



WATERFRONT  
CAPITAL  
CORPORATION

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**Trading symbol: TSX-V: WFG**  
**News Release No. 18 - 04**

**Waterfront Capital Announces Letter of Intent to  
Acquire Water Street Profile Services Inc.**

**West Vancouver, British Columbia** – May 3, 2018 – Waterfront Capital Corporation (the “Company” or “Waterfront Capital”) is pleased to announce that the Company has entered into a letter of intent, dated January 23, 2018 (the “LOI”) with Water Street Profile Services Inc. (“Water Street”) to acquire all of the issued and outstanding shares of Water Street (the “Transaction”) in exchange for common shares of Waterfront Capital. The Transaction may constitute a “Change of Business” or “Reverse Takeover” under the policies of the TSX Venture Exchange (the “Exchange”) and is subject to prior Exchange approval. The Transaction is an arm’s length transaction.

**About Water Street and The Profile Coworking Business Club (“The Profile”)**

Water Street is revolutionizing how and where people work by offering coworking and office space in a modern social business club model. Established in 2009 under the business name “The Profile Coworking Business Club”, Water Street has three locations in Greater Vancouver, British Columbia (specifically, historical Gastown, the Central Business District of Vancouver and Lower Lonsdale in North Vancouver). With 1,500 members and growing, Water Street’s expansion plans for The Profile coworking spaces include key areas throughout the Lower Mainland and along the West Coast, under a unique location strategy. The Profile offers the ultimate meeting and networking lounges with coffee bars, kombucha, wine and craft beers on tap, and full catering. A variety of non-lease meeting spaces, living rooms, workshops and board rooms and casual workspace is available 24/7/365.

**Summary of Financial Information Respecting Water Street Profile Services Inc.**

The following unaudited selected financial summary has been prepared from financial statements and information received by the Company from Water Street and has not been audited or reviewed:

	4 months Ended April 30, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Current Assets	\$ 154,672	\$ 143,855	\$ 83,872
Non-current Assets	1,040,774	1,039,924	515,796
<b>Total Assets</b>	<b>1,195,446</b>	<b>1,183,779</b>	<b>599,668</b>
Current Liabilities	805,474	773,780	555,529
Non-current Liabilities	969,931	985,485	171,941
Total liabilities	1,775,405	1,759,265	727,470
Total shareholders’ equity	(579,959)	(575,486)	(127,802)
<b>Total Liabilities and Shareholders Equity</b>	<b>1,195,446</b>	<b>1,183,779</b>	<b>599,668</b>
Rental revenue and memberships	618,974	1,146,204	856,130
Expenses	(623,447)	(1,593,888)	(827,810)
<b>Net income (loss)</b>	<b>(4,473)</b>	<b>(447,684)</b>	<b>28,320</b>

## **The Coworking Office Space Industry**

Coworking office space typically provides a choice of shared and private workspaces for entrepreneurs, freelancers, startups, small businesses and large enterprises. As well as traditional office spaces, coworking spaces offer open concept space and often provide amenities such as food/beverage, catering, office services, presentation and function space and special events coordinated by its members.

With the high cost, low availability and onerous lease terms involved in obtaining space in major business centers, there is a growing demand for communal workspace that can provide short-term flexibility without any capital investment, and that is a cheaper and quicker option for an individual or a company to set up. Coworking spaces provide the ability to move in and out of a market faster and many provide flexibility as they are normally accessible 24/7.

Not only can professionals enjoy an affordable, fully-stocked office environment where they can come and go as needed, but many coworking spaces invest in building solid communities, uniting like-minded professionals who come from a diverse range of industries in a space where they can learn, connect, collaborate and socialize.

There are a number of coworking space companies established in Vancouver (such as “Spaces” and “WeWork”), some of which also have coworking space in major business centers across Canada, and internationally.

## **The Transaction**

In accordance with the LOI, Waterfront Capital will acquire all of the issued and outstanding shares of Water Street (the “Transaction”) in exchange for common shares of Waterfront Capital. Water Street will obtain a valuation from a third party business valuator and the purchase price for the shares of Water Street will be the mid-point of such valuation, or such other price as the parties may agree. The purchase price will be paid by issuing that number of common shares of Waterfront Capital to Water Street that is equal to the purchase price divided by \$0.07, being the market price of Waterfront Capital’s shares as of April 11, 2018.

Closing of the Transaction is subject to the following conditions:

- (a) the entering into of a definitive agreement (the “Definitive Agreement”) between Waterfront Capital and Water Street before June 22, 2018;
- (b) completion of satisfactory due diligence by each of Waterfront Capital and Water Street;
- (c) the approval of the Waterfront Capital shareholders, if required, together with any requisite minority shareholder approvals;
- (d) closing of the Financing (defined below);
- (e) the receipt of all required regulatory, stock exchange and securityholder approvals, consents, permits, waivers, exemptions and orders; and
- (f) no breach of the obligations under the LOI.

## **Principals and Insiders of Resulting Issuer**

### Douglas L. Mason, President, CEO and Director of Waterfront Capital

Douglas Mason (“Douglas”) has served as a senior officer and director of a number of public companies and has extensive experience in financings and acquisitions in capital markets, raising over \$200 million over the past 25 years. From 1988 through 2005, Douglas served as President & Chief Executive Officer and as a director of Clearly Canadian Beverage Corporation, a producer of premium beverage products. During his 20 years in the beverage industry, Douglas built a reputation for innovation and has been credited as being one of the pioneers of the New Age Beverage category.

Sead Hamzagic, CFO and Director of Waterfront Capital

Sead Hamzagic (“Sead”) has over 25 years of public practice accounting and financial management experience with a variety of public and private companies. He is on the board of directors and Chief Financial Officer for a number of publicly traded companies and as a financial advisor for a number of privately held companies. Sead is a member in good standing with the Chartered Professional Accountants Association of British Columbia.

Andrzej Kowalski, Director of Waterfront Capital

Andrzej Kowalski (“Andrzej”) is a successful entrepreneur and multiple business owner. He is also a lawyer experienced in commercial law and litigation. Much of Andrzej’s business career has involved founding, financing, operating and selling technology companies both in the private and public sectors. He also has experience with real estate development and investing. Andrzej holds Bachelor of Arts and Bachelor of Laws degrees from Monash University, Australia and a Master of Laws degree from The University of British Columbia.

Mehrun (Mack) Payravi, Director of Waterfront Capital

Mehrun Payravi (“Mehrun”) has over 25 years of Canadian and international pharmacy experience. He has worked for major Canadian drug chains such as Shoppers Drug Mart and Rexall wherein each company he held the position of Pharmacy Director for British Columbia. Mehrun is a registered Pharmacist in British Columbia and Alberta.

Subject to all necessary regulatory approvals, it is anticipated that one or two of the individuals associated with Water Street will be appointed as officers and/or directors of Waterfront Capital following the completion of the proposed Transaction.

**Financing**

In connection with the Transaction, Waterfront Capital and Water Street will arrange a market equity financing of Waterfront Capital common shares for gross proceeds of approximately \$1.25 million (the “Financing”) at a price to be determined in the context of the market. The Financing will be used for business and location expansion costs, key hirings, upgrading existing facilities, developing management/facilities software and technology and for working capital purposes.

**Secured Loan**

In connection with the Transaction and following receipt of all necessary approvals from the Exchange, Waterfront Capital has agreed to advance, at Water Street’s request, a secured loan into Water Street in the principal amount of \$100,000, which loan is to be used for completion of existing business locations and for expanding capacity for additional revenues.

The Loan will bear simple interest, payable on maturity one year after the date of the Loan at 6% per annum and be immediately due and payable in the event that Water Street and/or its shareholders select not to proceed with the Transaction. In the event that Waterfront Capital elects not to proceed with the Transaction, all amounts owing under the Loan will be repayable within ninety (90) days of demand. The Loan will be secured by a security charge over Water Street’s assets.

**Shareholder Approval**

The Transaction is not a Related Party Transaction (as defined in the Exchange Policies), no circumstances exist which may compromise the independence of Waterfront Capital or the interested parties (in particular, Waterfront Capital’s directors and senior officers) with respect to the Transaction, no aspect of the Transaction requires the approval of shareholders of Waterfront Capital under applicable corporation and securities legislation, the

company is without active operations, and the common shares of Waterfront Capital will resume trading on completion of the Transaction. As such, subject to the consent of the Exchange, Waterfront Capital will not seek shareholder approval to complete the Transaction. Furthermore, Waterfront Capital intends to apply for an exemption from the sponsorship requirements; however, there is no assurance that Waterfront Capital will obtain this exemption.

*Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Waterfront Capital should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*

For further information, contact Mr. Clive Shallow, Shareholder Communications, at 604-922 2030.

### **Waterfront Capital Corporation**

*“Douglas L. Mason”*

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**Douglas L. Mason, Chief Executive Officer**

*Neither the TSX Venture Exchange nor its Regulation Services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This news release contains forward-looking statements about the Company, the timing and implementation of the Transaction, the proposed Financing, the proposed Loan, the Company’s future performances, strategies or prospects, and possible future actions. The words “may”, “could”, “should”, “would”, “suspect”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Company and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Company. These factors include, but are not limited to, regulatory and Exchange approval, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgements, legal proceedings and catastrophic events. The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.*