Edgefront Realty Corp.

Financial Statements

Period from July 30, 2012 (date of incorporation)
to December 31, 2012

April 29, 2013

Independent Auditor's Report

To the Shareholders of
Edgefront Realty Corp.

We have audited the accompanying financial statements of Edgefront Realty Corp., which comprise the statement of financial position as at December 31, 2012, statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from July 30, 2012 (date of incorporation) to December 31, 2012, and the related notes, which comprise 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 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 judgment, 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 is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Edgefront Realty Corp. as at December 31, 2012 and its financial performance and its cash flows for the period from July 30, 2012 (date of incorporation) to December 31, 2012 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Edgefront Realty Corp.

Statement of Financial Position

As at December 31, 2012

	$
Assets	
Cash and cash equivalents (note 2)	4,939,718
Liabilities	
Accounts payable and accrued liabilities	11,042
Shareholders' Equity	
Capital stock (note 3)	4,947,451
Contributed surplus	271,000
Deficit	(289,775)
	4,928,676
Total Liabilities and Shareholders' Equity	4,939,718

On behalf of the Board:

"Kelly Hanczyk" Director

"Peter Vukanovich" Director

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

Edgefront Realty Corp.

Statement of Loss and Comprehensive Loss

For the period from July 30, 2012 (date of incorporation) to December 31, 2012

	$
Expenses	
General and administrative	38,635
Stock-based compensation (note 4)	263,500
Interest and bank charges	395
Loss before finance income	302,530
Finance income	
Interest Income	12,755
Net loss and comprehensive loss for the period	(289,775)
Weighted average number of common shares outstanding during the period	39,970,988
Net loss per share, basic and diluted	(0.01)

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

Edgefront Realty Corp.

Statement of Changes in Shareholders' Equity

For the period from July 30, 2012 (date of incorporation) to December 31, 2012

	Share capital $	Contributed Surplus $	Cumulative net loss $	Total $
Balance - July 30, 2012	-	-	-	-
Common shares issued for cash (note 3)	5,000,000	-	-	5,000,000
Share issue costs (note 3)	(45,049)	-	-	(45,049)
Agent's options (note 4)	(7,500)	7,500	-	-
Stock-based compensation (note 4)	-	263,500	-	263,500
Net loss for the period	-	-	(289,775)	(289,775)
Balance - December 31, 2012	4,947,451	271,000	(289,775)	4,928,676

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

Edgefront Realty Corp.

Statement of Cash Flows

For the period from July 30, 2012 (date of incorporation) to December 31, 2012

	$
Cash provided by (used in)	
Operating activities	
Net loss for the period	(289,775)
Adjustment for items not involving cash:	
Stock-based compensation expense	263,500
Changes in non-cash working capital	
Increase in accounts payable and accrued liabilities	11,042
Net cash used in operating activities	(15,233)
Financing activities	
Issuance of common shares	5,000,000
Share issuance costs	(45,049)
Net cash provided by financing activities	4,954,951
Increase in cash during the period	4,939,718
Cash - Beginning of period	-
Cash - End of period	4,939,718

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

1 Organization

Edgefront Realty Corp. (the Company) was incorporated under the Business Corporation Act (Ontario) on July 30, 2012 and to the date of these financial statements, there have been no operations. As at December 31, 2012, the Company was a capital pool company, as defined in Policy 2.4 of the TSX Venture Exchange, the principal business of which was the identification and evaluation of assets or businesses for the purpose of completing a qualifying transaction. The registered office of the Company is located at 1 Toronto Street, Suite 201, Toronto, Ontario.

2 Summary of significant accounting policies

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS). These financial statements are presented in Canadian dollars, which is the function currency of the Company. The financial statements were authorized for issue by the board of directors of the Company on April 29, 2013.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less. As at December 31, 2012, there were cash equivalents of $4,012,751. The cash equivalents are comprised of guaranteed investment certificates of a Canadian chartered bank which can be cashed at any time without penalty.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. 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 judgements 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 utilized in making those estimates and judgements in these financial statements. The estimates and judgements used in determining the recorded amount for assets, liabilities and equity in the financial statements include the following:

i) Share-based compensation

The estimates used when determining the fair value of share-based compensation are the average expected share option holding period, the average expected volatility rate, and the average risk-free interest rate. The average expected share option holding period used is estimated to be half of the life of the option. The average expected volatility rate is estimated based on the historical volatility of comparable companies over a period of time approximating the average expected share option holding period. The average risk-free interest rate is based on government of Canada bonds with terms consistent with the average expected share option holding period.

Loss per share

Basic loss per share is calculated by dividing net loss for the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted weighted average number of common shares is calculated by applying the treasury method. The treasury method assumes that any proceeds on exercise of options are used to purchase common shares at the average market price during the period. Diluted loss per share excludes the impact of the exercise of share options if the exercise would be anti-dilutive.

Share-based compensation

The fair value method is used to account for all options issued under the Company's share-based plans. Fair value at the date of grant is established through the application of the Black-Scholes option valuation model. The fair value of options issued to employees, directors and employees of the Company is credited to contributed surplus and expensed over the vesting period of the options. The fair value of options issued to an agent in connection with an equity offering is credited to contributed surplus and charged to equity as share issuance costs at the date of grant. On the exercise of stock options, consideration received is recorded to share capital and contributed surplus associated with the options exercised is reclassified to share capital.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. 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 and cash equivalents	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liability	Amortized cost

Financial assets are derecognized when contractual rights to the cash flow from the assets expire.

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 recognized at the amount expected to be paid or received from tax authorities using rates enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are recognized at the tax rates enacted or substantially enacted at the balance sheet date for the years that an asset is expected to be realized or a liability is expected to be 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 against. As at December 31, 2012, no deferred tax asset has been recognized as it is not probable that future taxable profit will be generated.

Standards issued but not yet effective

There are several pending changes to IFRS which are not yet effective for the period ended December 31, 2012, and have not been applied in the preparation of these financial statements. These changes are not expected to have a material impact on the financial statements of the Company. The standards issued or amended but not yet effective at December 31, 2012 include the following:

Standard	Effective for annual periods beginning on or after:
IFRS 9, Financial Instruments	January 1, 2015
IFRS 10, Consolidated Financial Statements	January 1, 2013
IFRS 11, Joint Arrangements	January 1, 2013
IFRS 12, Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13, Fair Value Measurement	January 1, 2013
IAS 19, Employee Benefits	January 1, 2013
IAS 32, Financial Instruments: Presentation	January 1, 2014

IFRS 9, Financial Instruments, is a new standard which will replace IAS 39, Financial Instruments: Recognition and Measurement, and addresses classification and measurement of financial assets, as well as providing guidance on financial liabilities and derecognition of financial instruments. IFRS 9 provides a single approach, based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39.

IFRS 10, Consolidated Financial Statements, identifies the concept of control as the determining factor as to whether an entity should be consolidated in the consolidated financial statements of the parent company.

IFRS 11, Joint Arrangements, replaces IAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The standard reduces the type of joint arrangements to two: joint ventures and joint operations. Under the standard, joint ventures are required to follow equity accounting, and joint operations are accounted for in a manger similar to accounting for jointly controlled assets and jointly controlled operations under IAS 31.

IFRS 12, Disclosure of Interest in Other Entities, replaces disclosure requirements currently found in IAS 28, Investments in Associates with new disclosure requirements for entities reporting under IFRS 10 and IFRS 11.

IFRS 13, Fair Value Measurement, defines fair value and provides a single source of fair value measurement and disclosure where the use of fair value is already required or permitted by other standards within IFRS.

IAS 19, Employee Benefits, is amended: to eliminate the option to apply the corridor method to defer the recognition of gains and losses; to streamline the presentation of changes in assets and liabilities arising from defined benefit plans, requiring remeasurements to be presented in comprehensive income; and to enhance disclosure requirements for defined benefit plans.

IAS 32, Financial Instruments: Presentation, clarifies requirements for offsetting of financial assets and financial liabilities.

3 Capital stock

	Shares	Amount $
Authorized		
Unlimited number of common shares		
Issued and outstanding		
Common shares issued for cash		
Issued at $0.05 per share	10,000,000	500,000
Issued at $0.10 per share, net of $52,549 of issuance costs	45,000,000	4,447,451
	55,000,000	4,947,451

On July 30, 2012, the Company issued 100 common shares for cash consideration of $5. On August 30, 2012, the Company issued 9,999,900 common shares for cash consideration of $499,995. This total of 10,000,000 shares will be held in escrow and will be released in future periods in accordance with an escrow agreement to be entered into between the Company and the initial shareholders.

On August 31, 2012, the Company issued 31,100,000 common shares at $0.10 per share for cash consideration of $3,110,000 in a private placement. Of these 31,100,000 common shares, 22,000,000 common shares will be held in escrow and will be released in future periods in accordance with an escrow agreement to be entered into between the Company and the shareholders of the private placement.

On September 25, 2012, the Company issued 9,900,000 common shares at $0.10 per share for cash of $990,000 in a private placement.

On November 22, 2012, in connection with the Company's initial public offering, 4,000,000 common shares were sold at $0.10 per share for aggregate gross proceeds of $400,000. Cash share issue costs of $45,049 were incurred in connection with the offering. These costs have been recognized directly in equity as share issue costs. Additionally, in connection with the initial public offering, the Company granted its agent under the offering, Desjardins Financial (the Agent), an option to purchase 240,000 shares at a price of $0.10 per share (Agent's Options). The company determined the fair value of the options to be $7,500, which has been also recognized in equity as share issue costs (see note 4).

As at December 31, 2012, the directors and officers of the Company beneficially own, directly or indirectly, or have control or direction over 23,000,000 common shares or approximately 41.8% of the issued and outstanding common shares of the Company.

4 Share-based compensation plan

The Company has adopted a share-based compensation plan (the Plan) effective November 22, 2012. Under the terms of the Plan, the Board of Directors may from time to time, in its discretion, grant options to purchase shares in the Company to directors, officers and employees of the Company and its affiliates. The maximum number of options that may be reserved under the plan is 10% of the outstanding shares of the Company. As at December 31, 2012, 5,500,000 options had been granted and were outstanding.

Additionally, the Company may issue options to purchase shares in the Company to its Agent in connection with equity offerings.

Awards of options under both programs are fair valued applying the Black-Scholes option valuation method. The average expected volatility rate used in the valuation is estimated based on the historical volatility of comparable companies over a period of time approximating the average expected share option holding period. The average risk-free interest rate used is based on government of Canada bonds with terms consistent with the average expected share option holding period. The average expected share option life is estimated to be one half of the life of the options.

Options granted to officers and directors:

On November 22, 2012, the Company granted share options to directors and officers of the Company to purchase 5,500,000 common shares at $0.10 per share. The share options vested immediately and will expire 5 years from the date of grant.

A fair value as at the grant date of $263,500 for these share options was determined using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.10
Expected share option life	2.5 Years
Expected volatility rate	80%
Expected dividend yield	0.0%
Risk-free interest rate	0.96%

Options granted to the Agent:

On November 22, 2012, in connection with its initial public offering, the Company granted share options to its Agent to purchase 240,000 common shares at $0.10 per share. The share options vested immediately and will expire 2 years from the date of grant.

A fair value as at the grant date of $7,500 for these share options was determined using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.10
Expected share option life	1 Year
Expected volatility rate	80%
Expected dividend yield	0.0%
Risk-free interest rate	0.85%

The fair value of the Agent's Options of $7,500 has been recorded directly in equity as share issue costs.

5 Financial Instruments

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

Liquidity risk
Liquidity risk is the risk that the Company will not have the financial resources required to meet its financial obligations as they become due. The Company manages this risk by ensuring it has sufficient cash and cash equivalents on hand to meet obligations as they become due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at December 31, 2013, the Company had cash and cash equivalents of $4,939,718 and accounts payable and accrued liabilities of $11,042, and was not subject to significant liquidity risk.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents consist of investments in guaranteed investment certificates which bear interest at fixed rates, and the Company is therefore exposed to the risk of changes in the fair value of the cash equivalents from interest rate fluctuations.

Credit risk
Credit risk is the risk that 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 and cash equivalents. The Company mitigates credit risk by depositing cash with and investing in guaranteed investment certificates of a Canadian schedule I chartered bank and monitoring the bank's credit ratings.

6 Capital Management

The Company defines its capital as its capital stock net of deficit. The Company manages its capital to ensure that sufficient funds are available to fund operations, including the identification and acquisition of businesses or assets. On March 8, 2013, the Company completed its qualifying transaction as defined within the Capital Pool Company Policy of the TSX Venture Exchange. Until the Company completed its qualifying transaction, the amount of capital it was permitted to raise was limited to $5 million by the Capital Pool Company Policy of the TSX Venture Exchange. Subsequent to the completion of the qualifying transaction, the Company will ensure that it has sufficient capital to fund the operations of the Company as a going concern, and to identify, analyze, and finance further potential acquisitions.

7 Subsequent events

On March 8, 2013, the Company completed the purchase of a leasehold interest in a property located at 695 University Avenue, Charlottetown, Prince Edward Island for a purchase price of $1,148,000. The purchase was funded by the assumption of a mortgage maturing September 1, 2017, with a remaining principal balance of approximately $497,000, with the remainder of the purchase price settled in cash, net of closing adjustments. On closing, the Company received a closing credit equal to the amount to buy down the mortgage interest rate to 4.0%, and the mortgage interest rate was bought down to 4.0% at closing.

The purchase was approved by the TSX Venture Exchange as the Company's qualifying transaction as defined in Policy 2.4 "Capital Pool Companies" of the TSX Venture Exchange Policies.

In March 2013, the Company entered into a firm agreement to purchase an office building located in Miramichi, New Brunswick, for a purchase price of approximately $5.5 million subject to customary closing adjustments. The purchase price will be satisfied with cash on hand as well as a mortgage to be negotiated. The closing date is anticipated to be May 1, 2013.

On April 15, 2013, the Company announced that it had entered into conditional agreements to purchase three properties located in the Halifax and Bedford, Nova Scotia areas for an aggregate purchase price of approximately $31.3 million. The purchase price is expected to be satisfied through cash generated from new mortgages and / or the issuance of new securities by the Company, and the assumption of existing mortgages on the properties.