
PLYMOUTH REALTY CAPITAL CORP.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PLYMOUTH REALTY CAPITAL CORP.

Opinion

We have audited the financial statements of Plymouth Realty Capital Corp. (the "Company"), which comprise:

- ◆ the statements of financial position as at December 31, 2019 and 2018;
- ◆ the statements of loss and comprehensive loss for the years then ended;
- ◆ the statements of changes in shareholders' equity (deficit) for the years then ended;
- ◆ the statements of cash flows for the years then ended; and
- ◆ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$61,977, during the year ended December 31, 2019 and as at that date has an accumulated deficit of \$469,572. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

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

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

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 11, 2020

Vancouver

1700 – 475 Howe St
Vancouver, BC V6C 2B3

T: 604 687 1231
F: 604 688 4675

Langley

305 – 9440 202 St
Langley, BC V1M 4A6

T: 604 282 3600
F: 604 357 1376

Nanaimo

201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1

T: 250 755 2111
F: 250 984 0886

PLYMOUTH REALTY CAPITAL CORP.

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and 2018

(Expressed in Canadian Dollars)

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash		1,559	31,039
GST receivable		2,119	-
Total assets		3,678	31,039
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		33,473	18,956
Promissory note payable	7	20,099	-
Due to shareholders	6	2,697	2,697
Total liabilities		56,269	21,653
SHAREHOLDERS' EQUITY (DEFICIT)			
Common shares	4	416,981	416,981
Deficit		(469,572)	(407,595)
Total shareholder's equity (deficit)		(52,591)	9,386
Total liabilities and shareholder's equity (deficit)		3,678	31,039

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

Approved and authorized on behalf of the Board of Directors:

"Gunther Roehlig"

Director

"Barry Girling"

Director

PLYMOUTH REALTY CAPITAL CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	2019 \$	2018 \$
Expenses			
Accounting and audit		24,691	8,861
Filing fees		11,795	6,405
Legal and professional fees		17,802	11,457
Service contracts		7,486	8,722
Bank charges and interest	7	193	322
Other		10	200
Total expenses		(61,977)	(35,967)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(61,977)	(35,967)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING¹			
	4	4,925,000	4,925,000
LOSS PER SHARE - BASIC AND DILUTED		(0.01)	(0.01)

PLYMOUTH REALTY CAPITAL CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars, except for share figures)

	Number of shares #	Amount \$	Reserve \$	Deficit \$	Total \$
Balance, December 31, 2017	6,225,000	416,981	67,402	(439,030)	45,353
Transfer of expired share-based payment awards	-	-	(67,402)	67,402	-
Net and comprehensive loss for the year	-	-	-	(35,967)	(35,967)
Balance, December 31, 2018	6,225,000	416,981	-	(407,595)	9,386
Net and comprehensive loss for the year	-	-	-	(61,977)	(61,977)
Balance, December 31, 2019	6,225,000	416,981	-	(469,572)	(52,591)

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, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
	\$	\$
Operating activities:		
Net loss for the year	(61,977)	(35,967)
Item not affecting cash:		
Interest expense	99	-
	(61,878)	(35,967)
<i>Changes in non-cash working capital related to operations:</i>		
GST receivable	(2,119)	-
Accounts payable and accrued liabilities	14,517	12,382
Net cash used in operating activities	(49,480)	(23,585)
Financing activity:		
Proceeds from promissory note	20,000	
Net cash from financing activity	20,000	-
Decrease in cash during the year	(29,480)	(23,585)
Cash – beginning of the year	31,039	54,624
Cash – end of the year	1,559	31,039

There were no cash investing activities during the years ended December 31, 2019 and 2018.

PLYMOUTH REALTY CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Plymouth Realty Capital Corp. (“the Company”) was incorporated under the Business Corporation Act (Ontario) on July 15, 2013 and on March 21, 2019, was continued under the British Columbia Business Corporations Act. From incorporation to the 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 (“TSX-V”); 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 704-595 Howe Street, Vancouver, British Columbia.

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.

The Company has incurred operating losses since inception and has a net loss for the year ended December 31, 2019 of \$61,977 (2018 - \$35,967) and an accumulated deficit of \$469,572 (2018 - \$407,595) at that date. The Company’s continued operations are dependent on its ability to complete a qualifying transaction, generate future cash flows and obtain additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These conditions create material uncertainties which may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and are prepared on a going concern basis. The financial statements were approved by the Board of Directors of the Company on June 11, 2020.

PLYMOUTH REALTY CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Cash

Cash includes cash on hand and deposits held with banks.

Significant accounting judgments, estimates and assumptions

The preparation of these 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.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year. Critical accounting estimates include, but are not limited to, the following:

Income tax

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include, but are not limited to, the following:

PLYMOUTH REALTY CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
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Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

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 judgment in determining the assumptions used in the Black-Scholes option pricing model, based on market conditions that existed at the grant date. The Company will reclassify equity reserve amounts to deficit on the expiry or forfeiture of share-based compensation.

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. Potential ordinary shares that are anti-dilutive are excluded from the calculation of diluted loss per share.

Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required

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to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

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

Financial assets at FVTOCI

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

Financial assets and liabilities at amortized cost

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

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 the twelve month expected credit losses. The Company shall recognize in profit or loss, 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

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial

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liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

The Company has made the following designations of its financial instruments:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory note payable	Amortized cost
Due to shareholders	Amortized cost

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 statement of financial position 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.

Changes in accounting policies

New and amended standards adopted by the company

IFRS 16, *Leases* ("IFRS 16"), 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, *Leases*, 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 was applicable to the Company as of January 1, 2019. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements as the Company has no leases.

3. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

PLYMOUTH REALTY CAPITAL CORP.
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The Company's financial instruments consist of cash, accounts payable and accrued liabilities, promissory note payable 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 that the Company will have difficulties in paying its financial liabilities. 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. Accounts payable are due under normal commercial terms. As at December 31, 2019, the Company had cash of \$1,559 (2018 - \$31,039) to settle liabilities of \$56,269 (2018 - \$21,653) due within 12 months. Certain conditions cast significant doubt on the Company's ability to meet its financial obligations. Refer to Note 1 for more information regarding the Company's 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 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. As the Company has not completed a qualifying transaction in the expected time period, additional costs have been incurred to cover the Company's general expenses. This has resulted in the Company exceeding this restriction.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of 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 financial loss for the 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.

4. COMMON SHARES

Authorized and issued

Unlimited common shares, without par value – 6,225,000 issued and outstanding.

As of December 31, 2019, the directors and officers of the Company beneficially own, directly or indirectly, or have control or direction over 1,250,000 common shares, or approximately 20.1% of the issued and outstanding common shares of the company.

PLYMOUTH REALTY CAPITAL CORP.
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Escrowed shares

On November 28, 2018, Gunther Roehlig was appointed as Chief Executive Officer, Chief Financial Officer and director of the Company. Mr. Roehlig purchased a total of 1,200,000 escrow common shares at a price of \$0.10 per share from certain escrow shareholders. All of these shares remain in escrow at December 31, 2019.

The total shares held in escrow at December 31, 2019 was 1,300,000 (2018 – 1,300,000). These shares are excluded from the calculation of loss per share, resulting in 4,925,000 common shares being included in the calculation of weighted average number of shares outstanding for the year ended December 31, 2019 (2018 – 4,925,000). The release of the escrow shares is contingent on the completion of a qualifying transaction.

Stock options

The Company adopted a share option plan (the “Plan”) on August 6, 2013 for certain employees and non-employees. The Plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the TSX-V. The exercise price of option grants will be determined by the Board of Directors, but cannot be lower than the price permitted by the TSX-V. The Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all share options held by such individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. Subject to earlier termination, all share options granted under the Plan will expire not later than the date that is five years from the date that such share options are granted. In the event that an optionee ceases to be a director, officer, employee or consultant, the option will terminate within ninety days. In the event of the death of an optionee, the options will only be exercisable within 12 months of such death. Options granted under the Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

During the year ended December 31, 2018, 314,505 stock options with an exercise price of \$0.10 expired unexercised. As at December 31, 2019 and 2018, the Company has no share options outstanding.

5. CAPITAL MANAGEMENT

The Company defines its capital as its shareholders’ equity, net of deficit, which as at December 31, 2019, totaled a deficit of \$52,591 (2018 – equity of \$9,386). 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-V.

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The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2019 and 2018. The Company is not subject to externally imposed capital requirements.

6. RELATED PARTY TRANSACTIONS

Prior to November 23, 2018, Plymouth Group Real Estate, LLC (the "prior Sponsor"), a related entity under common control, allocated certain employees and office space in order to provide the day-to-day operations of the Company. The prior Sponsor did not charge 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.

Compensation paid or accrued to key management or companies controlled by key management personnel during the year was \$nil (2018 - \$nil). All transactions with related parties have occurred in the normal course of operations.

7. PROMISSORY NOTE

On December 13, 2019, the Company entered into a promissory note payable with a third party for a principal amount of \$20,000. The note payable bears interest at 10% per annum, calculated and compounded annually. The principal amount and the interest accrued are due on demand. Included in bank charges and interest is \$99 (2018 - \$nil) representing interest expense on the promissory for the year ended December 31, 2019. As at December 31, 2019, the promissory note payable and related accrued interest were outstanding.

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8. INCOME TAX

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended December 31, 2019 and 2018:

	2019	2018
	\$	\$
Net loss before tax	(61,977)	(35,967)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery at statutory rate	(16,734)	(9,711)
Impact of changes in tax rates	-	(5,128)
Change in deferred tax asset not recognized	16,734	14,839
Total tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. The significant components of the Company's net deferred income tax assets as at December 31, 2019 and 2018 are as follows:

	2019	2018
	\$	\$
Non-capital losses carried forward	152,135	135,171
Cumulative eligible capital	3,060	3,290
Net deferred tax asset	155,195	138,461

The Company has a cumulative eligible capital pool of approximately \$11,000 and non-capital losses carried forward of approximately \$563,000, both available to reduce future taxable income. The remainder of the losses expire as follows:

	\$
2033	55,200
2034	257,800
2035	74,500
2036	58,700
2037	18,400
2038	36,000
2039	62,800
	563,400

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The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

9. 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.

10. SUBSEQUENT EVENTS

On January 6, 2020, the Company entered into a promissory note payable with a third party for a principal amount of \$3,500. The note payable bears interest at 10% per annum, calculated and compounded annually. The principal amount and the interest accrued are due on demand.

Subsequent to December 31, 2019, significant declines in the stock market have occurred for various reasons linked to the COVID-19 global pandemic. The impacts to the Company are not determinable at this date, however these could be material to the Company's ability to raise new capital and thus the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.