 2020. As of October 31, 2020, the outstanding principal balance was US$4,367,334. The loan was subsequently amended to extend the maturity to October 30, 2022 with an interest rate of LIBOR plus 285 basis points. No provision has been accrued by the Company at October 31, 2020 with respect to this commitment.

Summarized financial information of joint ventures

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

	October 31, 2020	October 31, 2019
Cash and cash equivalents	$ 193,621	$ 60,482
Other current assets	8,879	52,654
Parking facility	6,475,743	6,660,949
Goodwill	924,554	2,831,923
Interest in associate	16,911,176	20,545,669
Subtotal - assets	$ 24,513,973	$ 30,151,677
Accounts payable	1,497,749	760,386
Borrowings	6,793,069	7,129,816
Subtotal - liabilities	$ 8,290,818	$ 7,890,202
Net assets of joint ventures	**$ 16,223,155**	**$ 22,261,475**
Company's interests in net assets - (i)	84%	80%
Net assets attributable to the Company - (ii)	**$ 13,691,660**	**$ 17,903,616**
Investment in joint venture - (iii)	**$ 12,769,866**	**$ 17,215,992**

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 entitlements 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.

(Expressed in Canadian Dollars)

7. INVESTMENT IN JOINT VENTURES (continued)

Summarized financial information of joint ventures (continued)

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

	Year ended October 31, 2020	Year ended October 31, 2019
Property revenue	$ 1,424,944	$ 3,277,233
Property expenses	(1,546,175)	(2,483,785)
Net property (loss) income	(121,231)	793,448
Depreciation Expense	(267,627)	(264,088)
Mortgage interest expense	(166,635)	(392,213)
Impairment on goodwill	(1,962,068)	-
(Loss) income – property operations	(2,517,561)	137,147
(Loss) profit from associate	(3,339,766)	718,384
General and administrative expenses	(74,030)	(19,923)
(Loss) profit	$ (5,931,357)	$ 835,608
Company share of (loss) profit [(1)]	68%	77%
Share of (loss) profit from joint ventures	**$ (4,061,621)**	**$ 646,365**

(1) The Company is entitled to profits (losses) on the investments included in the joint venture ranging from 50% to 88.8%. 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. INTANGIBLE 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 intangible assets were being amortized straight-line over the expected remaining contract lives. During the year ended October 31, 2020, the Company terminated the agreements.

The balance of the intangible assets recognized in the consolidated statements of financial position as of October 31, 2020 is $Nil (2019 - $Nil). The Company recognized amortization expense of $Nil (2019 - $45,833) in the consolidated statements of operations.

9. EQUITY

a) Authorized

Unlimited number of 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 were subject to a hold period, which expired on April 19, 2019.

Share issuance costs for the rights offering totalled $88,056. As of October 31, 2019, 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

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

On September 5, 2019, the Company granted 100,000 incentive stock option to two officers (note 12). 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 $0.27 per share. The options expire five years after the date of grant, on September 5, 2024. The fair value of the options was $11,187, which was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 46%, discount rate of 1.36%, expected life of 5 years, dividend yield of 0%, and expected forfeiture rate of 0%. For the year ended October 31, 2020, share-based payment expense of $7,606 (2019 - $3,581) was included in share-based payments in the statements of operations

On August 22, 2018, the Company granted 100,000 incentive stock option to two officers (note 12). 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 expire five years after the date of grant, on August 22, 2023. The fair value of the options was $13,528, which was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 52%, discount rate of 2.16%, expected life of 5 years, dividend yield of 0%, and expected forfeiture rate of 0%. For the year ended October 31, 2020, share-based payment expense of $Nil (2019 - $8,152) was included in share-based payments in the statements of operations.

(Expressed in Canadian Dollars)

9. EQUITY (continued)

b) Stock Options (continued)

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
Granted	100,000	0.27
Cancelled	(1,695,000)	0.45
Balance as at October 31, 2019	250,000	$ 0.28
Balance as at October 31, 2020	250,000	$ 0.28

As at October 31, 2020, the following stock options were outstanding and exercisable:

Exercise Price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
$0.27	100,000	100,000	3.85
$0.29	100,000	100,000	2.81
$0.30	50,000	50,000	1.19
	250,000	250,000	2.90

10. GENERAL AND ADMINISTRATIVE EXPENSES

	October 31, 2020	October 31, 2019
Management salaries and fees (note 12)	$ 217,944	$ 380,852
Director fees (note 12)	119,200	97,200
Share-based payments (notes 9(a), 9(b) and 12)	7,606	11,733
Professional fees (note 12)	113,311	252,307
Other administrative expenses	136,513	272,694
Amortization (note 8)	-	45,833
Total general and administrative expenses	**$ 594,574**	**$ 1,060,619**

(Expressed in Canadian Dollars)

11. INCOME TAXES

The Canadian income tax rate is 27% October 31, 2020 (2019 – 27%). The United States income tax rate is 21% effective January 1, 2018.

A reconciliation of income taxes at statutory rates is as follows:

	October 31, 2020	October 31, 2019
Loss for the year before income tax	$ (5,093,972)	$ (225,922)
Expected income tax (recovery) expense	$ (1,375,000)	$ (61,000)
Changes in statutory, foreign tax, foreign exchange rates and other	462,537	(27,540)
Permanent differences	1,061,000	16,000
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses (i)	(61,000)	443,000
Change in unrecognized deductible temporary differences	146,000	283,000
Total income tax expense	$ 233,537	$ 653,460

i. At October 31, 2018, there was 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.

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 had 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. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. During the year ended October 31, 2019, the Company paid these tax liabilities in full.

Significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	October 31, 2020	October 31, 2019	Expiry Dates
Share issuance costs	$ 53,000	$ 70,000	2043
Intangible assets	75,000	75,000	No expiry
Non-capital losses	24,248,000	23,674,000	2029 – 2040
Allowable capital losses	779,000	779,000	No expiry

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

12. 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.

	October 31, 2020	October 31, 2019
Total for all senior management		
Salaries and fees	$ 232,132	$ 377,200
Share-based payments	7,606	11,733
	239,738	388,933
Total for all directors		
Fees	119,200	97,200
Total	**$ 358,938**	**$ 486,133**

Transactions with related parties

Included in accounts payable and accrued liabilities as of October 31, 2020 is $89,200 (2019 - $4,296) is amounts due to related parties for fees and expense reimbursements.

Pursuant to the terms of employment agreements, the Company granted a total of 100,000 incentive stock options on September 5, 2019, which vest in four equal quarterly installments following the grant date an exercise price of $0.27 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 9(b)).

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 minimum monthly rent was $1,200 plus operating costs and taxes. Effective July 1, 2020, the agreement was renewed on a month-to-month basis at $500 per month plus taxes. The Company subsequently terminated the office lease agreement effective January 31, 2021.

(Expressed in Canadian Dollars)

13. SEGMENT INFORMATION

The Company operates in one business segment the acquisition and asset management of income producing parking facilities across the United States and Canada.

Geographic information

The geographic information analyzes the revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, revenue has been based on the geographic location of customers and non-current assets were based on the geographic location of the assets.

FOR THE	Year ended October 31, 2020			Year ended October 31, 2019		
	Canada	United States	**Total**	Canada	United States	**Total**
Parking services revenue	$ -	$ -	**$ -**	$ 40,024	$ 29,986	**$ 70,010**
Revenue from external customers	$ -	$ -	**$ -**	$ 40,024	$ 29,986	**$ 70,010**

Non-current assets include investment in associate and investment in joint ventures, and exclude financial instruments. As of October 31, 2020 and 2019, all non-current assets were all located in the United States.

14. COMMITMENTS AND CONTINGENCIES

At October 31, 2020, the Company has total future aggregate minimum office lease payments of $ 6,196 over the remaining lease term, which was cancelled effective February 28, 2021.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	October 31, 2020	October 31, 2019
Cash and equivalents consist of:		
Cash	$ 588,635	$ 566,486
Cash equivalents	-	201,948
	$ 588,635	$ 768,434
Cash paid for taxes	$ 52,995	$ 2,603,000

Non-cash transactions

As of October 31, 2020, the Company has recognized $80,767 in accrued expenses and deferred acquisition costs. The deferred acquisition costs will be subsequently reclassified as part of the acquisition costs for the investment property purchased in December 2020 (note 19).

As of October 31, 2018, the Company has recognized $41,200 in accrued expenses and deferred share issuance costs. 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 (note 9(a)).

16. CAPITAL MANAGEMENT

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

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

To maintain or adjust the capital structure, the Company may issue new shares, issue debt or sell assets to meet financial obligations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended October 31, 2020. The Company is not exposed to externally imposed capital requirements.

17. FINANCIAL RISK MANAGEMENT

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is primarily on its cash and cash equivalents and receivables. All of the Company's cash and cash equivalents are held with reputable financial institutions. The Company's policy is to deal only with creditworthy counterparties. Management fee receivables are from the joint venture and advances to PRE are from a joint venture partner. In determining expected credit losses from these counterparties, the Company considered estimated future cash-flows of the joint venture. The maximum exposure to credit risk is equal to the carrying value of the financial assets. None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2020, the Company had a cash balance of $588,635 to settle current liabilities of $362,539. The Company expects to fund these liabilities through existing cash resources, revenue generated from operations, additional debt and equity financings (note 19), and from funds raised through the partial disposition of interests in its assets.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and other price risk.

a) Interest rate risk

As at October 31, 2020 and 2019, the Company deposits its cash and cash equivalents in fully liquid business bank accounts. As such the Company does not consider its interest rate risk exposure to be significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, long-term receivable, and its accounts payable and accrued liabilities, denominated in US Dollars. A 10% fluctuation in the US dollar against the Canadian dollar would affect net income for the year by $207,000.

17. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

c) Price risk

The Company is not exposed to any significant price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

18. 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, and accounts payable and accrued 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.

19. SUBSEQUENT EVENTS

Subsequent to October 31, 2020, Parkit shifted its strategy to focus on the acquisition of industrial real estate in Canada to complement its parking assets in the United States.

Industrial Real Estate Acquisitions

5600 Finch Avenue East and 4390 Paletta Court

On December 29, 2020, the Company completed the acquisition of two Class A industrial properties, one located at 5600 Finch Ave East, Toronto, Ontario and the other at 4390 Paletta Court, Burlington, Ontario (the "Properties") for an aggregate purchase price of $36,250,000.

Consideration of the purchase price was satisfied by the Company as follows:

(i) the sum of $10,000,000 by the issuance of 40,000,000 common shares being issued at a price of $0.25 per common share, with 20,000,000 of such common shares being issued to each of the vendors.
(ii) the assumptions of mortgages on the properties totaling approximately $17.8 million
(iii) vendor take-back loans in the aggregate amount of approximately $8.4 million.

These acquisitions were both arm's length transactions.

19. SUBSEQUENT EVENTS (continued)

Industrial Real Estate Acquisitions (continued)

5600 Finch Avenue East and 4390 Paletta Court (continued)

The Arrangement was accounted for as an asset acquisition and not a business combination under IFRS 3 Business Combinations. The Company elected to use the optional concentration test under IFRS 3 that enables an acquirer to conduct a simplified assessment of whether an acquired set of activities and assets is not a business. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is determined not to be a business combination.

5610 Finch Avenue (Contracted)

On January 25, 2021, the Company announced that it has entered into an asset purchase agreement to purchase one property at 5610 Finch Ave East, Toronto Ontario (the adjacent property to 5600 Finch Ave East), from an arm's length vendor for an aggregate purchase price of $12,250,000, subject to customary adjustments. The acquisition is scheduled to close in March 2021.

Financing Activities

On December 29, 2020, the Company completed a non-brokered private placement offering of 40,000,000 common shares at a price of $0.25 per common share for gross proceeds of $10,000,000. The securities issued in connection with the private placement were issued pursuant to applicable exemptions from the prospectus requirements under applicable securities laws. Such securities are subject to a four month or eighteen month hold period which will expire between April 30, 2021, June 30, 2022 respectively.

On February 17, 2021, the Company completed a bought deal private placement offering of 72,631,585 common shares of the Company at a price of $0.95 per Common Share, for aggregate gross proceeds of $69,000,006 (the "Offering"). Concurrent with the Offering, the Company completed a non-brokered private placement offering of 15,789,473 common shares at a price of $0.95 per common share for aggregate gross proceeds of $15,000,000. As part of the non-brokered private placement, the Company paid back the vendor take back loans for 5600 Finch Ave East and 4390 Paletta Court in full for $8.4 million plus interest. The vendors used a portion of the funds to participate in the non-brokered private placement. The securities issued in connection with the two private placements, which closed February 17, 2021, were issued pursuant to applicable exemptions from the prospectus requirements under applicable securities laws. Such securities are subject to a four month hold period which will expire on June 18, 2021.

Other Activities

Subsequent to October 31, 2020, the Company's $538,365 (US$414,150) share of a distribution from OP Holdings to PAVe LLC was contributed back into PAVe LLC for Nashville. The Company's entitlement to distributions from PAVe LLC is different for each of PAVe LLC's investments in OP Holdings and Nashville (note 7).

Subsequent to October 31, 2020, the Company received $21,757 in full settlement of the parking service receivables (note 4).

Subsequent to October 31, 2020, the Company received proceeds of $28,000 in advance of the exercise of 100,000 stock options.