PARKIT ENTERPRISE INC

PARKIT ENTERPRISE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

PARKIT ENTERPRISE INC

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This Management's Discussion and Analysis ("MD&A") is prepared as of **August 17, 2021** and outlines the business strategy, risk profile, business outlook and analysis of financial performance and financial position of Parkit Enterprise Inc. ("Parkit," or "the Company") for the three and six months ended June 30, 2021 ("Q2"). This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes for three and six months ended June 30, 2021 (the "Financial Statements").

This MD&A is based on financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars ("CAD"), unless otherwise stated.

SECTION 1

FORWARD LOOKING STATEMENTS

Included in this MD&A is certain forward-looking information, as such term is defined under applicable Canadian securities laws. This information relates to future events or future performance and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Company. Such forward-looking information reflects management's current beliefs and is based on information currently available to management and a number of assumptions that management believed were reasonable on the day such forward-looking information was presented. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "intend", "believe", "estimate", "predict", "potential", "continue" or the negative or grammatical variations of these terms or other similar expressions concerning matters that are not historical facts. In particular, information regarding the Company's future operating results and economic performance is forward-looking information. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information. See "Risks and Uncertainties ".

Forward-looking information relates to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking information, by its nature, is based on assumptions, including those described in the paragraph below, and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking information. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business. These forward-looking statements include, among other things, statements relating to:

- Establishment and expansion of business segments
- Capital and general expenditures
- Projections of market prices and costs
- Expectations regarding the ability to raise capital
- Treatment under governmental regulatory regimes

Actual results could differ materially from those anticipated in this MD&A as a result of the factors set forth below and elsewhere in the MD&A:

- Liabilities inherent in our operations
- Uncertainties associated with estimated market demand and sector activity levels
- Competition for, among other things, capital, acquisitions and skilled personnel
- Fluctuations in foreign exchange or interest rates and stock market volatility
- The impact of the COVID 19 pandemic on operations
- The other factors discussed under "Risks and Uncertainties"

Prospective purchasers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.

All forward-looking information in this MD&A, is qualified by these cautionary statements. The forward-looking information is made only as of the date that such information is made and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

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NON-IFRS MEASURES

Certain terms used in the MD&A such as "Income from Operations", "Yield", "Appraised Value", "Investor Rate of Return" and any related per Unit amounts used by management to measure, compare and explain the operating results and financial performance of the Company are not recognized terms under IFRS, and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the Company's performance to industry data, and the Company's ability to earn cash from, and invest cash in real estate. These terms are defined in this MD&A. Such terms to not have standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publicly traded companies.

Net operating income ("NOI") is a non-IFRS measure commonly used as a measurement tool in real estate businesses. For the purposes of this MD&A, NOI is calculated as earnings determined under IFRS less amounts included for corporate expenses, other expenses, interest, taxes, depreciation included in the IFRS financial statements.

Funds from Operations ("FFO") is a non-IFRS measure of operating performance as it focuses on cash flow from operating activities. REALPAC is the national industry association dedicated to advancing the long-term vitality of Canada's real property sector. REALPAC defines Funds From Operations (FFO) as net income (calculated in accordance with IFRS), adjusted for, among other things, depreciation, transaction costs, gains and losses from property dispositions, foreign exchange, as well as other non-cash items. AFFO is FFO, but adjusted for straight-line rent adjustments, normal capital expenditures and normalized tenant incentives and leasing commissions. The Company's goal is to increase FFO and AFFO over the long term. While the Company's methods of calculating FFO and AFFO comply with REALPAC recommendations, they may differ from and not be comparable to those used by other companies.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2 to its unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021. The preparation of financial statements requires the Company to make estimates and judgements that affect the reported results. For a detailed discussion of the critical estimates refer to Note 4 to the Company's audited consolidated financial statements for the two months ended December 31, 2020.

COVID-19 PANDEMIC

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic ("COVID-19" or "the pandemic"). This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally. It has been very challenging to both businesses and individuals in response to the rapidly changing coronavirus pandemic.

The Company has undertaken certain measures in response to the COVID-19 pandemic.

- The Company is monitoring guidance and programs from the government, regulators, and health authorities.
- Personnel are working remotely and maintaining social distancing.
- Management is also closely monitoring all expenses and is reducing non-essential expenses

REVIEW AND APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors, approved the contents of this MD&A on August 17, 2021

SECTION 2 – OVERALL PERFORMANCE AND STRATEGY

Business Overview

Parkit Enterprise is an industrial real estate platform focused on the acquisition, growth and management of strategically located industrial properties across key markets in Canada, with a focus on the Greater Toronto Area+ ("GTA+"), Ottawa and Montreal, to complement its parking assets across the United States of America ("USA").

Business Update – Continued Shift in Strategy

In Q2, Parkit continued its transformation into an industrial real estate platform by advancing its development of its expansion property and streamlining the operations. The Company continues to monitor its parking assets in the US as the business begins to recover from the effects of COVID-19.

Strategic Direction

Parkit's strategy is to own and operate a portfolio of strategically located industrial properties. The Company is committed to:

- owning and operating a premium portfolio of industrial and parking assets with strong fundamentals
- focusing resources on long-term cash flow and increasing value
- maximizing the value of industrial and parking assets through expansion and innovative asset management
- ensuring the Company follows progressive environmental, social and governance policies

Parkit's investment strategy is to maximize shareholder value through growing income streams, acquisitions of high-quality assets, and increasing the intrinsic value of portfolio assets. It is anticipated that targeted acquisitions will have a combination of current and growing free cash flow, opportunities for yield enhancement and in certain circumstances opportunity for repositioning and expansion. Combined, these factors should increase the Company's intrinsic value significantly over time. While Parkit's assets are not marked-to-market, and gains in intrinsic value are not recognized in the Company's financial statements, it is expected that this value will be realized through growing cash flow.

Industrial Real Estate – Market Dynamics and Impact of COVID-19

Industrial real estate has strong market dynamics with rising rents, low vacancies, and declining cap rates. The market is positively driven by e-commerce and warehousing, and these factors have accelerated with the effects of COVID-19.

Parkit is well positioned to capitalize on this growth as it has raised substantial capital and reconstituted its Board and management to add personnel with notable experience in acquiring, developing, and managing real estate properties. The Company's specific focus will be on the GTA+, Ottawa, Montreal and other key markets in Canada.

Parking Joint Ventures

In addition to its industrial real estate assets, the Company holds its parking assets in two joint ventures.

OP Holdings Joint Venture

The Company's primary parking asset is an effective 24.39% equity interest in OP Holdings JV LLC ("OP Holdings"). On April 22, 2015, the Company entered into a joint arrangement with Parking Real Estate, LLC ("PRE") and Sculptor Capital Management ("Sculptor") to form OP Holdings. The majority member of OP Holdings is Sculptor, a division of an institutional asset manager.

OP Holdings has 3 assets:

- Chapel Square' located in New Haven, Connecticut (commercial/business district)
- 'Z Parking' located in East Granby, Connecticut (Bradley International Airport)
- Canopy Airport Parking, located in Denver, Colorado

Fly-Away Parking - Nashville

In addition to the assets held in OP Holdings, on October 30, 2015 the Company acquired a 50% indirect investment in Fly-Away Airport Parking ("Fly-Away Parking", together with OP Holdings the "Joint Ventures"), servicing the Nashville International Airport.

As asset manager and investor in parking facilities, the Company has multiple sources of revenue (management fees, acquisition fees, and earnings in equity). Upon disposition, Parkit expects to realize capital gains and incentive distributions. The combination of income streams and gains in intrinsic value (unrealized capital gains) provide Parkit shareholders the opportunity for leveraged returns alongside institutional private equity.

Joint Venture Operations

The Company's parking assets continue to feel the effects of COVID-19, which has negatively impacted the Joint Ventures' financial results, however, the Joint Ventures have seen a recovery in activity in Q2 as the USA has progressed with their vaccine rollout and COVID-19 restrictions and lockdowns have lifted.

The Company's share of profit or (loss) from the joint ventures are summarized in the Financial Statements, note 4. The Company has seen a significant increase in revenue as the joint ventures showed a profit of $2,400 for the 3 months ended June 30, 2021 versus a loss of $359,780 in the 3 months ended July 31, 2020.

The Company expects the results of the joint ventures to continue to improve, though it is difficult to forecast the results given the continued uncertainty of COVID-19 and its impact to the Joint Ventures parking operations.

In February 2021, Fly Away Parking's lenders and management negotiated a restructuring of existing debt to increase the amortization and lower the servicing costs. The lenders required the Company to fund an additional $172,456 (US $135,950) for its share of the reserve. The Company does not expect any additional cash calls from Fly-Away Parking or OP Holdings. However, the management of the Joint Venture will continually monitor the operations and performance of its facilities as the effects of the pandemic diminish.

Outlook and Subsequent Events

The Company is focused on continuing its shift into industrial real estate by growing its portfolio and maximizing cash flows from its investment properties. The Canadian industrial markets continued to strengthen during the second quarter of 2021. GTA+ availability rates decreased to 1.2% from 1.6% the previous quarter, and market rents increased to $11.14 net rent per sq ft[1] from $10.45 net rent per sq ft the previous quarter. The COVID-19 pandemic has accelerated positive trends for industrial real estate with increasing demand for e-commerce warehousing, logistics and distribution. This strong performance differs compared with other real estate sectors, including office and retail, where those sectors are negatively impacted by COVID-19 and restrictions caused by its effects.

The Company has restructured its parking operations to minimize costs and lower debt servicing. The Company expects to minimize cash outflows to maintain the parking assets, but expects the parking to recover as the effects of the pandemic diminishes.

Subsequent to June 30, 2021, the Company completed a $24.5 million acquisition of 415 Legget Dr, Ottawa, Ontario with funds on hand. The Company expects to continue its acquisition activity and deploy the capital raised in the private placements to accretive acquisitions that will maximize net asset value and generate positive returns over the long term. Management remains confident the Company will be able to continue to expand the size of its portfolio through discipline, data driven and accretive acquisitions. Over the long term, Parkit's goal is to continue to grow its portfolio through acquisitions, expansions, and developments of industrial real estate while maximizing returns on its industrial and parking assets.

[1] Per CBRE – Canada Q2 2021 Quarterly Statistics

Environmental, Social and Governance ("ESG")

The Company believes maintaining a focus on ESG in all key decisions is a driver of long-term success. The Company is focused on reducing its environmental impact, promoting equity, diversity, inclusion, and community initiatives, and striving for top-tier governance. Parkit's ESG strategy is promoted at all levels of the Company with both the Board of Directors ("the Board") and management collaborating to continue to improve and refine its initiatives.

Some of the Company's ESG initiatives include:

Environmental	• member of Canada Green Building Council, a leading not-for-profit national environmental organization • utilization of solar panels at one building • upgrade all properties to energy efficient lighting on tenant turnover • use of low flow toilets • paperless administration including cloud-based systems and records distribution
Social	• supported eligible tenants during COVID-19, with the Canada Emergency Commercial Rent Assistance (CECRA) program • ensure safe working conditions through adherence to occupational health and safety standards • promoting diversity and inclusion through Board, management and Company's use of progressive hiring practices
Governance	• established Board committees for Audit, Governance & Compensation, Investments • Audit, Governance & Compensation Committees are majority independent • significant board ownership at over 35%

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SECTION 3 – FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

Select Financial Information (Unaudited)	**Three months ended June 30, 2021**	**Three months ended July 31, 2020**	**Six months ended June 30, 2021**	**Six months ended July 31, 2020**
Operating results				
Revenue from investment properties	$ 1,327,495	$ -	$ 1,922,191	$ -
Net rental income	$ 799,573	$ -	$ 1,161,846	$ -
Share of profit (loss) – equity-accounted investees	$ 2,400	$ (359,780)	$ (313,455)	$ (682,707)
Net loss	$ (1,683,768)	$ (506,431)	$ (3,510,000)	$ (880,814)
Net loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Funds from Operations	$ 412,214	$ (64,743)	$ 212,659	$ (216,243)
FFO per share	$ 0.00	$ (0.00)	$ 0.00	$ (0.01)
Weighted Avg shares outstanding	233,549,647	34,854,257	197,229,568	34,854,257
Liquidity and Leverage				
Cash	$ 82,382,652	$ 696,281	$ 82,382,652	$ 696,281
Working capital	$ 82,160,729	$ 902,140	$ 82,160,729	$ 902,140
Total assets	$ 173,927,645	$ 19,729,288	$ 173,927,645	$ 19,729,288
Total debt (loans and borrowings) (i)	$ 17,351,822	$ -	$ 17,351,822	$ -
Total equity	$ 155,621,160	$ 19,656,578	$ 155,621,160	$ 19,656,578
Weighted avg effective mortgage rate	3.67%	-	3.67%	-
Weighted avg mortgage term (years)	5.55	-	5.55	-
Leverage ratio	10.0%	0.0%	10.0%	0.0%
Investment properties				
Properties acquired (ii)	-	-	2	-
Number of properties	4	-	4	-
Gross leasable area (“GLA”) (sq ft)	452,780	-	452,780	-
Site area (acres)	24.48	-	24.48	-
Occupancy rate – in-place and committed (period end) (iii)	99%	-	98%	-
Average in-place net rent (iv)	7.50	-	7.50	-
Weighted average lease term (“WALT”) (years) (v)	5.84	-	5.84	-

(i) During the 6 months ended June 30, 2021, the Company paid off $8,350,168 of vendor take back loans.
(ii) Parkit added two properties in Q1.
(iii) The Company’s occupancy rate does not include 5610 Finch Ave East, which is in development.
(iv) The Company’s in-place and committed base rent does not include 5610 Finch Ave East, which is in development.
(v) The Company’s WALT calculation does not include 5610 Finch Ave East, which is in development.

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SECTION 4 – DISCUSSION OF OPERATIONS

Financial results for 3 months and 6 months ended June 30, 2021

Segmented Information

The Company operates in two reportable business segments as at June 30, 2021:

- Investment Properties – acquisition, management and growth of industrial real estate in key markets in Canada.
- Parking Assets – acquisition and management of income-producing parking facilities across the United States.

For the three months ended June 30, 2021	**Investment Properties**	**Parking Assets**	**Corporate**	**Total**
Investment properties revenue	$ 1,327,495	$ -	$ -	$ 1,327,495
Investment properties expenses	(527,922)	-	-	(527,922)
Net rental income	799,573	-	-	799,573
Operating expenses				
Share of (profit) loss from equity-accounted investees	-	(2,400)	-	(2,400)
General and administrative expenses & other income	-	(30,397)	250,348	219,951
Share-based compensation	-	-	1,667,520	1,667,520
Transaction costs and land transfer taxes	-	-	-	-
Depreciation	-	-	409,310	409,310
Finance costs	-	-	176,430	176,430
	-	(32,797)	2,503,608	2,470,811
Income or (loss) before tax	**799,573**	**32,797**	**(2,503,608)**	**(1,671,238)**
Income tax expense	-	-	(12,530)	(12,530)
NET INCOME OR (LOSS)	**$ 799,573**	**$ 32,797**	**$ (2,516,138)**	**$ (1,683,768)**

For the six months ended June 30, 2021	**Investment Properties**	**Parking Assets**	**Corporate**	**Total**
Investment properties revenue	$ 1,922,191	$ -	$ -	$ 1,922,191
Investment properties expenses	(760,345)	-	-	(760,345)
Net rental income	1,161,846	-	-	1,161,846
Operating expenses				
Share of (profit) loss from equity-accounted investees	-	313,455	-	313,455
General and administrative expenses and other income	-	(61,731)	619,972	558,241
Share-based compensation	-	-	1,667,520	1,667,520
Transaction costs and land transfer taxes	1,103,901	-	-	1,103,901
Depreciation	-	-	596,790	596,790
Finance costs	-	-	419,092	419,092
	1,103,901	251,724	3,303,374	4,658,999
Income or (loss) before tax	**57,945**	**(251,724)**	**(3,303,374)**	**(3,497,153)**
Income tax expense	-	-	(12,847)	(12,847)
NET INCOME OR (LOSS)	**$ 57,945**	**$ (251,724)**	**$ (3,316,221)**	**$ (3,510,000)**
Acquisition of Investment properties	**$ 40,750,000**	**$ -**	**$ -**	**$ 40,750,000**

The comparative data for the three months and six months ended July 31, 2020 are not presented as they only relate to the operation of the parking assets.

Investment properties revenue, expenses and net rental income

Investment properties revenue includes base rent from investment properties, recovery of operating costs, property taxes and capital expenditures from tenants, the impact of straight-line rent adjustments, lease termination fees and other adjustments, as well as fees earned from property management.

Investment properties revenue for the three months and six months ended June 30, 2021 rose to $1,327,495 and $1,922,191, respectively, compared to nil for the three months and six months ended July 31, 2020. The increase in revenue from investment properties is due to the acquisitions made by the Company. The Company did not hold any investment properties for the three months or six months ended July 31, 2020.

Investment properties expenses comprise operating costs and property taxes as well as certain expenses that are not recoverable from tenants. Operating expenses fluctuate with changes in occupancy levels, expenses that are seasonal in nature, and the level of repairs and maintenance incurred during the period.

Investment properties expenses increased in proportion to the increase in revenues for the three months and six months ended June 30, 2021 to $527,922 and $760,345, respectively.

Net rental income increased in proportion to the increase in revenues for the three months and six months ended June 30, 2021 to $799,573 and $1,161,846, respectively, compared to nil for the three months and six months ended July 31, 2020. The Company is maintaining its margins as it onboards new investment properties.

Share of profit and loss from equity-accounted investees

The share of profit and loss from equity-accounted investees includes the investment in the Company's Joint Ventures, investment in associate, and long-term receivable.

- The investment in the Company's Joint Venture includes the equity participation in the OP Holdings portfolio and Fly-Away Parking

- The Company's share of profit (loss) from associate represents its equity participation of income in Green Park Denver whose only significant asset is an earnings-based contingent receivable from OP Holdings

- The Company's long-term receivable pertains to the Company's advanced to Parking Real Estate, LLC ("PRE"), a joint venture partner, for the purpose of PRE funding investments in income producing properties and related costs of acquisition. A portion has been repaid from the assignment of certain distributions due to PRE and the balance of $1,207,200 (US $960,000) is to be repaid upon disposition of certain investments or parking assets.

The share of profit and loss from equity-accounted investees for the three months and six months ended June 30, 2021 was a profit of $2,400 and a loss of $313,455, respectively, compared to a loss of $359,780 and a loss of $682,707, respectively, for the three months and six months ended July 31, 2020. The share in the profit and losses from the Joint Ventures, reflects the Company's equity participation of the profit and loss from PAVe LLC (OP Holdings and Fly-Away Parking).

As noted above, the Company has started its recovery from COVID-19, with the financial results from the Joint Ventures being positive for the first quarter since the beginning of the pandemic. The Company expects the parking results to continue to improve as the effects of the pandemic diminish.

The details of the Joint Ventures are detailed below and can also be found in the financial statement note 4.

	For the three months ended June 30, 2021	For the three months ended July 31, 2020	For the six months ended June 30, 2021	For the six months ended July 31, 2020
Property revenues	$ 408,198	$ 95,959	$ 577,912	$ 536,852
Property expenses	(373,407)	(214,345)	(664,442)	(602,227)
Net property income (loss)	34,791	(118,386)	(86,530)	(65,375)
Depreciation expense	(50,782)	(67,931)	(113,712)	(136,453)
Mortgage interest expense	(55,483)	(545)	(179,077)	(49,761)
Loss – property operations	(71,474)	(186,862)	(379,319)	(251,589)
Profit or (loss) from associate	57,434	(318,579)	(138,067)	(584,374)
General and administrative expenses	-	(352)	-	(74,459)
Loss	$ (14,040)	$ (505,793)	$ (517,386)	$ (910,422)
Share of profit (loss) from joint ventures (i)	$ **2,400**	$ **(359,780)**	$ **(313,456)**	$ **(682,707)**

i) The Company is entitled to profits (losses) on the investments included in the joint ventures ranging from 50% to 88.8% based on the membership agreement and waterfall calculations. The calculated percentage of the Company's share of profits (losses) of the joint venture profits (losses) will vary from period to period.

General and administrative expenses and other income

General and administrative expenses for the three months and six months ended June 30, 2021 increased to $219,951 and $558,241, respectively, compared to $145,171 and $194,844, respectively, for the three months and six months ended July 31, 2020. The increase is due to additional professional fees with respect to compliance and regulatory fees, as well as a difference in foreign exchange for the respective periods.

Share-based compensation

Share-based compensation for the three months and six months ended June 30, 2021 increased to $1,667,520, compared to $1,070 and $3,198, respectively, for the three months and six months ended July 31, 2020. The increase is due to the number of options being granted and vested during the period.

Depreciation

The Company elected the cost model for measurement for its investment properties where the investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation for the three months and six months ended June 30, 2021 increased to $409,310 and $596,790, respectively, compared to nil for the three months and six months ended July 31, 2020. The increase in depreciation is due to the number of investment properties held by the Company up to the end of the period.

Finance costs

Finance costs for the three months and six months ended June 30, 2021 increased to $176,430 and $419,092, respectively, compared to nil for the three months and six months ended July 31, 2020. The increase in finance costs is due to the increase in debt held by the Company as a result of mortgages on the investment properties up to the end of the period.

Net Income

The net loss for the three months ended June 30, 2021 increased to a loss of $1,683,768 compared to the loss of $506,431 for the three months ended July 31, 2020. The increase in the net loss is a result of non-recurring stock-based compensation expenses, and increases to general and administration expenses, depreciation and finance costs through the normal course of growing operations. This was offset by a profit from equity accounted investees.

The net loss for the six months ended June 30, 2021 increased to a loss of $3,510,000 compared to a loss of $880,814 for the six months ended July 31, 2020. The increase in the net loss is a result of non-recurring stock-based compensation expenses, and increases to general and administration expenses, transaction costs and land transfer taxes for acquisitions of investment properties made in March of 2021, increase in depreciation and finance costs, offset by a decrease in loss from equity accounted investees.

Funds from Operations ("FFO")

	Three months ended June 30, 2021	Three months ended July 31, 2020	Six months ended June 30, 2021	Six months ended July 30, 2020
Net loss and comprehensive loss	$ (1,683,768)	$ (506,431)	$ (3,510,000)	$ (880,814)
Add / (Deduct):				
Share of loss (gain) from equity-accounted investees	(2,400)	359,780	313,455	682,707
Depreciation	409,310	-	596,790	-
Foreign exchange	21,552	80,838	40,993	(21,334)
Transaction cost and land transfer tax on acquisition	-	-	1,103,901	-
Share-based compensation	1,667,520	1,070	1,667,520	3,198
Income tax expense (recovery)				
FFO	**$ 412,214**	**$ (64,743)**	**$ 212,659**	**$ (216,243)**

Management has determined that FFO, non-GAAP measures, are useful measures of operating performance as it focuses on cash flow from operating activities.

The FFO for the three months and six months ended June 30, 2021 increased to $412,214 and $212,659, respectively, compared to a loss of $64,743 and a loss of $216,243, respectively, for the three months and six months ended July 31, 2020. The increase in FFO comes from the acquisition of investment properties as the Company shifted its strategy to focus on industrial real estate.

Investment properties

		June 30, 2021
Income-producing investment properties (net)	$	76,403,210
Properties under development		25,226
Balance at end of period (i) (iii)	**$**	**76,428,436**

		Six months ended June 30, 2021
Balance at beginning of period	$	**36,250,000**
Additions:		
Direct acquisitions		40,750,000
Property under development		25,226
Transaction costs and land transfer taxes (ii)		1,103,901
Total additions to investment properties		**41,879,127**
Changes included in net loss:		
Transaction costs and land transfer taxes (ii)		(1,103,901)
Depreciation		(596,790)
Total changes included in net loss		**(1,700,691)**
Balance at end of period (i) (iii)	**$**	**76,428,436**

i. The Company's investment properties are accounted for at cost.
ii. Transaction costs and land transfer taxes for the investment properties acquisition totalled $1,103,901 for the six-month period ended June 30, 2021. Any transaction costs with respect to an asset acquisition are capitalized to the underlying asset. However, where the transaction costs and land transfer taxes exceed the fair value of the asset on acquisition, the transaction costs will be expensed in the period incurred.
iii. Certain investment properties are pledged as security for debt as of June 30, 2021.

Investment properties - Acquisitions

The Company's investment properties acquisitions for the six months ended June 30, 2021 are detailed below:

	GLA		Purchase price	Date acquired
5610 Finch Ave East, Toronto, Ontario	54,852	$	12,250,000	March 15, 2021
1165 Kenaston Street, Ottawa, Ontario	168,186		28,500,000	March 18, 2021
Total acquisition of investment properties	**223,038**	**$**	**40,750,000**	

Subsequent event - Acquisition of Industrial Assets

Subsequent to June 30, 2021, the Company completed and announced, respectively, the acquisition of industrial assets:

- 415 Legget Drive, Ottawa, Ontario which has 194,661 sq feet of gross leasable area on approximately 18 acres of land. The aggregate purchase price of $24,500,000, which was satisfied with funds on hand.
- 720 Tapscott Rd, Toronto, Ontario which will allow the Company to add 60,000 additional gross leasable area of new expansion. The aggregate purchase price of $3,600,000, which was satisfied with funds on hand.

Industrial Asset Developments

The Company plans to develop 415 Legget Dr, by repositioning the property from a flexible office and warehouse to a combination of light industrial and warehouse. In addition to the repositioning, the Company also plans on adding at least 150,000 sq feet of light industrial and warehouse on the property.

The Company continues to advance on its development at 5610 Finch Avenue East with a possible expansion of its development to include an adjacent property.

Over the long-term, management intends to expand the Company's development program on a selective basis through building expansions or construction on new properties. In all cases, the objective of the development is to generate elevated returns to augment the returns from the Company's core portfolio of stabilized assets and to upgrade the portfolio through the addition of Class A assets, but in a manner that minimizes risk to the Company. The Company's development focus is where capitalization rates are at historic lows and in areas where the market remains significantly undersupplied.

The following table summarizes the Company's ongoing development projects as at June 30, 2021:

Property	Planned GLA	Ownership	Comment
Planning and permitting stage			
5610 Finch Ave East, Toronto, Ontario	61,050	100%	Construction to commence in 2021
Total	**61,050**		

Industrial Asset Operations

The Company had four industrial properties at the beginning of the quarter and added one additional industrial property after the end of the quarter. The properties produced significant net rental income ("NRI"), which will increase net operating income in the next quarter as the Company will be holding the properties during the entire quarter.

The Company has had approximately 99% collections, with one smaller tenant making partial payments and utilizing the Canada Emergency Commercial Rent Assistance program (CECRA).

The Company has contracted to renew 9,310 sq feet of space at a net rental rate averaging $10.10 per sq foot over 5 years, which is approximately 44% over the prior in-place rents. The Company does not have any space coming in renewal until 2023, at which time the Company expects to renew leases at market rates.

Industrial Asset Portfolio

As of June 30, 2021, Parkit owns and operates a portfolio of 4 industrial assets totaling 452,780 sq ft of GLA with an additional 61,050 sq ft planned in a future expansion.

The Company's portfolio leases industrial properties to tenants under operating leases. The Company's tenants operate in a variety of industries, with no one tenant accounting for more than 22% of total GLA. The Company's portfolio of 4 assets has 15 tenants.

As of June 30, 2021, the Company has an in-place and committed occupancy of 100% for three properties and one property, 5610 Finch Ave East which is in development. The Company has an average in-place net rent for the portfolio of $7.50 per sq ft compared with market rents of $11.14 per sq ft in the GTA in Q2 of 2021[2].

	Average in place base rent (per sq ft)	Estimated market rent (per sq ft)	Estimated market rent/avg in place rent	WALT
Portfolio as at June 30, 2021	$7.50	$11.14	48%	5.84 years (i)

(i) WALT excludes 5610 Finch Ave East which is in development

The following table details the portfolio lease maturity profile as of June 30, 2021:

Portfolio as at June 30, 2021	Vacancy	2021	2022	2023	2024	2025	2026+
Total vacancy / renewal (sq ft)	-	-	-	88,232	17,431	42,967	249,298
Total GLA (i)							397,928
Percentage of GLA	-	-	-	22%	4%	11%	63%

(i) Total GLA excludes 54,852 sq ft for 5610 Finch Ave East which is in development

The Company leases industrial properties to tenants under operating leases. As a June 30, 2021 the minimum rental commitments on non-cancellable tenant operating leases over their remaining terms are as follows:

		As at June 30, 2021
Balance of 2021	$	1,749,272
2022		3,585,955
2023		3,518,946
2024		2,951,637
2025		2,716,861
2026+		8,313,322
Total	**$**	**22,835,993**

[2] Per CBRE – Canada Q2 2021 Quarterly Statistics

SECTION 5 – SUMMARY OF QUARTERLY RESULTS

The following table sets forth the selected financial information of the Company on a consolidated basis for each of the eight most recent financial quarters:

	Three months ended June 30, 2021(i)	Three months ended March 31, 2021(ii)	Two months ended December 31, 2020(ii)(v)	Three months ended October 31, 2020(iii) (iv)
Investment properties revenue	$ 1,327,495	$ 594,696	$ 17,290	$ -
Investment properties expense	(527,922)	(232,423)	(5,974)	-
Net rental income	**799,573**	**362,273**	**11,316**	**-**
Other expenses (income)				
Share of (profit) loss from equity investees	$ (2,400)	$ 315,855	$ 78,061	$ 4,054,601
General and admin expenses and other (income)	219,951	338,290	233,386	103,970
Share-based compensation	1,667,520	-	-	-
Transaction costs and land transfer taxes	-	1,103,901	1,259,824	-
Depreciation	409,310	187,480	-	-
Finance costs	176,430	242,662	8,114	-
	2,470,811	**2,188,188**	**1,579,385**	**4,158,571**
Income (loss) before tax	**(1,671,238)**	**(1,825,915)**	**(1,568,069)**	**(4,158,571)**
Income tax (expense) recovery	(12,530)	(317)	-	(197,437)
Net (loss) and comprehensive loss for the period	**$ (1,683,768)**	**$ (1,826,232)**	**$ (1,568,069)**	**$ (4,356,088)**
Per share - basic	**(0.01)**	**(0.01)**	**(0.04)**	**(0.12)**

	Three months ended July 31, 2020 (iv)	Three months ended April 30, 2020 (iv)	Three months ended January 31, 2020 (iv)	Three months ended October 31, 2019 (iv)
Investment properties revenue	$ -	$ -	$ -	$ -
Investment properties expense	-	-	-	-
Net rental income	**-**	**-**	**-**	**-**
Other expenses (income)				
Share of (profit) loss from equity investees	$ 359,780	$ 322,927	$ (74,796)	$ (275,387)
General and admin expenses and other (income)	146,241	51,801	129,448	170,445
	506,021	**374,728**	**(54,652)**	**104,942**
Income (loss) before tax	**(506,021)**	**(374,728)**	**(54,652)**	**104,942**
Income tax (expense) recovery	(410)	345	(36,035)	(257,720)
Net (loss) and comprehensive loss for the period	**$ (506,431)**	**$ (374,383)**	$ (90,687)	**$ (152,778)**
Per share - basic	**(0.01)**	**(0.01)**	**(0.00)**	**(0.00)**

(i) The results for the three months ended June 30, 2021, reflect the continued shift into an industrial real estate platform.

(ii) The Company's transaction costs and land transfer taxes for the three months ended March 31, 2021 and two months ended December 31, 2020 reflect one-time costs for the acquisition of investment properties.

(iii) The results for the three months ended October 31, 2020 reflect a loss from equity investees as a result of the Company's book value adjustment to its Joint Venture arising from an impairment based on the appraised values to the Joint Venture due to the impacts of COVID-19.

(iv) For the periods of October 31, 2020 and prior, the Company's operations reflect a parking platform with its operations consisting of its equity investments.

(v) The Company changed its year-end to December 31, which resulted in a two-month stub period for December 31, 2020.

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SECTION 6 – LIQUIDITY AND CAPITAL RESOURCES

	Balance at June 30, 2021	Balance at December 31, 2020
Liquidity and Leverage		
Cash	$ 82,382,652	$ 9,140,322
Working capital	$ 82,160,729	$ 8,796,836
Total assets	$ 173,927,645	$ 60,332,290
Total debt (loans and borrowings) (i)	$ 17,351,822	$ 25,923,039
Total equity	$ 155,621,160	$ 33,681,061

Cash

Cash increased for the six months ended June 30, 2021 to $82,382,652 from $9,140,322 as at December 31, 2020. The increase is a result of additional capital received from two private placements on February 17, 2021 and March 18, 2021, and cash received and paid in normal operations, offset by the acquisition of two investment properties and transaction costs, repayment of VTB loans and payment of mortgage debt, as well as a difference in foreign exchange for the respective periods.

Working capital

Working capital increased for the six months ended June 30, 2021 to $82,160,729 from $8,796,836 as at December 31, 2020. The increase is a result of additional capital received from two private placements on February 17, 2021 and March 18, 2021, and cash received and paid in normal operations, offset by the acquisition of two investment properties and transaction costs, repayment of VTB loans and payment of mortgage debt, as well as a difference in foreign exchange for the respective periods.

Total assets

Total assets increased for the six months ended June 30, 2021 to $173,927,645 from $60,332,290 as at December 31, 2020. The increase is a result of additional capital received from two private placements on February 17, 2021 and March 18, 2021, and cash received and paid in normal operations, offset by the acquisition of two investment properties and transaction costs, repayment of VTB loans and payment of mortgage debt, as well as a difference in foreign exchange for the respective periods.

Total debt

Total debt decreased for the six months ended June 30, 2021 to $17,351,822 from $25,923,039 as at December 31, 2020. The decrease is a result of the repayment of the VTB loans and payment of mortgage debt.

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Debt summary

The following table summarized the debt as of June 30, 2021:

	Maturity Range	Interest rate	June 30, 2021
Mortgages:			
At amortized cost – Fixed (i)	*Maturity: January 1, 2024*	4.46%	$ 8,308,111
At FVTPL - Mortgages (i)			8,905,958
- Interest rate swap(ii)			206,287
	Maturity: November 1, 2029	3.49%	9,112,245
Total mortgages			**17,420,356**
Financing costs, net (iii)			(68,534)
Carrying value			**$ 17,351,822**

i. The mortgage is collateralized by a first charge on the investment property.
ii. The mortgage consist of a non-revolving floating rate loan with fixed principal instalment amounts plus interest using an interest rate swap to fix the interest rate exposure to a notional rate of 3.49% per annum.
iii. The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization.

Principal repayments on mortgages in each of the next five years and thereafter are estimated as follows:

	Total
Year 1	$ 235,444
Year 2	484,933
Year 3	504,291
Year 4 (i)	8,020,432
Year 5	289,383
Thereafter (i)	7,885,873
	$ 17,420,356

As part of the non-brokered private placement on February 17, 2021, the Company paid back the vendor take back loans with interest. The vendors used a portion of the funds to participate in the non-brokered private placement.

Equity

The following table shows the change in number of common shares outstanding and share capital for the periods presented:

	Number	Amount
Balance as at December 31, 2020	114,854,257	$ 43,405,872
Shares issued – private placements	115,928,390	125,261,003
Shares issued – consideration for acquisition of investment properties	2,667,000	4,000,500
Shares issued – exercise of stock options	100,000	40,358
Share issuance cost	-	(5,506,924)
Balance as at June 30, 2021	**233,549,647**	**$ 167,200,809**

Stock Options

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at December 31, 2020	250,000	$ 0.28
Exercised	(100,000)	0.28
Granted and vested (i)	4,000,000	1.50
Balance as at June 30, 2021	**4,150,000**	**$ 1.46**

i. On June 30, 2021, the Company granted 4,000,000 immediately vesting options to directors, officers, employees and consultants of the Company at an estimated grant-date fair value of $1,667,520. The options were valued using the Black Scholes valuation model with the following assumptions:

Dividend Yield	0.00%
Risk-Free Interest Rate	0.81%
Expected Life of Options	4 Years
Expected Volatility of the Corporation's Common Shares	33.97%

As of June 30, 2021, the following stock options were outstanding and exercisable:

Exercise Price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
$0.27	50,000	50,000	3.19
$0.29	50,000	50,000	2.15
$0.30	50,000	50,000	0.53
$1.50	4,000,000	4,000,000	10.00
	4,150,000	4,150,000	9.71

Joint Venture Debt and Cash Obligations

Management of the Joint Ventures renegotiated existing debt within the Joint Venture to increase amortization and lower servicing costs. Additional reserves were established. The details are in Section 2 – Joint Venture Operations. The Company does not expect any additional cash calls from the Joint Ventures.

Private Placements

Bought Deal and Non-Brokered Private Placement – February 17, 2021

On February 17, 2021, the Company completed (i) a bought deal private placement for $69,000,006 and (ii) concurrent non-brokered private placement for $14,999,999, each at a price of $0.95 per common share, issuing 72,631,585 and 15,789,473 common shares, respectively.

Bought Deal and Non-Brokered Private Placement – March 18, 2021

On March 18, 2021, the Company completed (i) a bought deal private placement for $40,261,500 and (ii) concurrent non-brokered private placement for $999,498, each at a price of $1.50 per common share, issuing 26,841,000 and 666,332 common shares, respectively. The funds from the non-brokered private placement on December 29, 2020, the private placements on February 17, 2021, and the private placements on March 18, 2021 (collectively "Private Placements") will fund future acquisitions and be used for general operational purposes. At the close of the private placements on March 18, 2021, the Company had 233,549,647 common shares issued and outstanding.

The Company raised $125,261,003 less commission fees in the above listed private placements.

Liquidity

Notwithstanding, the uncertainty caused by the COVID-19 pandemic, the Company has strengthened its liquidity position by completing private placements at higher valuations and acquired assets which will generate strong cash flows. The Company is in a strong position to strategically acquire assets which will be accretive to cashflows and net asset value.

CASH FLOW SUMMARY

A summary of the Company's consolidated cash flows is as follows:

	Six months ended June 30, 2021	Six months ended July 31, 2020
Cash flows (used in) from operating activities	$ 629,300	$ (245,250)
Cash flows (used in) from investing activities	(38,166,628)	384,505
Cash provided by financing activities	110,783,958	-
Increase in cash and cash equivalents	73,246,630	139,255
Foreign exchange effect on cash	(4,300)	5,571
Cash balance, beginning of the period	9,140,322	551,455
Cash balance, end of period	**$ 82,382,652**	**$ 696,281**

Operating Activities:

The Company received net cash of $629,300 from operating activities for the six months ended June 30, 2021, compared to cash used of $245,250 in operations for the six months ended July 31, 2020, which reflects the Company's shift into an industrial real-estate platform and operating investment properties.

Investing Activities:

The Company used net cash of $38,166,628 in investing activities for the six months ended June 30, 2021, compared to cash received of $384,505 from investing activities for the six months ended July 31, 2020, as a result of payments for two investment properties and the transaction costs and land transfer tax associated with those purchases. The Company also contributed $172,456 to its joint venture Fly-Away Parking. The Company did not receive any distributions from its joint ventures for the six months ended June 30, 2021, compared to receiving $418,275 for the six months ended July 31, 2020.

Financing Activities:

The Company received net cash of $110,783,958 in financing activities for the six months ended June 30, 2021, compared to no financing activities for the six months ended July 31, 2020, as a result of two private placements for $125,261,003 less fees on February 17, 2021 and March 18, 2021, the repayment of vendor take back loans, and monthly repayment of mortgage debt.

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SECTION 7 – DISCLOSURES

OFF BALANCE SHEET ARRANGEMENTS AND CONTINGENCIES

None.

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Senior management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Senior management personnel include the Company's executive officers and members of the Board of Directors.

	Three months ended June 30, 2021	**Three months ended July 31, 2020**	**Six months ended June 31, 2021**	**Six months ended July 31, 2020**
Total for all senior management				
Salaries, fees, and short-term benefits	$ 82,829	$ 49,369	$ 143,238	$ 111,769
Share-based payments	1,550,793	1,070	1,550,793	3,198
	1,633,622	50,439	1,694,031	114,967
Total for all directors				
Fees	42,000	30,300	78,000	60,600
Total	**$ 1,675,622**	**$ 80,739**	**$ 1,772,031**	**$ 175,567**

Transactions with related parties

Included in accounts payable and accrued liabilities as of June 30, 2021 is $78,000 for director fees. Included in accounts payable and accrued liabilities as of December 31, 2020 is $55,000 due to former officers.

Concurrent with completion of the investment properties acquisitions on December 29, 2020, the Company entered into a property management agreement with Access Results Management Services Inc. ("ARMS"). ARMS and the Company are related by having common members on its Board of Directors. The management agreement has, subject to certain conditions, a five-year term. The Company also receives invoices from ARMS and its related companies for construction, maintenance and other services related to the day-to-day property management. During the three months and six months ended June 30, 2021, the Company incurred total expenses of $100,149 and $170,786, respectively (2020 - nil), from ARMS and its related companies and $185,651 is included in accounts payable and accrued liabilities as of June 30, 2021.

The Company's purchased an industrial property on December 29, 2020, which had an existing lease with a private company controlled by two directors of the Company. The Company earned $24,962 and $49,923 in rental income from this lease during the three months and six months ended June 30, 2021, respectively.

The Company's purchased an industrial property located in Ottawa, Ontario on March 18, 2021, for an aggregate purchase price of $28,500,000, subject to customary adjustments. The vendor of the property, Access Self Storage Inc. ("Access") is a related party to Parkit and the acquisition constituted a non-arm's length transaction. Access and the Company are related by having common members on its Board of Directors. The purchase price was reviewed and approved by the independent members of the Board of Directors, and supported by third party appraisals by accredited vendors. The purchase price was satisfied through the issuance of an aggregate of 2,667,000 common shares in the capital of Parkit at a price of $1.50 per share with the remainder of the purchase price paid with available cash on hand.

CONTRACTUAL OBLIGATIONS AND COMMMITMENTS

The Company has a commitment to contribute 5% of any capital call made by the joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require working capital. The Company does not expect a capital call will be made as the Joint Ventures have been restructured for cost and debt servicing.

PROPOSED TRANSACTIONS

Unless otherwise mentioned in the MD&A there are no proposed transactions.

CONTROLS AND PROCEDURES

For the purposes of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, the Company is a Venture Issuer and has made no representations relating to the design and evaluations of the disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") and it has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Parkit's shares trade on the TSX-Venture Exchange under the symbol PKT, and the OTC under the symbol PKTEF.

Additional information related to the Company is available on SEDAR at www.sedar.com.

SHARES OUTSTANDING

As at the date of this report, the Company has:

- 233,549,647 issued and outstanding common shares (December 31, 2020 - 114,854,257)
- 4,150,000 common share stock options outstanding (December 31, 2020 – 250,000)
    - On June 30, 2021, 4,000,000 stock options were granted and vested
    - Since December 31, 2020, 100,000 common share stock options were exercised
- No common share purchase warrants outstanding

SECTION 8 – RISK AND UNCERTAINTIES

In addition to the specific risks discussed in this MD&A, the Company is exposed to various risks and uncertainties, many of which are beyond the control of the Company and could impact the business, financial condition, operating results and prospects. The shareholders should consider these risks and uncertainties when assessing the Company's outlook in terms of investment potential.

The following is an analysis of some key factors that influence the Company's operations:

COVID-19

While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic, and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, increase in government regulations, "lockdowns", and the resulting impact to economies and to the demand for parking. The recovery of air travel will be an important factor to those lots that primarily service nearby airports. It is difficult to estimate the nature, timing, and extent of the business and economic impact on the Company's financial performance or its ability to raise funds, and this uncertainty could materially affect the Company's operations and financial condition.

Liquidity Concerns and Future Financing Requirements

We may require additional financing in order to fund our operations or business expansion. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

General Economic Factors

The willingness of airline passengers to spend money on parking instead of using sources of public transit may be dependent upon general economic conditions. Additionally, if general economic forces lag there is a possibility that air transport demand will decrease thereby directly affecting demand for airport related parking facilities.

Competition

The parking facilities directly compete with existing parking facilities and results are affected by availability of other facilities servicing the same geographic region. The proximity of competitors that will have an impact on operations varies from type of parking facility (off-airport, stadium, central business district).

Future Acquisitions

As part of our business strategy, we may seek to grow by acquiring companies, assets or establishing business relations that we believe will complement our current or future business. We may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for our business. We cannot guarantee that we can complete any acquisition we pursue on favorable terms, or that any acquisitions completed will ultimately benefit our business.

Industry Regulation

There can be no assurances that we may not be negatively affected by changes in Canada, United States, or other legislation, or by any decisions or orders of any governmental or administrative body or applicable regulatory authority.

Our operations are governed by a broad range of federal, state, provincial and local environmental, health and safety laws and regulations, permits, approvals, common law and other requirements that impose obligations in relation to, among other things: worker health and safety. As such there are potential liability risks (including potential civil actions, compliance or remediation orders, fines and other penalties) with respect to certain aspects of our businesses.

Conflicts of Interest

Certain directors and officers are, and may continue to be, involved in consulting activities outside of their roles with the Company. Situations may arise where the other interests of these directors and officers may conflict with our interests. Directors and officers of the Company with conflicts of interest will be subject to and follow the procedures set out in applicable corporate and securities legislation, regulation, rules, and policies.

Dependence on, and Protection of, Key Personnel

We depend on the continued support and involvement of our directors and officers to develop our business and operations, and the services of our key technical, sales, marketing, and management personnel. The Company is also dependent on its property manager and asset manager, ARMS, which manages its investment properties. The loss of any of these key persons or a change to its relationship with ARMS could have a material adverse effect on our business, our results of operations, our ability to implement our business plans, and our financial condition. Our success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and we cannot provide assurance that we will be able to attract or retain highly qualified personnel in the future. Our inability to attract and retain highly qualified technical, sales, marketing and management personnel may adversely affect our future growth and profitability. It may be necessary for us to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased. We do not currently maintain corporate life insurance policies on key employees.

Currency Fluctuations

Our revenue and operating expenses are incurred in Canadian and U.S. dollars. Fluctuations in the exchange rate between the U.S. and Canadian dollar may have a material adverse effect on our business, financial condition, and operating results.

Internal Controls and Procedures

Management of the Company has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Company do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Company fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. However, as a venture issuer, the certifying officers of the Company filing such financial statements do not make any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures, and internal controls over financial reporting, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is primarily on its cash and receivables. All of the Company's cash is held with reputable financial institutions. The Company's policy is to deal only with creditworthy counterparties. None of the Company's financial assets are secured by collateral or other credit enhancements.

With respect to the joint venture activities, the main activities are the management fee receivables and distributions from a joint venture partner. In determining expected credit losses from these counterparties, the Company considered estimated future cash-flows of the joint venture. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company has credit risk from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Company mitigates its credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. The Company also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. The maximum exposure to credit risk is the carrying value of the accounts receivables disclosed in the financial statements. An impairment analysis is performed at each statement of financial position date using a provision matrix to measure expected credit losses, adjusted for forward-looking factors specific to the tenant and the economic environment. The provision is reduced for tenant security deposits held as collateral.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had a cash balance of $82,382,652 to settle accounts payable, accrued liabilities and other liabilities balance of $954,663. The Company expects to fund these liabilities through existing cash resources, revenue generated from operations, additional debt and equity financings, and from funds raised through the partial disposition of interests in its assets. The Company manages maturities of the fixed rate debts, monitors the repayment dates and maintains adequate cash on hand and to ensure sufficient capital will be available to cover obligations as they become due.

In the six months ended June 30, 2021, the Company raised $125,261,003 less commission fees in the Private Placements.

Environmental Risk

Environmental risk is inherent in the ownership of real property. Various municipal, provincial and federal regulations can result in penalties or potential liability for remediation should hazardous materials enter the environment. The presence of hazardous substances could also impair the Company's ability to finance or sell the property, or it may expose the Company to civil lawsuits. To mitigate such risk, the Company will procure recent or updated environmental reports for all acquisitions. It also prohibits the storage of hazardous substances as a condition of the rental contract signed by tenants.

Market Risk

a) Interest rate risk

Interest rate risk arises from changes in market interest rates that may affect the fair value of future cash flows from the Company's financial assets or liabilities. The Company is exposed to interest rate risk primarily relating to its long-term debt.

Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate debt. The Company will manage interest rate risk by utilizing fixed interest rates on its mortgages where possible, entering into interest rate swap contracts, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding. The Company currently only has fixed rate debt and debt hedged with an interest rate swap, so the Company will have no exposure to fluctuations in interest rates on its current debt.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term receivable, and its accounts payable and accrued liabilities, denominated in US Dollars.

The Company's main foreign currency risk comes from its investment in joint ventures, where all the parking assets are located in the USA.

c) Price risk

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