PARKIT ENTERPRISE INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Parkit Enterprise Inc.

Opinion

We have audited the consolidated financial statements of Parkit Enterprise Inc. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value of Investment Properties

Refer to Note 21 to the consolidated financial statements.

The Group elected to apply the cost model for the measurement of its investment properties. At year-end, management measured the fair value of the Group’s investment properties, which is disclosed in the notes to the consolidated financial statements. As at December 31, 2022 the cost of the Group’s investment properties was $201,371,966 and the fair value was $247,168,952. Management applied an internal valuation model using either the income capitalization approach or the discounted cash flow approach to determine the fair value of each investment property. The direct comparison method was used for investment properties consisting solely of land. Management utilized both internal and external valuation specialists in determining the fair value of investment properties at December 31, 2022.

We identified the valuation of fair value of investment properties as a key audit matter because management made significant assumptions relating to the capitalization rate and forecasted stabilized net operating income for each investment property in its internal model that applied the income capitalization approach. Similarly, management made significant assumptions relating to the terminal value and discount rate applied in the discounted cash flow approach. These significant assumptions involve a high degree of estimation uncertainty and complexity. This resulted in significant audit effort, including the use of valuation specialists and a high degree of auditor judgment to evaluate the additional audit evidence obtained.

How our audit addressed the Key Audit Matter

Our audit procedures relating to the valuation of investment properties included the following, among others:

- We assessed the reasonableness of the valuation methodology used by management and evaluated the model for mathematical accuracy;
- We assessed the competency and objectivity of those involved in the valuation of investment properties, including management's internal valuation team and management's external specialists by considering their qualifications and expertise;
- We evaluated the appropriateness of the underlying data used in the calculation of the income capitalization valuation or the discounted cash flow valuation for each property; and
- For a sample of properties, we utilized an internal valuation specialist to assist in assessing the reasonableness of the assumptions in management's valuation model by comparing them to independent regional market data, industry averages and improved comparable sales.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovcic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 28, 2023
Toronto, Ontario

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31 (Expressed in Canadian Dollars)

		2022		2021
ASSETS				
Investment properties (note 5)	$	201,371,966	$	140,213,868
Investment in equity-accounted investees and long-term receivable (note 6)		13,080,286		14,435,303
Prepaid expenses and other assets (note 7)		4,296,261		140,137
Accounts receivable (note 8)		1,414,159		1,054,139
Cash		19,471,763		21,797,256
	$	**239,634,435**	**$**	**177,640,703**
LIABILITIES AND EQUITY				
Liabilities				
Debt (note 9)	$	76,353,308	$	17,126,214
Accounts payable and other liabilities (note 10)		5,127,287		2,188,409
		81,480,595		**19,314,623**
Equity (note 11)				
Share capital		172,901,571		168,898,901
Contributed surplus		4,371,218		3,175,065
Deficit		(19,118,949)		(13,747,886)
		158,153,840		**158,326,080**
	$	**239,634,435**	**$**	**177,640,703**

Commitments (note 6)
Subsequent events (note 22)

Approved and authorized by the Board on March 28, 2023:

"Steven Scott" Director *"Iqbal Khan"* Director

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Years Ended December 31 (Expressed in Canadian Dollars)

		2022		2021
Investment properties revenue (note 12)	$	11,069,394	$	5,778,651
Investment properties expenses		(5,185,685)		(2,456,090)
Net rental income		5,883,709		3,322,561
Other income (loss)				
Share of profit (loss) from equity-accounted investees (note 6)		198,775		(289,233)
Interest and other income		300,035		280,443
		498,810		(8,790)
Other expenses				
General and administrative expenses (note 13)		1,983,075		1,377,252
Share-based compensation (note 11(b))		1,196,153		3,175,065
Depreciation (note 5)		4,587,842		1,966,821
Finance costs (note 14)		2,175,182		770,161
		9,942,252		7,289,299
Loss before tax		**(3,559,733)**		**(3,975,528)**
Income tax recovery (expense) (note 15)		80,325		(12,847)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$**	**(3,479,408)**	**$**	**(3,988,375)**
Loss per share attributable to shareholders of the Company:				
Basic	$	(0.01)	$	(0.02)
Diluted	$	(0.01)	$	(0.02)
Weighted average number of common shares outstanding:				
Basic		237,340,170		215,592,019
Diluted		237,340,170		215,592,019

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31 (Expressed in Canadian Dollars)

	2022	2021
OPERATING ACTIVITIES		
Net loss for the year	$ (3,479,408)	$ (3,988,375)
Items not affecting cash:		
Share of (profit) loss from joint venture	(198,775)	266,390
Share of loss from associate	-	22,843
Share-based compensation	1,196,153	3,175,065
Unrealized foreign exchange	(77,353)	5,303
Depreciation	4,587,842	1,966,821
Finance costs	2,175,182	770,161
Changes in non-cash working capital items:		
Accounts receivable	(348,079)	(756,750)
Prepaid expenses and other assets	(4,156,124)	(52,587)
Accounts payable and other liabilities	1,866,800	757,433
Cash flows from operating activities	1,566,238	2,166,304
INVESTING ACTIVITIES		
Acquisition of investment properties	(41,290,982)	(99,512,037)
Contributions to joint venture (note 6)	(557,692)	(172,456)
Distributions from joint venture (note 6)	2,194,620	-
Cash flows used in investing activities	(39,654,054)	(99,684,493)
FINANCING ACTIVITIES		
Proceeds from private placements (note 11(a))	-	125,261,003
Share issuance costs	-	(5,523,590)
Proceeds from exercise of stock options	-	71,000
Proceeds from debt issuance	46,986,631	-
Share buybacks (note 11(a))	(8,022,422)	-
Repayment of debt (note 9)	(782,742)	(8,816,496)
Interest paid	(2,034,012)	(752,387)
Debt issuance costs	(367,408)	(61,087)
Cash flows from financing activities	35,780,047	110,178,443
Change in cash during the year	(2,307,769)	12,660,254
Effect of exchange rate changes on cash	(17,724)	(3,320)
Cash, beginning of year	21,797,256	9,140,322
CASH, END OF YEAR	**$ 19,471,763**	**$ 21,797,256**

Supplemental disclosure with respect to cash flows (note 18)

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital				
	Number	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
Balance, December 31, 2020	**114,854,257**	**$ 43,405,872**	**$ 34,700**	**$ (9,759,511)**	**$ 33,681,061**
Shares issued – private placements	115,928,390	125,261,003	-	-	125,261,003
Shares issued – consideration for acquisition of investment properties	3,431,033	5,633,900	-	-	5,633,900
Shares issued – exercise of stock options	250,000	105,700	(34,700)	-	71,000
Share issuance costs	-	(5,507,574)	-	-	(5,507,574)
Share-based compensation	-	-	3,175,065	-	3,175,065
Net loss for the year	-	-	-	(3,988,375)	(3,988,375)
Balance, December 31, 2021	**234,463,680**	**168,898,901**	**3,175,065**	**(13,747,886)**	**158,326,080**
Shares issued – consideration for acquisition of investment properties (note 11(a))	7,885,982	10,133,437	-	-	10,133,437
Purchase and cancellation of common shares under NCIB (note 11(a))	(8,299,000)	(6,130,767)	-	(1,891,655)	(8,022,422)
Share-based compensation (note 11(b))	-	-	1,196,153	-	1,196,153
Net loss for the year	-	-	-	(3,479,408)	(3,479,408)
Balance, December 31, 2022	**234,050,662**	**$ 172,901,571**	**$ 4,371,218**	**$ (19,118,949)**	**$ 158,153,840**

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

1. DESCRIPTION OF BUSINESS

Parkit Enterprise Inc. ("Parkit" or the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on December 6, 2006. The Company was continued into the Province of Ontario on July 9, 2021. The Company's head office, principal address is 100 Canadian Rd, Toronto, Ontario, Canada, M1R 4Z5, and its registered and records office is Suite 6000, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada, M5X 1E2. Parkit's common shares are listed on TSX Venture Exchange ("TSX-V") (Symbol: PKT).

Parkit is engaged in the acquisition, growth and management of industrial real estate in Canada to complement its parking assets in the United States. The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

2. BASIS OF PRESENTATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company presents its consolidated statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity. The Company considers this presentation to be more relevant than a classified balance sheet distinguished between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within one year from the reporting period, and non-current assets and liabilities are those where the recovery or settlement is expected to be greater than a year from the reporting period.

Certain comparative figures in preparing these consolidated financial statements have been reclassified to conform to the current year presentation.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. In addition, these consolidated financial statements have been prepared under the accrual basis of accounting, except for cash-flow information. The consolidated financial statements were prepared on a going concern basis, and are presented in Canadian dollars, which is the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation.

Subsidiaries are all entities over which the Company has control. Control is defined as where the Company is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

The principal subsidiaries of the Company are as follows:

Name of Subsidiary	Place of Incorporation	Percentage Ownership December 31, 2022	Percentage Ownership December 31, 2021	Principal Activity	Functional Currency
Greenswitch Capital Ltd.	Canada	100%	100%	Holding	CAD
Greenswitch America Inc.	USA	100%	100%	Holding	CAD

b) Asset acquisitions and business combinations

The Company accounts for acquisitions under IFRS 3, “Business Combinations”, using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company.

In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Company has an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. When substantially all of the fair value of the gross assets acquired is concentrated into a single assets (or group of similar assets), the transaction is accounted for as an asset acquisition.

Accounting for asset acquisitions

For asset acquisitions, the consideration paid is allocated to the identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. Any transaction costs with respect to an asset acquisition are capitalized to the underlying asset.

c) Investment properties

Investment properties include industrial properties that are held for long-term rental yields or capital appreciation or both, and that are not occupied by the Company. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment properties are measured initially at its cost, including related transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investment properties (continued)

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. Subsequent expenditures, including tenant improvements, are capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed when incurred and are included in the consolidated statement of operations.

Once an asset is available for use in the location and condition intended by management, it is depreciated to its residual value using the appropriate depreciation rate set forth by management. Land is not depreciated.

Depreciation is calculated on a straight-line basis over their estimated useful lives, as follows:

Buildings and improvements:	Structures	4%
	Roofs	5%
	Parking lots	6.7%
	Equipment	6.7% to 25%

The residual value and useful life of real estate is reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in the consolidated statements of operations when the item is derecognized.

d) Investment in associates and joint ventures

Associates are investments over which the Company exercises significant influence but does not control or jointly control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control for strategic financial and operating decisions. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method. The equity method involves recording the initial investment at cost, which represents the fair value of the consideration paid. When the Company recognizes an investment in an associate on the loss of control of a former subsidiary, cost is measured as the fair value of the investment retained in the former subsidiary.

Thereafter, the carrying value of the investment is increased by additional contributions to the associate or joint venture, and decreased for any distributions received from the associate or joint venture. The carrying value is also adjusted for the Company's share of the profit or loss, and other comprehensive profit or loss of the associate or joint venture after the initial date of recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investment in associates and joint ventures (continued)

Financial statements of the associate and joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

When the Company's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If such evidence exists, the investment is tested for impairment. An impairment loss is recognized as the amount by which the carrying value exceeds the recoverable amount of the investment. Impairment losses are reversed to the extent the recoverable amount subsequently increases.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and short-term liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Foreign exchange and functional currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and each of its subsidiaries is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars.

Transactions and balances in foreign currencies

In preparing the financial results of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in currencies other than the functional currency of the individual entities are translated using the period end foreign exchange rate. Non-monetary assets, liabilities and equity are translated using the rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in net income or loss.

g) Leases

Company is the lessee

The Company assesses whether a contract is or contains a lease, at the inception of a contract.

The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of operations on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Leases (continued)

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of operations.

Company is the lessor

The Company has not transferred substantially all the risks and benefits of ownership of its investment properties and, therefore, accounts for its leases with tenants as operating leases. Lease income from operating leases where the Company is a lessor is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position in accordance with their nature.

Revenue recognition under a lease commences when the tenant has the right to use the leased asset, which is typically when the tenant takes possession of, or controls, the physical use of the leased property, which generally occurs on the lease commencement date. The Company assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

h) Impairment of non-financial assets

At the end of each reporting period, the Company’s non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. Assets that have an indefinite useful life – for example, goodwill – are not subject to amortization and are tested annually for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net income or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment of non-financial assets (continued)

Non-financial assets other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of operations.

i) Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets:

Amortized Cost – Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

Fair Value through Other Comprehensive Income ("FVOCI") – Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest. The Company currently does not have any FVOCI assets.

Fair value through profit or loss ("FVTPL") – Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. On initial recognition of an equity investment that is not held-for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. There is no subsequent reclassification of fair value changes to earnings following the derecognition of the investment. However, dividends that reflect a return on investment continue to be recognized in net earnings. This election is made on an investment-by-investment basis.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net earnings.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for accounts receivables.

The Company recognizes in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of operations and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVOCI remain within accumulated other comprehensive income (loss).

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net earnings. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net earnings. Any gain or loss on derecognition is also recognized in net earnings.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net earnings based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations.

Designation of financial instruments:

The following summarizes the Company's measurement of financial assets and financial liabilities:

	Measurement
Financial asset	
Cash	FVTPL
Accounts receivable	Amortized cost
Long-term receivable	Amortized cost
Interest rate swap (1,2)	FVTPL
Financial liabilities	
Fixed rate mortgages (1)	Amortized cost
Variable rate mortgages with interest rate swaps (1)	FVTPL
Accounts payable and other liabilities (3)	Amortized cost
Accrued interest (3)	Amortized cost
Tenant deposits(3)	Amortized cost

(1) Included in "Debt" in the consolidated statements of financial position.

(2) On recognition, the interest rate swap is valued at cost. Subsequently, the interest rate swap is valued at the present value of the estimated future cash flows based on observable yield curves with the change in fair value being recorded in profit or loss. The assessment of whether the swap is a financial asset or a financial liability is determined based on its net position as at the reporting date. See note 9 for additional disclosure on the interest rate swap.

(3) Included in "Accounts payable and other liabilities" in the consolidated statements of financial position.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significant inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

Provisions are recognized when the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes if their recovery is deemed probable.

k) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of new shares are recognized in equity, net of tax, as a deduction from the share proceeds.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares.

l) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity in the period that services are received.

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of equity settled share options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Consideration paid for the shares on the exercise of stock options is credited to share capital, and the applicable amounts in contributed surplus are transferred to share capital.

m) Contributed surplus

The contributed surplus recorded in equity on the Company's statements of financial position includes the fair values of share-based payments and warrants. Upon expiration of stock options, the applicable amounts in contributed surplus are transferred to deficit. Upon expiration of warrants accounted for as share-based payments and originally recorded as share issue costs, the applicable amounts in contributed surplus are transferred to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Investment properties revenue

The Company accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment properties.

Revenue from investment properties includes base rents that each tenant pays in accordance with the terms of its respective lease, recoveries of operating expenses, including property taxes, common area maintenance, lease termination fees and other incidental income. Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Company provides incentives to its tenants, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

Recoveries of operating expenses from tenants are recognized as revenue in accordance with the terms of the underlying leases, which is generally in the year in which the corresponding costs are incurred. Other revenue is recorded at the time the service is provided.

o) Finance costs

Finance costs include interest expense on debt and amortization associated with financing costs incurred in connection with obtaining long-term financings. Financing costs incurred are amortized using the effective interest rate method over the term of the related debt. Financing costs incurred are fully amortized when debt is retired before maturity.

p) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

q) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share does not adjust the earnings (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) New accounting standards and interpretations adopted

Accounting pronouncements which became effective from January 1, 2022 did not have a significant impact on the Company's consolidated financial results or position for the year ended December 31, 2022.

t) New standards and interpretations issued but not yet effective

At the date of authorization of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement, and are not expected to have a material impact on the Company's consolidated financial statements at this time.

4. CRITICAL ACOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires that the Company's management make assumptions and estimates of effects of various future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's consolidated statements of financial position reported in future periods.

a) Critical judgments

Investment properties

The Company's accounting policies relating to its investment properties are described in note 3(c). In applying these policies, judgment is required in determining whether certain costs represent additions to the carrying amount of the property and distinguishing between tenant incentives and capital improvements. The Company's management also applies judgment in determining when property under development qualifies as an income property, which is when fair value can be reliably measured or construction of the property under development is substantially complete (whichever is earlier).

At the time of acquisition of a property, whether through controlling share investment or directly, the Company considers whether the acquisition represents an acquisition of a business under IFRS 3, Business Combinations. Such determination may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined by IFRS 3, and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business. The Company elected to use the optional concentration test under IFRS 3 to the acquisition of the investment properties for the year ended December 31, 2022 and for the year ended December 31, 2021 and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset. The cost is accounted for as a group of assets and liabilities and the transaction costs are allocated to the assets and liabilities acquired based on their relative fair values. No goodwill is recognized for an asset acquisition.

4. CRITICAL ACOUNTING ESTIMATES AND JUDGMENTS

a) Critical judgments (continued)

Leases – the Company as a lessor

The Company makes judgments in determining whether certain leases, in particular tenant leases, where the Company is the lessor, are either operating or finance leases. The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Investments in joint venture and associate

The Company, through its subsidiary Greenswitch America, Inc. (“Greenswitch America”) holds investments in parking real estate in the United States of America, and is a party to a number of arrangements whereby the Company makes judgments in assessing the degree of control it exerts over the investee in order to classify the investee as a subsidiary, associate or joint venture.

A joint arrangement is a contractual arrangement pursuant to which the Company and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements that involve the establishment of a separate entity or partnership in which each party to the arrangement has rights to the net assets of the arrangements are referred to as joint ventures.

In assessing control and significant influence, the Company considers the structure and form of the arrangements, the terms agreed by the parties in the contractual arrangements and the Company’s rights and obligations arising from the arrangements.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Company applies judgment in recognizing its share of the profit and loss of certain investees that have different class of membership units and the entitlements to distributions from these investments are different among each class.

Impairment testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required.

Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management’s judgment of the underlying transactions, events and conditions relevant to each entity.

4. CRITICAL ACOUNTING ESTIMATES AND JUDGMENTS (continued)

b) Critical estimates and assumptions

Investment properties

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 loss. The carrying value of the Company's investment properties incorporate estimates, assumptions and judgments relative to the determining the initial purchase price allocations to the significant components of the investment property acquired, and the useful lives and residual values of the assets.

Fair value disclosures

The fair values of investment properties and financial instruments are determined by using valuation techniques. Estimates and assumptions used in determining fair value of investment properties include capitalization rates and stabilized net operating income used in the direct capitalization income approach. A change to any of these inputs could significantly affect the fair value of an investment property. For further details of the assumptions and estimates made see note 21.

Accounting for investments in associates and joint ventures

In applying equity accounting, the Company reviews the accounting policies of the investee and if necessary, make any adjustments in line with those of the Company.

An earnings-based contingency recognized in the Company's associate, Green Park Denver, meets the definition of a financial asset as it represents a contractual right to receive cash or other financial assets (note 6). The associate accounts for the earnout receivable as financial asset measured at fair value through profit and loss. The determination of the fair value is based on the discounted value of anticipated future receipts. The final tranche of the consideration receivable is payable upon disposition of certain assets in OP Holdings JV LLC ("OP Holdings"), the timing of which is unknown as of December 31, 2022. The Company uses a weighted average probability of the expected timing for the pay-out of the earnout receivable. For further details of the assumptions and estimates made see note 6.

The other key assumptions take into consideration the probability of meeting the performance target, level of future profits of the disposed business and the discount factor. The key assumptions taken into consideration to determine the fair value as at December 31, 2022 include 90% (December 31, 2021 – 90%) probability of meeting performance target, and a 10% (December 31, 2021) discount factor.

Share-based compensation

The Company uses the Black-Scholes model to estimate the fair value of share-based compensation. The assumptions and inputs used for estimating fair value for the share-based compensation are disclosed in note 11.

Income Taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

(Expressed in Canadian Dollars)

5. INVESTMENT PROPERTIES

Investment properties include industrial properties that are held for long-term rental yields or capital appreciation or both, and that is not occupied by the Company. Investment properties also include property that is being constructed or developed for future use as investment properties.

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 loss.

		December 31, 2022		December 31, 2021
Balance at beginning of year	$	140,213,868	$	36,250,000
Additions:				
Direct acquisitions		57,913,437		100,633,400
Building improvements		6,395,025		2,641,149
Transaction costs and land transfer taxes		1,437,478		2,656,140
Total additions to investment properties		**65,745,940**		**105,930,689**
Changes included in net loss:				
Depreciation		(4,587,842)		(1,966,821)
Total changes included in net loss		**(4,587,842)**		**(1,966,821)**
Balance at end of year (i)(ii)	**$**	**201,371,966**	**$**	**140,213,868**

i. Certain investment properties are pledged as security for debt as of December 31, 2022 (note 9).

ii. See note 21 for additional disclosure on the estimated fair value of the investment properties.

Acquisitions

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of the investment properties for the year ended December 31, 2022 and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset.

(Expressed in Canadian Dollars)

5. INVESTMENT PROPERTIES (continued)

Acquisitions (continued)

The Company's investment properties acquisitions for the year ended December 31, 2022 are detailed below:

		Purchase price	Date acquired
1665 Lionel-Bertrand Boulevard, Boisbriand, Quebec	$	8,500,000	January 7, 2022
568 Second Street, London, Ontario		8,500,000	February 22, 2022
3455 Mainway Drive, Burlington, Ontario		6,180,000	May 2, 2022
5300 Harvester Rd, Burlington, Ontario		17,133,437	May 11, 2022
1155 Lola Street, Ottawa, Ontario		17,600,000	May 25, 2022
Total direct acquisition of investment properties	**$**	**57,913,437**	

Consideration for the $57,913,437 in direct acquisitions for the year ended December 31, 2022 was satisfied by the issuance of 7,885,982 common shares of the Company for $10,133,437 (note 11(a)), the assumption of mortgages of $13,266,748 (note 9) and by the remaining $34,513,252 from cash on hand.

The Company's investment properties acquisitions for the year ended December 31, 2021 are detailed below:

		Purchase price	Date acquired
5610 Finch Ave East, Toronto, Ontario	$	12,250,000	March 15, 2021
1165 Kenaston Street, Ottawa Ontario		29,033,400	March 18, 2021
415 Legget Drive, Ottawa, Ontario		24,500,000	July 6, 2021
1151 Parisien Street, Ottawa, Ontario		13,250,000	October 6, 2021
720 Tapscott Road, Toronto, Ontario		3,600,000	October 8, 2021
1485 Speers Road, Oakville, Ontario		18,000,000	December 15, 2021
Total direct acquisition of investment properties	**$**	**100,633,400**	

Consideration for the $100,633,400 in direct acquisitions for the year ended December 31, 2021 was satisfied by the issuance of 3,431,033 common shares of the Company for $5,633,900 (note 11(a)) and by the remaining $94,999,500 from cash on hand.

(Expressed in Canadian Dollars)

5. INVESTMENT PROPERTIES (continued)

Gross carrying amounts and accumulated depreciation

		Income-Producing Properties		Development Costs		Total
COST						
Balance December 31, 2021	$	139,642,250	$	2,538,439	$	142,180,689
Additions		64,204,567		1,541,373		65,745,940
Balance December 31, 2022	$	203,846,817	$	4,079,812	$	207,926,629
ACCUMULATED DEPRECIATION						
Balance December 31, 2021	$	(1,966,821)	$	-	$	(1,966,821)
Depreciation		(4,587,842)		-		(4,587,842)
Balance December 31, 2022	$	(6,554,663)	$	-	$	(6,554,663)
NET BOOK VALUE						
December 31, 2021	$	137,675,429	$	2,538,439	$	140,213,868
December 31, 2022	$	197,292,154	$	4,079,812	$	201,371,966

Minimum rental income commitments

The Company leases industrial properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining terms are as follows:

		December 31, 2022
2023	$	8,962,394
2024		7,959,269
2025		7,256,055
2026		6,838,061
2027		6,582,074
2028+		25,146,357
Total	**$**	62,744,210

(Expressed in Canadian Dollars)

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES AND LONG-TERM RECEIVABLE

	December 31, 2022	December 31, 2021
Investment in joint venture	$ 11,159,718	$ 12,597,871
Investment in associate	620,344	620,344
Long-term receivable	1,300,224	1,217,088
Balance at end of year	**$ 13,080,286**	**$ 14,435,303**

Investment in joint venture

Carrying amounts of joint venture

The carrying amounts of the Company's investment in joint venture is as follows:

	December 31, 2022	December 31, 2021
Balance – beginning of year	$ 12,597,871	$ 12,691,805
Contributions	557,692	172,456
Distributions	(2,194,620)	-
Share of profit (loss) from joint ventures	198,775	(266,390)
Balance – end of year	**$ 11,159,718**	**$ 12,597,871**

Interests in joint venture

The Company uses the equity method for accounting for its joint venture. The significant joint venture of the Company is as follows:

Name of Joint Venture	Place of Incorporation	Percentage Membership Interest December 31, 2022(i)	Principal Activity	Functional Currency
PAVe Admin, LLC	Delaware, USA	50%	Member/Manager of Parking Acquisition Ventures LLC	USD

i. Percentage membership interest for the comparative period was 50% at December 31, 2021.

In April 2015, the Company's subsidiary, Greenswitch America Inc. and Parking Real Estate, LLC ("PRE"), jointly created separate legal entities, Parking Acquisition Ventures, LLC ("PAVe LLC") and PAVe Admin, LLC ("PAVe Admin") to manage and oversee the parking assets of OP Holdings JV, LLC ("OP Holdings"), as an administrator. PAVe Admin is an entity created for legal purposes and consolidates PAVe LLC under IFRS.

PAVe LLC has different class of membership units, and the entitlements to distributions from these investments are different among each class PAVe LLC.

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES AND LONG-TERM RECEIVABLE (continued)

Interests in joint venture (continued)

The Company is entitled to an 82.83% (December 31, 2021 – 82.83%) pro-rata allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (December 31, 2021 - 29.45%) equity member of OP Holdings with PAVe LLC accounting for OP Holdings as an investment in associate. OP Holdings holds a portfolio of U.S. based parking facilities, including Canopy Airport Parking ("Canopy"), previously held by the Company's associate Green Park Denver, LLC ("Green Park Denver").

PAVe LLC also consolidates PAVe Nashville, LLC ("Nashville") which owns Fly Away Parking. Nashville is held by PAVe LLC directly, and is not part of OP Holdings. The Company is entitled to a 50% allocation of distributions from Nashville to PAVe LLC.

Commitments

Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, the Company has a commitment to contribute up to 5% of any capital call made by the OP Holdings 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. No provision has been accrued by the Company at December 31, 2022 (December 31, 2021 - $Nil) with respect to this commitment.

In connection with the acquisition of Fly-Away Parking in October 2015, Greenswitch America together with PAVe and two other parties (collectively the "Borrowers") entered into a loan and security agreement pursuant to which the Borrowers received a bank loan as partial consideration for the acquisition (the "Loan"). In connection with the Loan, the Borrowers have each granted a security interest in all of their present and future assets and property including the property and assets of Fly-Away Parking. The loan bears interest at LIBOR plus 285 basis points and matures on March 31, 2023. As of December 31, 2022, the outstanding principal balance was US$4,003,390. No provision has been accrued by the Company at December 31, 2022 (December 31, 2021 - $Nil) with respect to this commitment.

(Expressed in Canadian Dollars)

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES AND LONG-TERM RECEIVABLE (continued)

Summarized financial information of joint ventures

The assets and liabilities of the joint venture translated into Canadian dollars are summarized as follows:

		December 31, 2022		December 31, 2021
Assets				
Cash	$	377,091	$	489,443
Other current assets		-		10,487
Parking facility		6,120,383		5,986,864
Goodwill		940,244		880,125
Interest in associate		11,582,465		15,535,639
		19,020,183		22,902,558
Liabilities				
Accounts payable		106,937		829,686
Borrowings		6,293,113		6,601,074
		6,400,050		7,430,760
Net assets of joint ventures		**12,620,133**		**15,471,798**
Net assets attributable to the Company (i) (ii)	**$**	**12,385,058**	**$**	**12,863,070**
Investment in joint venture (iii)	**$**	**11,159,718**	**$**	**12,597,871**

The operations of the joint ventures translated using average exchange rates for the period are summarized as follows:

		Year ended December 31, 2022		Year ended December 31, 2021
Property revenue	$	2,723,740	$	1,618,382
Property expenses		(2,244,951)		(1,713,152)
Net property income (loss)		478,789		(94,770)
Depreciation expense		(264,607)		(240,674)
Mortgage interest expense		(292,659)		(300,506)
Loss – property operations		(78,477)		(635,950)
Profit from associate		387,370		65,796
General and administrative expenses		(84,302)		-
Profit (loss)		224,591		(570,154)
Share of profit or (loss) from joint ventures (iv)	**$**	**198,775**	**$**	**(266,390)**

(Expressed in Canadian Dollars)

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES AND LONG-TERM RECEIVABLE (continued)

Summarized financial information of joint venture (continued)

i. The joint venture has different classes of membership units, and the entitlements to voting and distributions are different among each membership class. The Company's entitlements to each membership class ranges from 0% to 82.83%. Under the equity method, on initial recognition the investment in the joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

ii. The functional currency of the joint venture is the United States dollar. The net assets of the joint venture and the net assets attributable to the Company in the above table were translated using the period end exchange rates.

iii. In accordance with the Company's accounting policy, the carrying value of the investment in the joint venture on the consolidated statements of financial position is translated into Canadian dollars at historical cost. The difference in the translation method accounts for the difference between "net assets attributable to the Company" and "investment in joint venture" in the above table.

iv. The Company, based on its membership in the OP Holdings joint venture and Fly Away Parking joint venture, is entitled to profits (losses) on the investments included in the joint ventures ranging from 50% to 82.8% based on the membership agreement and waterfall calculations for each joint venture. As a result, the calculated percentage of the Company's total share of profits (losses) of the joint venture profits (losses) will vary from period to period.

<u>Investment in Associate</u>

Carrying amounts of associate

The carrying amounts of the Company's investment in associate is as follows:

		December 31, 2022		December 31, 2021
Balance – beginning of year	$	620,344	$	643,187
Share of loss from associate		-		(22,843)
Balance – end of year	**$**	**620,344**	**$**	**620,344**

Interest in associate

In April 2015, the Company's then subsidiary Green Park Denver, LLC ("Green Park Denver") sold Canopy Airport Parking ("Canopy") to OP Holdings JV, LLC ("OP Holdings"), and in July 2015 Green Park Denver was deconsolidated as a subsidiary with the fair value of the retained interest in Green Park Denver recorded as an investment in associate accounted for using the equity method.

The only significant asset retained in the associate is an earnout receivable from OP Holdings. The associate measures the earnout receivable at fair value through profit or loss. The associate has no continuing operations and is being maintained to receive the earn-out payments.

The earn-out is payable in three tranches. The first tranche was earned and paid upon achievement of targets on April 22, 2016. The second tranche was earned and paid upon achievement of targets on April 22, 2017. The final tranche is payable upon disposition of certain assets in OP Holdings. Pursuant to the members' agreement, the Company's interest was 47.7% for the first tranche and 40.6% for the second and third tranches.

(Expressed in Canadian Dollars)

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES AND LONG-TERM RECEIVABLE (continued)

Summarized financial information of associate

The assets and liabilities of the associate translated using the period end foreign exchange rates are summarized as follows:

		December 31, 2022		December 31, 2021
Non-current assets				
Earnout receivable(i)	$	1,736,198	$	1,625,307
Net assets of associate		1,736,198		1,625,307
Company's interests in net assets		40.6%		40.6%
Net assets attributable to the Company (ii)	**$**	**704,896**	**$**	**659,875**
Investment in associate – carrying value at historical cost (iii)	**$**	**620,344**	**$**	**620,344**

i. The associate accounts for the earnout receivable as a financial asset measured at fair value through profit and loss. The final tranche of the consideration receivable is payable upon disposition of certain assets in OP Holdings the timing of which is unknown as of December 31, 2022. The associate estimates fair value using a weighted average probability of the expected timing for the pay-out of the earnout receivable. The other key assumptions taken into consideration to determine the fair value as at December 31, 2022 include 90% (December 31, 2021 – 90%) probability of meeting the performance target, and a 10% (December 31, 2021 - 10%) discount factor.

ii. The functional currency of the associate is the United States dollar. The net assets of the associate and the net assets attributable to the Company in the above table were translated into Canadian dollars using the period end exchange rates.

iii. In accordance with the Company's accounting policy, the carrying value of the investment in associate on the consolidated statements of financial position is translated into Canadian dollars at historical cost. The difference in the translation method accounts for the difference between "net assets attributable to the Company" and "investment in joint venture" in the above table.

Long-term receivable

		December 31, 2022		December 31, 2021
Advances to PRE	$	1,300,224	$	1,253,603
Less current portion (note 8)		-		(36,515)
Long term receivable	**$**	**1,300,224**	**$**	**1,217,088**

At the inception of the joint ventures, the Company advanced funds 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. As at December 31, 2022, the balance of the advance to PRE was $1,300,224 (US$960,000), which is to be repaid upon disposition of certain investments or parking assets.

(Expressed in Canadian Dollars)

7. PREPAID EXPENSES AND OTHER ASSETS

		December 31, 2022		December 31, 2021
Current:				
Prepaid expenses and deposits	$	1,296,261	$	140,137
Funds held in trust [(i)]		3,000,000		-
	$	**4,296,261**	**$**	**140,137**

i. As at December 31, 2022, the Company paid $3,000,000 in trust to be applied against the final purchase price of an acquisition completed subsequent to year-end (note 22).

8. ACCOUNTS RECEIVABLE

		December 31, 2022		December 31, 2021
Current:				
Rent receivable on investment properties	$	588	$	107,091
Accrued tax, maintenance and insurance recoveries		327,276		248,069
Management fees		60,812		363,225
Current portion of advances to PRE (note 6)		-		36,515
Other receivables		536,220		98,381
		924,896		853,281
Non-current:				
Straight-line rent adjustments		489,263		200,858
	$	**1,414,159**	**$**	**1,054,139**

(Expressed in Canadian Dollars)

9. DEBT

The following table summarized the debt as of December 31, 2022 and December 31, 2021.

	December 31, 2022				December 31, 2021			
	Rate Range	**Weighted Average**		**Balance**	**Rate Range**	**Weighted average**		**Balance**
Mortgages:								
At amortized cost - Fixed	2.31% to 5.68%	3.65%	$	19,101,546	4.46%	4.46%	$	8,199,628
	Maturity: Jan 2024 to Dec 2025				*Maturity: Jan 2024*			
At FVTPL - Mortgage				14,180,064				8,876,796
- Fixed via Interest rate swap (ii)				(1,126,061)				108,488
		3.56%		13,054,003		3.49%		8,985,284
	Maturity: May 2025 to Nov 2029				*Maturity: Nov 2029*			
Credit facilities:								
At FVTPL – Credit facilities				45,121,773				-
- Fixed via Interest rate swap (v)				(621,773)				-
		5.42%		44,500,000				-
	Maturity: Jan 2025							
Total Debt (i)		**4.66%**		**76,655,549**		**3.95%**		**17,184,912**
Financing costs, net (iii)				(302,241)				(58,698)
Carrying value (iv)			$	**76,353,308**			$	**17,126,214**

i. The mortgage is collateralized by a first charge on specific investment properties (note 5).

ii. The mortgage models a fixed rate mortgage with a set interest rate ranging from of 3.49% to 3.69% over a 5-to-10-year amortization period with a fixed monthly repayment. The mortgages consist of a banker's acceptance (BA) rate of 4.48% to 4.52% plus associated BA stamping fees of 1.50% to 2.75% per annum. There is an interest rate swap that limits the floating interest rate exposure under the loans to a fixed rate between the range of 3.49% to 3.69% per annum. The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying mortgage payable. The mortgage and interest rate swap have been accounted for at FVTPL. As at December 31, 2022, the interest rate swap on mortgages was in a net asset position of $1,126,061 (December 31, 2021 – liability position $108,488).

iii. The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization of $143,536 as at December 31, 2022 (December 31, 2021 - $19,671).

iv. See note 21 for additional disclosure on the estimated fair value of the debt.

v. The Company has entered into a series of swap agreements to fix the interest rate of between 5.10% to 5.72% on the $44,500,000 combined line of credit, for the remainder of the loan term maturing on January 28, 2025. The total credit available on this line is $55,000,000. The swap contracts require settlement of net interest receivable or payable every 30 days and have been accounted for at FVTPL. Additionally, the bank has entered into interest swap cancellation agreements, allowing them to cancel the original swap agreements at specified dates, ranging between January 28, 2025 and December 10, 2025. As of December 31, 2022, the interest rate swap on mortgages was in a net asset position amounting to $621,773.

(Expressed in Canadian Dollars)

9. DEBT (continued)

The following table provides a continuity of total debt for the years ended December 31, 2022 and December 31, 2021.

		Year ended December 31, 2022		Year ended December 31, 2021
Balance at beginning of year	**$**	17,126,214	$	25,923,039
Debt issuance [(i)]		46,986,631		-
Debt assumed on acquisition of investment properties (note 5)		13,266,748		-
Debt issuance costs		(367,408)		-
Debt repayment [(i), (ii)]		(782,742)		(8,816,496)
Change in fair value of mortgage payable measured at FVTPL		1,856,322		515,703
Change in fair value of interest rate swap		(1,856,322)		(515,703)
Amortization of debt issuance costs		123,865		19,671
Balance at end of year	**$**	**76,353,308**	**$**	**17,126,214**

i. Debt issuance is net of debt repayments on the revolving credit facility at a financial institution.

ii. During the year ended December 31, 2021, $8,350,168 in vendor take-back loans were repaid in full.

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

		Total
2023	$	1,024,925
2024 [(i)]		8,557,192
2025 [(i)]		59,187,560
2026		299,646
2027		310,272
Thereafter [(i)]		7,275,954
	$	**76,655,549**

i. Includes debt balance due at maturity.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

		December 31, 2022		December 31, 2021
Current:				
Accounts payable and accrued liabilities	$	3,688,683	$	1,630,103
Rents received in advance		241,509		116,979
Accrued interest on debt (note 9)		73,632		56,328
Other liabilities		-		4,349
		4,003,824		1,807,759
Non-current:				
Tenant deposits		1,123,463		380,650
	$	**5,127,287**	**$**	**2,188,409**

11. EQUITY

a) Authorized

Unlimited number of common shares without par value.

On February 17, 2021, the Company completed a bought deal private placement offering of 72,631,585 common shares of the Company at a price of $0.95 per common share, for aggregate gross proceeds of $69,000,006. Net proceeds reflected a 4.75% commission. Concurrent with the offering, the Company completed a non-brokered private placement offering of 15,789,473 common shares at a price of $0.95 per common share for aggregate gross proceeds of $14,999,999. As part of the non-brokered private placement, the Company paid back the vendor take back loans for 5600 Finch Ave East and 4390 Paletta Court in full for $8.4 million plus interest (note 9). These vendors used a portion of the funds to participate in the non-brokered private placement. The securities issued in connection with the two private placements, which closed February 17, 2021, were issued pursuant to applicable exemptions from the prospectus requirements under applicable securities laws. Such securities were subject to a four month hold period which expired on June 18, 2021. Share issuance costs for these private placements totaled $3,523,271.

On March 18, 2021, the Company completed a bought deal private placement offering of 26,841,000 common shares of the Company at a price of $1.50 per common share, for aggregate gross proceeds of $40,261,500. Net proceeds reflected a 4.5% commission. Concurrent with the Offering, the Company completed a non-brokered private placement offering of 666,332 common shares at a price of $1.50 per common share for aggregate gross proceeds of $999,498. The securities issued in connection with the two private placements, which closed March 18, 2021, were issued pursuant to applicable exemptions from the prospectus requirements under applicable securities laws. Such securities were subject to a four month hold period which expired on July 19, 2021. Share issuance costs for these private placements totaled $1,984,303.

On March 18, 2021, the Company issued 2,667,000 common shares valued at a pre-approved deemed value of $1.50 per common share as part of the consideration for an investment property acquisition. The Company measured the fair value of the consideration of the 2,667,000 shares issued based on the transaction closing share price of $1.70 for gross proceeds of $4,533,900 (note 5). Such securities were subject to a four month hold period which expired on July 19, 2021.

On October 8, 2021, the Company issued 61,552 common shares valued at $1.62 per common share for gross proceeds of $100,000 as part of the consideration for an investment property acquisition (note 5).

On December 15, 2021, the Company issued 702,481 common shares valued at $1.42 per common share for gross proceeds of $1,000,000 as part of the consideration for an investment property acquisition (note 5).

During the year ended December 31, 2021, the Company issued 250,000 shares from the exercise of stock options for proceeds of $71,000. In connection with the exercise of stock options, the Company allocated $34,700 from contributed surplus to share capital.

On February 22, 2022, the Company issued 2,000,744 common shares valued at $1.25 per common share for gross proceeds of $2,500,000 as part of the consideration for an investment property acquisition (note 5). The common shares issued in connection with the acquisition were subject to a four month hold period under applicable Canadian securities laws which expired on June 23, 2022.

On May 11, 2022, the Company issued 5,885,238 common shares valued at $1.30 per common share for gross proceeds of $7,633,437 as part of the consideration for an investment property acquisition (notes 5 and 16). The common shares issued in connection with the acquisition were subject to a four month hold period under applicable Canadian securities laws which expired on September 11, 2022.

(Expressed in Canadian Dollars)

11. EQUITY (continued)

a) Authorized (continued)

Normal Course Issuer Bid Program

In March 2022, the Company implemented a Normal Course Issuer Bid ("NCIB") program to purchase for cancellation, during the 12-month period starting March 18, 2022, up to 11,823,221 of the outstanding common shares of the Company, representing 5% of the common shares outstanding. The program was extended to March 23, 2024, unless the maximum amount of common shares is purchased before then or the Company provides earlier notice of termination (note 22). The price paid for the common shares is, subject to NCIB pricing rules contained in securities laws, the prevailing market price of such common shares on the TSX Venture Exchange at the time of such purchase.

During the fiscal year ended December 31, 2022, the Company purchased and cancelled 8,299,000 common shares pursuant to its NCIB for a total of $8,022,422 at an average price of $0.97 per share. The Company's share capital was reduced by $6,130,767 for the average carrying value of the shares purchased for cancellation with the excess of $1,891,655 paid over the average carrying value recognized as an increase in deficit.

b) Stock Options

Under the Company's stock option plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees and consultants at an exercise price to be determined by the Board of Directors provided that the exercise price is not less than the price permitted by the TSX Venture Exchange. The Company's Board of Directors determines the vesting requirements and the life of the options granted, to a maximum of 10 years. Stock option transactions are recorded in contributed surplus.

Stock option transactions are summarized as follows:

	Number of options		**Weighted average exercise price**
Balance as at December 31, 2020	250,000	$	0.28
Granted	7,400,000		1.50
Exercised	(250,000)		0.28
Balance as at December 31, 2021	7,400,000		1.50
Balance as at December 31, 2022	7,400,000	$	1.50

On December 31, 2022, the Company expensed $1,196,153 in connection with 3,525,000 stock options granted to directors, officers, employees and consultants of the Company. The stock options were approved on January 19, 2023 and were fully vested on the grant date, have a 10-year term, and are exercisable at a price of $1.05 per share.

(Expressed in Canadian Dollars)

11. EQUITY (continued)

b) Stock Options (continued)

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2022	December 31, 2021
Weighted averages:		
Exercise price	$1.05	$1.50
Share price at grant date	$1.05	$1.52
Expected stock option life	4 years	4 years
Expected volatility	34%	33%
Risk-free interest rate	3.55%	1.00%
Dividend yield	0%	0%
Fair value per option at grant date	$0.34	$0.43

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. The estimated expected future volatility of the options granted during the year end December 31, 2022 was determined using an average of the Company's historical volatility starting from January 1, 2021 and the historical volatility of comparable publicly listed entities over periods similar to the expected life of the options. It was management's judgment to include only historical information for the Company from 2021 onwards in order to reflect the timing of the Company's change in focus from parking assets to the acquisition and management of income-producing industrial properties across key markets in Canada. No special features inherent to the stock options granted were incorporated into the measurement of fair value.

For the year ended December 31, 2022, share-based compensation expense of $1,196,153 (December 31, 2021 - $3,175,065) was included in the consolidated statements of operations and comprehensive loss.

As of December 31, 2022, the following stock options were outstanding and exercisable:

Exercise Price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
$1.50	7,400,000	7,400,000	8.73

(Expressed in Canadian Dollars)

12. INVESTMENT PROPERTIES REVENUE

		Year ended December 31, 2022		Year ended December 31, 2021
Rental revenue [(i)]	$	7,638,156	$	4,007,211
Tax, maintenance and insurance recoveries		3,431,238		1,771,440
	$	**11,069,394**	**$**	**5,778,651**

i. Rental revenue includes base rent and straight-line rent adjustments.

13. GENERAL AND ADMINISTRATIVE EXPENSES

		Year ended December 31, 2022		Year ended December 31, 2021
Management salaries and fees (note 16)	$	527,761	$	332,360
Director fees (note 16)		156,000		160,000
Professional fees (note 16)		1,008,314		687,162
Other administrative expenses		369,309		192,793
Foreign exchange (gain) loss		(78,309)		4,937
	$	**1,983,075**	**$**	**1,377,252**

14. FINANCE COSTS

		Year ended December 31, 2022		Year ended December 31, 2021
Interest expense on debt (note 9)	$	2,051,317	$	750,490
Amortization of debt issuance costs (note 9)		123,865		19,671
Unrealized change in fair value on mortgage payable (note 9)		1,856,322		515,703
Unrealized change in fair value interest rate swap (note 9)		(1,856,322)		(515,703)
	$	**2,175,182**	**$**	**770,161**

(Expressed in Canadian Dollars)

15. INCOME TAXES

The Canadian income tax rate is 26.5% at December 31, 2022 (December 31, 2021 – 26.5%). The United States income tax rate is 21% at December 31, 2022 (December 31, 2021 – 21%).

A reconciliation of income taxes at statutory rates is as follows:

		December 31, 2022		December 31, 2021
Loss for the year before income tax	$	(3,559,733)	$	(3,975,528)
Expected income tax (recovery) expense		(943,000)		(1,054,000)
Changes in statutory, foreign tax, foreign exchange rates and other		(22,325)		148,847
Permanent differences		310,000		929,000
Impact of flow through share		217,000		(187,000)
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses		(143,000)		10,000
Change in unrecognized deductible temporary differences		501,000		166,000
	$	**(80,325)**	**$**	**12,847**

Significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		December 31, 2022		December 31, 2021	Expiry Dates
Share issuance costs	$	3,342,000	$	4,470,000	2025
Intangible assets		75,000		75,000	No expiry
Investment properties		7,814,000		3,227,000	No expiry
Non-capital losses		23,284,000		25,266,000	2026 – 2041
Allowable capital losses		779,000		779,000	No expiry

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

The Company enters into related party transactions from time to time in the normal course of operations. Such transactions are generally recorded at the exchange amount, which is the amount of consideration agreed to by the parties.

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.

	December 31, 2022	December 31, 2021
Total for all senior management:		
Salaries, fees, short-term benefits (note 13)	$ 326,316	$ 264,678
Share-based compensation	585,351	1,732,018
	911,667	1,996,696
Total for all directors:		
Director fees (note 13)	156,000	160,000
Share-based compensation	407,201	1,204,386
	563,201	1,364,386
Total	**$ 1,474,868**	**$ 3,361,082**

Transactions with related parties

Included in accounts payable and accrued liabilities as of December 31, 2022 is $42,126 due to officers and directors for director fees and expense reimbursements (December 31, 2021 - $9,361).

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 operations, including accounting, financial, property and executive management.

- During the year ended December 31, 2022, the Company incurred property management fees and other rental and general operating expenses totalling $2,147,873 from ARMS and its related companies (December 31, 2021 - $999,730), of which $233,916 of key management personnel compensation was included in the table above (December 31, 2021 - $172,278).
- As at December 31, 2022, $5,674,227 of construction costs incurred through ARMS and its related companies have been capitalized to investment properties (December 31, 2021 - $2,470,683), $2,949,331 is included in accounts payable and accrued liabilities (December 31, 2021 - $1,069,163) and $574,728 is included in accounts receivable (December 31, 2021 - $104,203).

16. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties (continued)

For the year ended December 31, 2022, the Company earned $1,283,394 in investment properties revenues from leases with companies controlled by two directors of the Company (December 31, 2021 - $650,267).

On May 11, 2022, the Company purchased an industrial property located in Burlington, Ontario, for an aggregate purchase price of $17,133,437, subject to customary adjustments. The vendor of the property is a related party that is a company wholly owned by a director and chair of Parkit, and the acquisition constituted a non-arm's length transaction. The purchase price was satisfied through the issuance of 5,885,238 common shares in the capital of Parkit for $7,633,437, the assumption of a mortgage of $4,445,129, and with the remainder of the purchase price paid with available cash on hand.

17. SEGMENTED INFORMATION

The Company operates in two reportable business segments:

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

Each segment is a component of the Company for which separate discrete financial information is available by the chief decision makers of the Company. The Company evaluates performance and allocates resources based on earnings before interest, taxes, depreciation, amortization, and stock-based compensation. Corporate costs are not allocated to the segments and are shown separately.

(Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION (continued)

For the year ended December 31, 2022	Investment Properties	Parking Assets	Corporate	Total
Investment properties revenue	$ 11,069,394	$ -	$ -	$ 11,069,394
Investment properties expenses	(5,185,685)	-	-	(5,185,685)
Net rental income	5,883,709	-	-	5,883,709
Other income (loss)				
Share of profit or (loss) from equity-accounted investees	-	198,775	-	198,775
Interest and other income	-	128,858	171,177	300,035
	-	327,633	171,177	498,810
Other expenses				
General and administrative expenses	-	-	1,983,075	1,983,075
Share-based compensation	-	-	1,196,153	1,196,153
Depreciation	-	-	4,587,842	4,587,842
Finance costs	-	-	2,175,182	2,175,182
	-	-	9,942,252	9,942,252
Income or (loss) before tax	**5,883,709**	**327,633**	**(9,771,075)**	**(3,559,733)**
Income tax recovery	-	-	80,325	80,325
NET INCOME (LOSS)	$ **5,883,709**	**$ 327,633**	$ **(9,690,750)**	$ **(3,479,408)**
Additions:				
Investment properties	$ 65,745,940	$ -	$ -	$ 65,745,940

For the year ended December 31, 2021	Investment Properties	Parking Assets	Corporate	Total
Investment properties revenue	$ 5,778,651	$ -	$ -	$ 5,778,651
Investment properties expenses	(2,456,090)	-	-	(2,456,090)
Net rental income	3,322,561	-	-	3,322,561
Other income (loss)				
Share of profit or (loss) from equity-accounted investees	-	(289,233)	-	(289,233)
Interest and other income	-	124,108	156,335	280,443
	-	(165,125)	156,335	(8,790)
Other expenses				
General and administrative expenses	-	-	1,377,252	1,377,252
Share-based compensation	-	-	3,175,065	3,175,065
Depreciation	-	-	1,966,821	1,966,821
Finance costs	-	-	770,161	770,161
	-	-	7,289,299	7,289,299
Income or (loss) before tax	**3,322,561**	**(165,125)**	**(7,132,964)**	**(3,975,528)**
Income tax expense	-	-	(12,847)	(12,847)
NET INCOME OR (LOSS)	$ **3,322,561**	**$ (165,125)**	$ **(7,145,811)**	$ **(3,988,375)**
Additions:				
Investment properties	$ 105,930,689	$ -	$ -	$ 105,930,689

(Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION (continued)

Geographic information

The Company's investment properties are located in Canada.

As of December 31, 2022 and December 31, 2021, the investment in associate and investment in joint venture were located in the United States.

Major customers

For the year-ended December 31, 2022, the Company had revenues from one (December 31, 2021 – four) external customer that individually exceeded 10% of the Company's total revenue from investment properties. The approximate amounts from this customer were $1,164,000 (December 31, 2021 - $654,000; $836,000; $611,000 and $835,000).

18. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	Year ended December 31, 2022	Year ended December 31, 2021
Cash paid for taxes:	$ 319	$ 198,291
Non-cash transactions:		
Asset Acquisitions		
Acquisition of investment properties (note 5)	(23,400,185)	(5,633,900)
Share capital issued for investment properties acquisition (note 11(a))	10,133,437	5,633,900
Debt assumed on acquisition of investment property (note 9)	13,266,748	-
Amounts included in accounts payable and other liabilities		
Acquisition of investment properties (note 5)	1,955,071	900,297

19. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to support its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In the management of capital, the Company includes components of shareholders' equity.

To maintain or adjust the capital structure, the Company may issue new shares, issue debt or sell assets to meet financial obligations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

Various mortgages have debt covenant requirements that are monitored by the Company to ensure there are no defaults. These covenants include debt service coverage ratios, total debt to assets ratio, tangible net worth and loan to value ratio. These covenants have been complied with as at December 31, 2022. For the years ended December 31, 2022 and December 31, 2021, there were no events of defaults on any of the Company's obligations under its mortgages.

(Expressed in Canadian Dollars)

20. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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. 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.

All of the Company's cash is held with reputable financial institutions.

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 Note 8. 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.

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.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. 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. The Company expects to fund its operations and 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. Subsequent to December 31, 2022, the Company signed a commitment letter with a bank for two credit facilities which provide up to $90,000,000 (note 22).

Based on the funds from the private placements and the Company's twelve-month cash flow forecast, the Company has sufficient capital to fund its targeted acquisitions and meet its current obligations and corporate overheads.

The maturity analysis of financial liabilities as at December 31, 2022 is as follows:

	Total	2023	2024(ii)	2025(ii)	2026	2027	Thereafter(ii)
Debt – principal (note 9)	$ 76,655,549	$ 1,024,925	$ 8,557,192	$ 59,187,560	$ 299,646	$ 310,272	$ 7,275,954
Debt – interest payments(iii)	8,619,614	3,554,371	3,209,610	858,438	270,454	259,827	466,914
Accounts payable and other liabilities (iii)	5,053,655	4,284,916	22,087	10,893	45,073	10,538	680,148
Total	**$ 90,328,818**	**$ 8,864,212**	**$ 11,788,889**	**$ 60,056,891**	**$ 615,173**	**$ 580,637**	**$ 8,423,016**

i. The amounts disclosed in the table above are contractual undiscounted cash flows.
ii. Includes debt balance due at maturity.
iii. The table above reflects the payment in 2023 of the accrued interest payable of $73,632 (note 10) as of December 31, 2022 in "debt – interest payments" and is excluded from "accounts payable and other liabilities".

20. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and other price 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. A 10% fluctuation in the US dollar against the Canadian dollar would affect net income for the year by $363,000.

The Company's main foreign currency risk comes from its investment in joint venture, 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.

(Expressed in Canadian Dollars)

21. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with level 1 inputs having the highest priority. The levels used to value the Company's financial assets and liabilities are described below.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, i.e. as prices, or indirectly, i.e. derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on an observable market, i.e. unobservable inputs.

The fair value of the Company's accounts receivable, long-term receivable, and accounts payable and accrued liabilities, accrued interest, and tenant deposits approximate carrying value, which is the amount recorded on the consolidated statements of financial position.

The following table provides a summary of the remaining fair value measurements of the Company:

	Fair Value Hierarchy		Carrying Amount		Fair Value
Financial assets measured at fair value:					
Cash	Level 1	$	$ 19,471,763	$	19,471,763
Non-financial assets for which fair value is disclosed:					
Investment properties – cost model	Level 3		201,371,966		247,168,952
Financial liabilities measured at fair value:					
Debt at FVTPL – mortgages and line of credit	Level 2		59,301,837		59,301,837
Interest rate swaps	Level 2		(1,747,834)		(1,747,834)
Financial liabilities for which fair value is disclosed:					
Debt at amortized cost - mortgages	Level 3		19,101,546		18,174,706

Valuation processes for investment property

The fair value of an individual investment property was prepared by preparing:

- a valuation using the income capitalization approach, which is calculated with a stabilized net operating income and capitalized at the requisite overall capitalization rate; or
- the discounted cash flow approach, which discounts the expected future cash flows, including a terminal value, based on the application of a terminal capitalization rate to the assumed final year's estimated cash flows, or
- a direct comparison method, which is the primary method of appraising investment properties consisting solely of land. Recent sales of parcels of land, similar in terms of physical characteristics, and location are compared to the subject property to determine a representative value for the unit of comparison, i.e. sale price per acre.

(Expressed in Canadian Dollars)

21. FAIR VALUE MEASUREMENTS (continued)

Investment property valuation processes (continued)

Updating the fair value for changes in the property cash flow, physical condition and changes in market conditions includes key assumptions and estimates for capitalization rates, normalized property operating revenues less property operating expense, discount rates, terminal rates, market rents, leasing costs and vacancy rates.

The Company's management team is responsible for determining the fair value measurements on a quarterly basis, including verifying all major inputs included in the valuation and reviewing the results. The Company's management, along with its Audit Committee, discuss the valuation process and key inputs on a quarterly basis. During the year ended December 31, 2022, a weighted average of 55% (December 31, 2021 – 56%) of the fair market value of the investment properties were appraised by qualified external valuators who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The fair value of the remaining portfolio of investment properties was determined internally by the Company's management team by individuals who are knowledgeable and have specialized industry experience in real estate valuations, with support from external valuation professionals, using similar assumptions and valuation principles as used by external appraisers.

The significant and unobservable level 3 valuations metrics used in the methods at December 31, 2022 are set out in the table below for investment properties consisting of land and building:

	Range (%)	Weighted Average (%)
Income capitalization method		
Stabilized capitalization rate	3.60-5.50	4.81
Discounted cash flow method		
Terminal capitalization rate	5.25-6.65	5.63
Discount rate	6.00-7.00	6.30

Sensitivities on assumptions:

Generally, under the income capitalization method, an increase in stabilized net operating income will result in an increase in the fair value of an investment property, and an increase in the stabilized capitalization rate will result in a decrease to the fair value of the investment property.

Generally, under the discounted cash flow method, an increase in discount rate and terminal capitalization rate will result in a decrease to the fair value of an investment property.

Changes in the capitalization rates and discount rates would result in a change to the fair value of the investment properties as set out below as at December 31, 2022:

		(Decrease) Increase
Income capitalization method:		
Weighted average stabilized capitalization rate:		
25-basis point increase	$	(5,510,182)
25-basis point decrease		6,126,506
Discounted cash flow method:		
Weighted average terminal capitalization rate:		
25-basis point increase		(3,333,304)
25-basis point decrease		3,645,653
Weighted average discount rate:		
25-basis point increase		(2,433,536)
25-basis point decrease		2,492,771

21. FAIR VALUE MEASUREMENTS (continued)

Valuation processes for financial liabilities measured at FVTPL

The fair value of the mortgages with interest rate swaps are held at FVTPL. For mortgages which contain swaps, as the interest rate on the facilities fluctuates with changes in market rates, debt and the swap work to offset any changes in effective interest rate, which effectively creates a fixed rate mortgage. The fair value of the mortgages is equivalent to a) the fair value of the interest rate swap based on the present value of the estimated cash flows determined using observable yield curves and b) the fair value of the underlying debt instrument. The Company computes the fair value analyzing both the debt and swap instrument together as one financial instrument.

Valuation processes for financial liabilities measured at amortized cost

The fair value of the fixed rate mortgages held at amortized cost are determined by discounting the expected cash flows each mortgage using market discount rates. The discount rates are determined using the Government of Canada benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considers market conditions, the fair value of the investment properties that the mortgages are secured by and other indicators of the Company's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

22. SUBSEQUENT EVENTS

Industrial Real Estate Acquisitions

Completed transactions

Subsequent to December 31, 2022, the Company acquired a portfolio of 10 industrial properties located in Winnipeg and Saskatchewan from an arm's length vendor, with approximately 800,000 square feet of leasable area and 55 acres of land, for an aggregate purchase price of $90,250,000. The purchase price was satisfied through a mortgage and cash on hand, of which $3,000,000 was paid in trust during the year ended December 31, 2022 (note 7).

Financing Activities

Credit facilities

Subsequent to December 31, 2022, the Company entered into two credit facilities which provide up to $90,000,000 to fund real estate acquisitions and other general corporate purposes. Interest is payable monthly based on the bank's prime lending rate plus an applicable margin, and stand-by fees apply to the demand revolving term loan. Security on the loan includes first priority charges and assignment of rents on certain investment properties. The Company must maintain certain covenants which include a debt service coverage ratio, total debt to assets ratio, tangible net worth and loan to value ratio.

Subsequent to December 31, 2022, the Company made multiple drawdowns on existing and new credit facilities totaling $80,000,000 and entered into a series of swap agreements to fix the interest rate to a blended rate of 5.53%.

Normal Course Issuer Bid Program

In March 2023, the Company announced that it has received conditional acceptance from TSX Venture Exchange to renew its Normal Course Issuer Bid ("NCIB") to purchase for cancellation, during the 12-month period starting March 24, 2023, up to 11,692,258 of the outstanding common shares of the Company, representing 5% of the common shares outstanding. The program will end on March 23, 2024 unless the maximum amount of common shares is purchased before then or the Company provides earlier notice of termination. The price paid for the common shares is, subject to NCIB pricing rules contained in securities laws, the prevailing market price of such common shares on the TSX Venture Exchange at the time of such purchase. The Company intends to fund the purchases out of available cash.

Subsequent to December 31, 2022, the Company purchased and cancelled 205,500 common shares pursuant to its NCIB program for a total of $203,445 (note 11(a)).