

Plymouth Realty Capital Corp.

Financial Statements

December 31, 2017 and December 31, 2016.



PROFESSIONAL CORPORATION
chartered professional accountants

Independent Auditor's Report

To the Shareholders of Plymouth Realty Capital Corp.

We have audited the accompanying financial statements of Plymouth Realty Capital Corp. which comprise the statement of financial position as at December 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Plymouth Realty Capital Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Toronto, Canada
April 18, 2018

"I&A Professional Corporation"

I&A Professional Corporation
Chartered Professional Accountants
Authorized to practice public
accounting by the Chartered
Professional Accountants of
Ontario

Plymouth Realty Capital Corp.
Statements of Financial Position
As at December 31, 2017 and December 31, 2016

	2017	2016
Assets	CDNS	CDNS
Cash	54,624	73,024
	<hr/>	<hr/>
	<u>54,624</u>	<u>73,024</u>
Liabilities		
Accounts payable and accrued expenses	6,574	6,599
Due to shareholders (note 6)	2,697	2,697
	<hr/>	<hr/>
	<u>9,271</u>	<u>9,296</u>
Shareholders' Equity		
Common shares (note 3)	416,981	416,981
Paid-in capital (notes 3 and 7)	67,402	67,402
Deficit	<u>(439,030)</u>	<u>(420,655)</u>
	<hr/>	<hr/>
	<u>45,353</u>	<u>63,728</u>
	<hr/>	<hr/>
	<u>54,624</u>	<u>73,024</u>

Approved by the Board:

Kermit Furlow

Director (Signed)

Jeffrey Witherell

Director (Signed)

Gunther Roehlig

Director (Signed)

Plymouth Realty Capital Corp.

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2017 and December 31, 2016

	2017	2016
	CDN\$	CDN\$
Expenses		
Accounting and audit	6,502	10,322
Legal and professional fees	-	6,823
Filing fees	2,787	3,278
Service contracts	8,657	9,458
Other	429	418
	<hr/>	<hr/>
Net loss and comprehensive loss for the year	18,375	30,299
	<hr/>	<hr/>
Weighted average number of common shares outstanding for the year (note 3)	6,225,000	4,925,000
	<hr/>	<hr/>
Loss per share - basic and diluted (note 2)	(0.003)	(0.006)
	<hr/>	<hr/>

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

Plymouth Realty Capital Corp.

Statement of Changes in Shareholders' Equity

For the years ended December 31, 2017 and December 31, 2016

	Number of shares	Amount CDN\$	Paid-in capital CDN\$ (notes 3 and 7)	Deficit CDN\$	Total CDN\$
Balance – January 1, 2017	6,225,000	416,981	67,402	(420,655)	63,728
Cancellation of common shares	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	(18,375)	(18,375)
Balance – Dec. 31, 2017	6,225,000	416,981	67,402	(439,030)	45,353

	Number of shares	Amount CDN\$	Paid-in capital CDN\$	Deficit CDN\$	Total CDN\$
Balance – January 1, 2016	7,525,000	416,981	67,402	(390,356)	94,027
Cancellation of common shares (1,300,000)	(1,300,000)	-	-	-	-
Net loss and comprehensive loss	-	-	-	(30,299)	(30,299)
Balance – Dec. 31, 2016	6,225,000	416,981	67,402	(420,655)	63,728

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

Plymouth Realty Capital Corp.

Statements of Cash Flows

For the years ended December 31, 2017 and December 31, 2016

	2017	2016
	CDN\$	CDN\$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(18,375)	(30,299)
Changes in non-cash working capital items		
Increase (decrease) in accounts payable	(25)	(22,473)
Net cash used in operating activities	(18,400)	(52,771)
Decrease in cash during the year	(18,400)	(52,771)
Cash - Beginning of year	73,024	125,795
Cash - End of year	54,624	73,024

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

Plymouth Realty Capital Corp.

Notes to Financial Statements

December 31, 2017 and December 31, 2016

1 Organization

The Plymouth Realty Capital Corp. (the Company) was incorporated under the Business Corporation Act (Ontario) on July 15, 2013 and to date of these financial statements, there have been no significant operations. The Company is a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange, the principal business of which is the identification and evaluation of assets or businesses for the purpose of completing a qualifying transaction. On June 24, 2016 the Company was transferred to the NEX Board. The Company will remain on the NEX Board until it has identified and completed a qualifying transaction. The head office of the Company is located at 260 Franklin Street, 7th Floor, Boston, Massachusetts.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements. These material uncertainties may cast doubt upon the entity's ability to continue as a going concern.

The Company's continued operations are dependent on its ability to complete a qualifying transaction, generate future cash flows and obtain additional financing.

2 Summary of significant accounting policies

These financial statements, which have been approved by the Company's Board of Director's for issuance on April 18, 2018, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars which is also the Company's functional currency.

Cash

Cash includes cash on hand and deposits held with banks.

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amount of expenses during each year. Actual results may differ from these estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Such estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties the Company believes will materially affect the methodology or assumptions in making those estimates and judgments in these financial statements.

Plymouth Realty Capital Corp.

Notes to Financial Statements

December 31, 2017 and December 31, 2016

Share-based compensation

The company accounts for share-based compensation at fair value at the grant date using the Black-Scholes option pricing model. The company applies judgement in determining the assumptions used in the Black-Scholes option pricing model, based on market conditions that existed at the grant date (note 7).

Share issuance costs

Incremental costs that are directly attributable to the issue of new common shares are deducted from the share issuance proceeds.

Loss per share

Basic loss per share is calculated by dividing net loss for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The diluted weighted average number of common shares is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Outstanding ordinary shares that are contingently returnable (including escrowed shares) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.

Financial instruments

All financial instruments are initially recognized at fair value. Subsequent measurement depends on the nature and classification adopted for the financial instrument as follows:

Financial instrument	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts payable and accrued expenses	Financial liability	Amortized cost
Due to shareholders	Financial liability	Amortized cost

Financial assets are derecognized when contractual rights to the cash flow from the assets expire. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Income tax is recognized in profit or loss except to the extent it relates to items recognized in equity, in which case the income tax is also recognized in equity. Current tax assets and liabilities are measured at the amount expected to be paid or received from tax authorities using rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are measured at the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be generated and available for the asset to be utilized

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Notes to Financial Statements

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Standards issued but not yet effective

IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities and introduced new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Following the changes approved by the IASB in July 2014, the new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss model which may result in earlier recognition of credit losses. IFRS 9 must be applied for financial years commencing on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers, is a new standard that establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, although earlier application is permitted.

IFRS 16, Leases, is a new standard that sets out the principles for the recognition, measurement and disclosure of leases. This new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessors, IFRS 16 carries forward the lessor accounting requirements in IAS 17, with enhanced disclosure requirements that will provide information to the users of financial statements about a lessor's risk exposure, particularly to residual value risk. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, although earlier application is permitted for entities that apply IFRS 15.

The company is currently assessing the impact of these standards on its financial statements. Management does not anticipate the impact to be significant.

3 Common shares

	Shares	Amount CDN\$
Authorized		
Unlimited number of common shares		
Issued and outstanding		
Common shares issued for cash		
Issued at \$0.05 per share (Net of cancellation approved by shareholders on January 25, 2016)	2,300,000	178,847
Issued at \$0.10 per share, net of costs of \$147,234	3,925,000	238,134
	<hr/> 6,225,000	<hr/> 416,981

Note: 1,300,000 shares were cancelled as approved by the shareholders of the Company on January 25, 2016.

Plymouth Realty Capital Corp.

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December 31, 2017 and December 31, 2016

On July 15, 2013, the Company issued 100 common shares for \$5 and on July 31, 2013 issued 2,599,900 common shares for gross cash consideration of \$129,995. This total 2,600,000 shares were held in escrow and were to be released in future periods in accordance with an escrow agreement entered into between the company and the initial shareholders. On January 25, 2016, the Plymouth shareholders approved the cancellation of 1,300,000 of such shares and all such shares were subsequently cancelled.

On October 17, 2013, pursuant to an agency agreement dated August 28, 2013, the company completed an initial public offering in British Columbia, Alberta and Ontario of 3,925,000 common shares at a price of \$0.10 per share for gross proceeds of \$392,500 (the Offering). The company paid the Agent (as defined in the Prospectus) a 9% cash commission of the aggregate gross proceeds, a corporate finance fee, and issued options to purchase up to 9% of the common shares sold in connection with this Offering at a price of \$0.10 per share (the Agent's Warrants).

As a result, pursuant to the Offering, the company issued 353,250 Agent's Warrants for a total amount of \$18,585 that was included into the costs related to the Offering. Each warrant entitles the holder to purchase one common share of the company at a price of \$0.10 per share at any time on or before October 22, 2015. The fair value of warrants granted during 2013, determined using the Black-Scholes valuation model, was \$18,585. The significant inputs into the model were: exercise price of \$0.10 shown above, volatility of 100%, and expected dividend yield of nil%, an expected option life of two years and an annual risk-free interest rate of 1.17%.

The above warrants were not included in the computation of diluted net loss per share as they are anti-dilutive for the year ended December 31, 2017 and had expired prior to December 31, 2017.

On September 8, 2015, the company issued 1,000,000 common shares for cash at a price of \$0.05 per share.

As at December 31, 2017, the directors and officers of the company beneficially own, directly, or indirectly, or have control or direction over 700,000 common shares or approximately 11% of the issued and outstanding common shares of the company.

4 Financial instruments

Fair value

The Company's financial instruments consist of cash, accounts payable and accrued expenses and due to shareholders, the fair value of which approximates carrying value due to the short-term nature of these instruments.

Liquidity risk

Liquidity risk is the risk the Company will not have the financial resources required to meet its financial obligations as they come due. The Company manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at December 31, 2017, the Company had cash of \$54,624 to settle liabilities due within 12 months and was not subject to significant liquidity risk.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds

Plymouth Realty Capital Corp.

Notes to Financial Statements

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may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a qualifying transaction by the Company, as defined under the policies of the TSX-V.

Interest rate risk

Interest rate risk is the risk the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash balances are not held in investment accounts, therefore, is not exposed to the risk from interest rate fluctuations.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a loss to another party by failing to pay for its obligations. The Company is subject to credit risk with respect to its cash balances. The Company mitigates credit risk by depositing cash with a Canadian schedule I chartered bank and monitoring the bank's credit ratings.

5 Capital management

The Company defines its capital as its shareholders' equity, net of deficit, which as at December 31, 2017 totaled an equity of \$45,353 (December 31, 2016 - \$63,728). The Company manages its capital to ensure that sufficient funds are available to fund operations, including the identification and acquisition of businesses or assets. Until the Company completes its qualifying transaction, the amount of capital it is permitted to raise is limited to \$5 million by the Capital Pool Company Policy of the TSX Venture Exchange.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

6 Related party transactions

Plymouth Group Real Estate, LLC (the Sponsor of the Company) allocates certain employees and office space in order to provide the day-to-day operations of the Company. To date the Sponsor has not charged the Company for any of these costs.

Amounts due to shareholders represent overpayments made for the initial issuance of common shares. These amounts are non-interest bearing and have no set terms of repayment.

7 Share-based payments

The Company adopted a share option plan on August 6, 2013 for certain employees and non-employees.

Pursuant to the Offering in October 2013 (note 3), the Company granted 652,500 stock options to certain officers and directors of the Company. These options vest immediately. Each option entitles the holder to purchase one common share at \$0.10 per share at any time on or before October 22, 2018. The Company has no legal or contractual obligation to repurchase or settle the options in cash. Of the 652,500 stock options, 314,505 are currently outstanding.

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Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Exercise price \$	Options
As at January 1, 2016	0.10	652,500
Cancelled	0.10	337,995
As at December 31, 2016	0.10	314,505
Granted	-	-
As at December 31, 2017	0.10	314,505

The fair value of options granted during 2013 determined using Black-Scholes valuation model was \$48,817. The significant inputs into the model were: exercise price of \$0.10, volatility of 100%, an expected dividend yield of nil%, an expected option life of 5 years and an annual risk-free interest rate of 1.80%. The volatility of 100% has been determined based on analysis of the recent similar transactions undertaken by comparable companies.

The above options were not included in the computation of diluted net loss per share as they are anti-dilutive for all periods presented.

8 Segmented Information

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's operations and assets are in Canada.