PARKIT ENTERPRISE INC

PARKIT ENTERPRISE INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWO-MONTH PERIOD ENDED DECEMBER 31, 2020 AND THE YEAR ENDED OCTOBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Parkit Enterprise Inc.

Opinion

We have audited the accompanying consolidated financial statements of Parkit Enterprise Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and October 31, 2020, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in equity for the two-months ended December 31, 2020 and year ended October 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and October 31, 2020, and its financial performance and its cash flows for the two-months ended December 31, 2020 and year ended October 31, 2020 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to Note 2(a) to the consolidated financial statements, which explains that certain comparative information presented for the year ended October 31, 2020 has been reclassified to conform with the current year presentation, after the Company applied IAS 40, Investment Property.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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.

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We obtained 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 IFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company 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 Company 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.

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 31, 2021

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT		**December 31, 2020**		**October 31, 2020**
		(note 2(c))		
ASSETS				
Investment properties (note 5)	$	36,250,000	$	-
Investment in equity-accounted investees and long-term receivable (note 6)		14,557,264		14,691,581
Cash		9,140,322		588,635
Accounts receivable (note 7)		297,154		287,854
Prepaid expenses and deposits (note 8)		87,550		95,315
	$	**60,332,290**	**$**	**15,663,385**
LIABILITIES AND EQUITY				
Debt (note 9)	$	25,923,039	$	-
Accounts payable and other liabilities (note 10)		728,190		362,539
		26,651,229		**362,539**
Equity (note 11)				
Share capital		43,405,872		23,457,588
Contributed surplus		34,700		34,700
Deficit		(9,759,511)		(8,191,442)
		33,681,061		**15,300,846**
	$	**60,332,290**	**$**	**15,663,385**

Nature of operations (note 1)
Commitments (note 6)
Subsequent events (note 21)

Approved and authorized by the Board on March 31, 2021:

"Steven Scott" Director *"Avi Geller"* Director

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the two months ended December 31, 2020 (note 2(c))	For the year ended October 31, 2020
Investment properties revenue	$ 17,290	$ -
Investment properties expenses	(5,974)	-
Net rental income	11,316	-
Operating expenses		
Share of loss from equity-accounted investees (note 6)	78,061	4,662,512
General and administrative expenses and other income (note 12)	233,386	431,460
Transaction costs and land transfer taxes (note 5)	1,259,824	-
Finance costs	8,114	-
	1,579,385	5,093,972
Loss before tax	**(1,568,069)**	**(5,093,972)**
Income tax expense (note 14)	-	(233,537)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (1,568,069)**	**$ (5,327,509)**
Loss per share attributable to shareholders of the Company:		
Basic	$ (0.04)	$ (0.15)
Diluted	$ (0.04)	$ (0.15)
Weighted average number of common shares outstanding:		
Basic	37,477,208	34,854,257
Diluted	37,477,208	34,854,257

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the two months ended December 31, 2020	For the year ended October 31, 2020
	(note 2(c))	
OPERATING ACTIVITIES		
Net loss for the period	$ (1,568,069)	$ (5,327,509)
Items not affecting cash:		
Share of loss from joint ventures	78,061	4,061,621
Share of loss from associate	-	600,891
Share-based payments	-	7,606
Unrealized foreign exchange	81,421	(17,865)
Transaction costs and land transfer taxes	1,259,824	-
Finance costs	8,114	-
Changes in non-cash working capital items:		
Accounts receivable	(21,344)	(98,173)
Prepaid expenses and deposits	(70,029)	(437)
Accounts payable and accrued liabilities	20,053	26,256
Deferred income	(17,290)	-
Tax liabilities	-	180,545
Cash flows used in operating activities	(229,259)	(567,065)
INVESTING ACTIVITIES		
Transaction costs and land transfer taxes	(1,144,279)	-
Contributions to joint venture (note 6)	(538,365)	(33,770)
Distributions from joint venture (note 6)	538,365	418,275
Cash flows (used in) from investing activities	(1,144,279)	384,505
FINANCING ACTIVITIES		
Proceeds from private placement (note 11(a))	10,000,000	-
Share issuance costs	(35,700)	-
Debt issuance costs	(17,282)	-
Cash flows from financing activities	9,947,018	-
Change in cash during the period	8,573,480	(182,560)
Effect of exchange rate changes on cash	(21,793)	2,761
Cash, beginning of period	588,635	768,434
CASH , END OF PERIOD	**$ 9,140,322**	**$ 588,635**

Supplemental disclosure with respect to cash flows (note 17)

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

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

	Share capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, October 31, 2019	34,854,257	$ 23,457,588	$ 27,094	$ (2,863,933)	$ 20,620,749
Share-based payments	-	-	7,606	-	7,606
Net loss for the year	-	-	-	(5,327,509)	(5,327,509)
Balance, October 31, 2020	34,854,257	23,457,588	34,700	(8,191,442)	15,300,846
Shares issued - cash	40,000,000	10,000,000	-	-	10,000,000
Shares issued – consideration for acquisition of investment properties	40,000,000	10,000,000	-	-	10,000,000
Share issuance cost	-	(51,716)	-	-	(51,716)
Net loss for the two-month period	-	-	-	(1,568,069)	(1,568,069)
Balance, December 31, 2020	**114,854,257**	**$ 43,405,872**	**$ 34,700**	**$ (9,759,511)**	**$ 33,681,061**

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

1. NATURE OF OPERATIONS

Parkit Enterprise Inc. ("Parkit" or the "Company") was incorporated pursuant to the *Business Corporations Act* (British Columbia) on December 6, 2006. The Company's head office and principal address is 500 – 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8, and its registered and records office is 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5. Parkit's common shares are listed on TSX Venture Exchange ("TSX-V") (Symbol: PKT) and on the OTC (Symbol: PKTEF).

Parkit is engaged in the acquisition, growth and management of industrial real estate in Canada to complement its parking assets in the United States (note 5 and 21). The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

Subsequent to December 31, 2020, the Company raised gross proceeds of $125.3 million in four separate private placements (note 21). 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 for a period of twelve months.

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").

During the two month period ended December 31, 2020, the Company applied IAS 40 "Investment Property", and accordingly, certain comparative figures have been reclassified to conform to the current period presentation in accordance with Recommended Accounting Practices for Real Estate and Investment and Development Entities Reporting in accordance with IFRS.

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.

c) Change in fiscal year-end

The Company changed its financial year-end to December 31, from October 31. The Company's transition period is the two months from November 1st to December 31, 2020, with the comparative period being the twelve months ended October 31, 2020. Accordingly, the statement of operations and comprehensive loss, cash flows and changes in equity are not comparable. The new financial year will better align the Company's quarterly and annual financial reporting periods to that of its peers.

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.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Principles of consolidation (continued)

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, 2020	Percentage Ownership October 31, 2020	Principal Activity	Functional Currency
Greenswitch Capital Ltd.	Canada	100%	100%	Holding	CAD
Greenswitch America Inc.	USA	100%	100%	Holding	CAD
Park Drive Capital, LLC	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. On an acquisition where the transaction costs and asset costs exceed the fair value of the asset, the transaction costs will be expensed in the period incurred.

c) 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.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investment properties (continued)

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 the declining balance method over their estimated useful lives, as follows:

Buildings – 4%

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Leases (continued)

Company is the lessor

Lease income from operating leases where the Company is a lessor is recognised 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 recognised 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.

At the 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Impairment of financial assets at amortized cost (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

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
Financial liabilities	
Fixed rate mortgages (1)	Amortized cost
Variable rate mortgages with interest rate swaps (1)	FVTPL
Interest rate swap (1,2)	FVTPL
Accounts payable and accrued 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 or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

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 an expense, with a corresponding increase in equity, over the vesting period of the awards.

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 of reserves are transferred to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Contributed surplus

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

s) New accounting standards and interpretations adopted

Effective November 1, 2020, the Company adopted the amendments to the requirements of IFRS 3 "Business Combinations"("IFRS 3"). The amendments clarify the definition of a busines and provides the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. The amendments are applicable to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after November 1, 2020 (see note 4).

t) New standards and interpretations issued but not yet effective

The International Accounting Standards Board has issued amendments to IAS 1 "Presentation of Financial Statements ("IAS 1"). The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023. The Company is currently assessing the impact of these amendments.

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

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.

Classification of investees as subsidiaries, associates or joint ventures

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 is required to assess the degree of control it exerts over the investee in order to classify the investee as a subsidiary, associate or joint venture. In assessing control, 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.

Accounting for investments in associates and joint ventures

Certain investees have different class of membership units, and the entitlements to distributions from these investments are different among each class. Accordingly, the Company has determined that it will equity account for its economic share of interest in the joint venture or associate rather than its equity participation.

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.

The Company also exercised judgment in identifying the cash generating units to apply impairment testing on goodwill and other long-lived assets held in its joint ventures.

Investment properties

For the purpose of recording asset acquisitions, the Company must exercise judgment to determine if the acquisition meets the definition 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. The Company has accounted for its acquisitions as an asset acquisition (note 5).

4. CRITICAL ACOUNTING ESTIMATES AND JUDGMENTS (continued)

b) Critical estimates and assumptions

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 contingent consideration 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, 2020. The Company uses a weighted average probability of the expected timing for the pay-out of the contingent consideration.

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, 2020 include 90% (October 31, 2020 – 90%) probability of meeting performance target, and a 10% (October 31, 2020 - 10%) discount factor.

Impairment testing

In assessing impairment on parking real estate, the Company considers a number of factors including cash flow forecasts, capitalization rates (the rate of return on a real estate investment property based on the income that the property is expected to generate), and property valuations. The estimates and assumptions are subject to risk and uncertainty with the impact of COVID-19 on operations and current market conditions increasing the complexity of the estimates and assumptions used in impairment analysis. Changes in inputs may alter the results of impairment testing impacting the amount of impairment charge recorded in the statements of operations and the resulting carrying value of assets.

Fair value disclosures

The fair values of investment properties and financial instruments are determined by using valuation techniques. For further details of the assumptions and estimates made see note 20.

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.

Estimation uncertainty as a result of COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally. COVID-19 has negatively impacted parking operations in the Company's joint venture starting in the second half of March 2020 due to travel restrictions and social distancing measures. The outbreak and current market conditions have increased the complexity of estimates and assumptions used to prepare the consolidated financial statements, particularly related to the estimation of fair values and recoverable amounts reported by the Company, its associate and its joint ventures.

(Expressed in Canadian Dollars)

4. CRITICAL ACOUNTING ESTIMATES AND JUDGMENTS (continued)

b) Critical estimates and assumptions (continued)

The full extent of the impact of COVID-19 on the Company's and its joint venture operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets and any new information that may emerge concerning the severity of the virus. It is difficult to estimate the nature, timing, and extent of the business and economic impact on the Company's financial performance and this uncertainty could materially affect the Company's operations and financial condition. This uncertainty could also materially affect estimates including those used in its impairment testing on receivables and on its investments in associates and joint ventures.

5. INVESTMENT PROPERTIES

	Two months ended December 31, 2020	Year ended October 31, 2020
Balance at beginning of period	$ -	$ -
Additions:		
Direct acquisitions	36,250,000	-
Transaction costs and land transfer taxes (i)	1,259,824	-
Total additions to investment properties	**37,509,824**	-
Changes included in net loss:		
Transaction costs and land transfer taxes (i)	(1,259,824)	-
Total changes included in net loss	**(1,259,824)**	**-**
Balance at end of period ii	**$ 36,250,000**	**$ -**

i. Transaction costs and land transfer taxes for the investment properties acquisition totalled $1,259,824 for the two-month period ended December 31, 2020 (October 31, 2020 - $nil). Any transaction costs with respect to an asset acquisition are capitalized to the underlying asset. However, where the transaction costs and land transfer taxes exceed the fair value of the asset on acquisition, the transaction costs will be expensed in the period incurred.

ii. The investment properties are pledged as security for debt as of December 31, 2020 (note 9).

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of these two industrial properties and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset.

The Company's investment properties acquisitions for the two months ended December 31, 2020 are detailed below:

	Purchase price	Date acquired
4390 Paletta Court, Burlington, Ontario	$ 17,500,000	December 29, 2020
5600 Finch Ave East, Toronto, Ontario	18,750,000	December 29, 2020
Total acquisition of investment properties	**$ 36,250,000**	

The Company recorded depreciation expense of $nil for the period from the acquisition date of December 29, 2020 to the reporting date of December 31, 2020.

(Expressed in Canadian Dollars)

5. INVESTMENT PROPERTIES (continued)

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, 2020
2021	$ 1,697,185
2022	1,675,973
2023	1,543,319
2024	921,143
2025	769,750
2026+	2,303,123
Total	**$ 8,910,493**

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

	December 31, 2020	October 31, 2020
Investment in joint ventures	$ 12,691,805	$ 12,769,866
Investment in associate	643,187	643,187
Long-term receivable	1,222,272	1,278,528
Balance – End of period	**$ 14,557,264**	**$ 14,691,581**

Interests in joint ventures

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

Name of Joint Venture	Place of Incorporation	Percentage Ownership December 31, 2020	Percentage Ownership October 31, 2020	Principal Activity	Functional Currency
PAVe LLC	USA	50%	50%	Member/Administrator of OP Holdings and PAVe Nashville, LLC	US

PAVe LLC

In April 2015, the Company's subsidiary, Greenswitch America and PRE jointly created separate legal entities, PAVe LLC and PAVe Admin to manage and oversee the parking assets of OP Holdings as an administrator. PAVe Admin is an entity created for legal purposes and holds no assets or liabilities.

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

The Company is entitled to an 82.83% (October 31, 2020 - 82.83%) economic allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (October 31, 2020 - 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, previously held by Green Park Denver.

(Expressed in Canadian Dollars)

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

Interests in joint ventures (continued)

PAVe LLC (continued)

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

Carrying values of joint ventures

The carrying amounts of the Company's investments in joint ventures at December 31, 2020 and October 31, 2020 were as follows:

	December 31, 2020	October 31, 2020
Balance – beginning of period	$ 12,769,866	$ 17,215,992
Contributions	538,365	33,770
Distributions	(538,365)	(418,275)
Share of loss from joint ventures	(78,061)	(4,061,621)
Balance – end of period	**$ 12,691,805**	**$ 12,769,866**

Commitments

The Company has a commitment to contribute 5% of any capital call made by the joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require working capital. Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, upon earning the second earn-out contingent consideration, PAVe LLC member contributions to OP Holdings in respect of any future capital commitments approximate US$1,652,000, of which the Company was required to contribute US$725,000.

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 in the principal amount of US$5,460,000 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 bore interest at LIBOR plus 235 basis points and matured on October 30, 2020. As of December 31, 2020, and October 31, 2020, the outstanding principal balance was US$4,367,334. The loan was subsequently amended to extend the maturity to October 30, 2022 with an interest rate of LIBOR plus 285 basis points. No provision has been accrued by the Company at December 31, 2020 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 ventures translated into Canadian dollars are summarized as follows:

	December 31, 2020	October 31, 2020
Cash	$ 256,033	$ 193,621
Other current assets	10,532	8,879
Parking facility	6,149,488	6,475,743
Goodwill	883,873	924,554
Interest in associate	15,534,980	16,911,176
Subtotal - assets	$ 22,834,906	$ 24,513,973
Accounts payable	570,116	1,497,749
Borrowings	6,494,170	6,793,069
Subtotal - liabilities	$ 7,064,286	$ 8,290,818
Net assets of joint ventures	**$ 15,770,620**	**$ 16,223,155**
Company's interests in net assets - (i)	83%	84%
Net assets attributable to the Company - (ii)	**$ 13,012,382**	**$ 13,691,660**
Investment in joint venture - (iii)	**$ 12,691,805**	**$ 12,769,866**

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

	Two months ended December 31, 2020	Year ended October 31, 2020
Property revenue	$ 94,522	$ 1,424,944
Property expenses	(206,745)	(1,546,175)
Net property loss	(112,223)	(121,231)
Depreciation expense	(42,865)	(267,627)
Mortgage interest expense	(8,623)	(166,635)
Impairment on goodwill	-	(1,962,068)
Loss – property operations	(163,711)	(2,517,561)
Profit (loss) from associate	4,578	(3,339,766)
General and administrative expenses	-	(74,030)
Loss	$ (159,133)	$ (5,931,357)
Company share of loss (iv)	49%	68%
Share of loss from joint ventures	**$ (78,061)**	**$ (4,061,621)**

i. PAVe LLC 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%. Accordingly, the Company has determined that it will equity account for its economic share of interest in the joint venture rather than its equity participation.

ii. The functional currency of the joint ventures 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.

(Expressed in Canadian Dollars)

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

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 88.8% 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.

Investment in Associate

Green Park Denver

In April 2015, the Company's then subsidiary Green Park Denver, LLC ("Green Park Denver") sold Canopy Airport Parking ("Canopy") to 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 earnings-based contingent receivable from OP Holdings. The associate measures the contingent consideration 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.

Carrying values of associate

The carrying amounts of the Company's investments in associate at December 31, 2020 and October 31, 2020 were as follows:

	December 31, 2020	October 31, 2020
Balance – beginning of period	$ 643,187	$ 1,244,078
Share of loss from associate (i)	-	(600,891)
Balance – end of period	**$ 643,187**	**$ 643,187**

i. 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, 2020. As of October 31, 2020, the Company updated the expected timing of the pay-out of the consideration receivable using a weighted average probability of the expected timing for the pay-out of the contingent consideration. The adjustment to the carrying value of the consideration receivable was recognized as a reduction in the associate's profit and loss for the year ended October 31, 2020. There were no changes in the key inputs for the two-month period ended December 31, 2020, and therefore, no share of loss from associate recognized.

(Expressed in Canadian Dollars)

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

Summarized financial information of associate

The functional currency of the associate is the United States dollar.

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

Summarized statement of financial position		**December 31, 2020**		**October 31, 2020**
Non-current assets				
Contingent consideration receivable	$	1,484,523	$	1,552,849
Net assets	**$**	**1,484,523**	**$**	**1,552,849**
Interest in net assets		40.6%		40.6%
Net assets attributable to the Company (i)	**$**	**602,716**	**$**	**630,457**
Investment in associate – carrying value at historical cost (ii)	**$**	**643,187**	**$**	**643,187**

i. 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.

ii. 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, 2020		**October 31, 2020**
Advances to PRE	$	1,258,943	$	1,316,887
Less current portion (note 9)		(36,671)		(38,359)
Long term receivable	**$**	**1,222,272**	**$**	**1,278,528**

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, 2020, the balance of the advance to PRE was $1,258,943 (US$988,802), of which $36,671 (US$28,802) is to be repaid from the assignment of certain distributions due to PRE and the balance of $1,222,272 (US$960,000) is to be repaid upon disposition of certain investments or parking assets.

There were no repayments during the two months ended December 31, 2020 and the twelve months ended October 31, 2020. At December 31, 2020, the Company estimated the current portion of the receivable to be $36,671 (October 31, 2020 - $38,359).

(Expressed in Canadian Dollars)

7. ACCOUNTS RECEIVABLE

	December 31, 2020	October 31, 2020
Current:		
Current portion of advances to PRE (note 6)	$ 36,671	$ 38,359
Management fees	238,726	227,738
Parking services receivable	21,757	21,757
Total	**$ 297,154**	**$ 287,854**

8. PREPAID EXPENSES AND DEPOSITS

	December 31, 2020	October 31, 2020
Current:		
Prepaid expenses and deposits	$ 87,550	$ 14,548
Deferred acquisition costs	-	80,767
Total	**$ 87,550**	**$ 95,315**

9. DEBT

The following table summarized the debt as of December 31, 2020. There was no debt as of October 31, 2020.

	Maturity range	Interest rate	December 31, 2020
Mortgages:			
At amortized cost – Fixed (i)	*Maturity: January 1, 2024*	4.46%	$ 8,414,227
At FVTPL - Mortgages			8,612,822
- Interest rate swap (ii)			624,191
	Maturity: November 1, 2029	3.49%	9,237,013
Total mortgages			**17,651,240**
Vendor take-back loans (promissory notes):			
At amortized cost – Fixed (iii)	*Maturity: December 29, 2022*	6%	8,350,168
Total Debt			**$ 26,001,408**
Financing costs, net (iv)			(78,369)
Carrying value			**$ 25,923,039**

(Expressed in Canadian Dollars)

9. DEBT (continued)

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

ii. The mortgage models a fixed rate mortgage with a set interest rate of 3.49% over a 10 year amortization period with a fixed monthly repayment. The components of a mortgage consist of (1) a mortgage with a non-revolving floating rate instalment payment in fixed principal amounts plus interest at the lender's prime rate plus 1.30% per annum, where prime rate is 1.5% and (2) banker acceptance swap for a stamping fee at 1.50% per annum. There is an interest rate swap that limits the floating interest rate exposure under the loan to a fixed rate of 3.49% per annum. The swap contract requires 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. As at December 31, 2020, the mortgage has been accounted for at FVTPL and the interest rate swap has been accounted for at FVTPL. The interest rate swap was in a net liability position amounting to $624,191.

iii. The vendor take-back loans are collateralized by a second charge on the investment properties (note 5).

iv. The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization of $Nil at December 31, 2020.

The following table provides a continuity of total debt for the two-month period ended December 31, 2020 (October 31, 2020 – no debt):

	Mortgages	Vendor take-back loans	Total
Total debt at November 1, 2020	$ -	$ -	$ -
Debt assumed on acquisition of investment properties (note 5)	17,651,240	8,350,168	26,001,408
Change in fair value of mortgage payable measured at FVTPL	(624,191)	-	(624,191)
Change in fair value of interest rate swap	624,191	-	624,191
Debt issuance costs	(78,369)	-	(78,369)
Total debt at December 31, 2020	**$ 17,572,871**	**$ 8,350,168**	**$ 25,923,039**

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

	Mortgages	Vendor take-back loans	Total
Year 1 (ii)	$ 466,328	$ 8,350,168	$ 8,816,496
Year 2	484,933	-	484,933
Year 3	504,291	-	504,291
Year 4 (i)	8,020,432	-	8,020,432
Year 5	289,383	-	289,383
Thereafter (i)	7,885,873	-	7,885,873
	$ 17,651,240	**$ 8,350,168**	**$ 26,001,408**

i. Includes debt balance due at maturity.
ii. Table reflects the actual timing of the early re-payment of the vendor take-back loans in February 2021 (note 21).

(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	December 31, 2020		October 31, 2020	
Current:				
Accounts payable and accrued liabilities	$	297,367	$	165,433
Accrued interest on debt (note 9)		58,225		-
Tax liabilities		188,434		197,106
		544,026		362,539
Non-current:				
Tenant deposits		184,164		-
Total	**$**	**728,190**	**$**	**362,539**

11. EQUITY

a) Authorized

Unlimited number of common shares without par value.

On December 29, 2020, the Company completed a non-brokered private placement offering of 40,000,000 common shares at a price of $0.25 per common share for gross proceeds of $10,000,000 and issued 40,000,000 common shares valued at $0.25 per common share for gross proceeds of $10,000,000 as consideration for investment properties acquisitions (note 5). Such securities are subject to a four month or eighteen month hold period which will expire between April 30, 2021, June 30, 2022 respectively.

Share issuance costs for the private placement totalled $51,716.

There were no share issuances for the year ended October 31, 2020.

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 reserves.

On September 5, 2019, the Company granted 100,000 incentive stock options to two officers (note 15). The options granted vest with the right to exercise one-quarter of the options every three months subsequent to the grant date, and permit the grantee to acquire one common share in the Company at a price of $0.27 per share. The options expire five years after the date of grant, on September 5, 2024. The fair value of the options was $11,187, which was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 46%, discount rate of 1.36%, expected life of 5 years, dividend yield of 0%, and expected forfeiture rate of 0%. For the year ended October 31, 2020, share-based payment expense of $7,606 was included in share-based payments in the statements of operations. There was no share-based payment expense for the two-months ended December 31, 2020.

(Expressed in Canadian Dollars)

11. EQUITY (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at October 31, 2019, 2020 and December 31, 2020	250,000	$ 0.28

As at December 31, 2020, the following stock options were outstanding and exercisable:

Exercise Price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
$0.27	100,000	100,000	3.68
$0.29	100,000	100,000	2.64
$0.30	50,000	50,000	1.02
	250,000	**250,000**	**2.73**

12. GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER INCOME

	Two months ended December 31, 2020	Year ended October 31, 2020
Management salaries and fees (note 15)	$ 84,954	$ 217,944
Director fees (note 15)	20,200	119,200
Share-based payments (notes 11 and 15)	-	7,606
Professional fees (note 15)	53,750	113,311
Other administrative expenses	14,592	136,513
Foreign exchange loss (gain)	81,447	(16,904)
Total general and administrative expenses	254,43	577,670
Other income	(21,557)	(146,210)
Total general and administrative expenses and other income	**$ 233,386**	**$ 431,460**

13. FINANCE COSTS

	Two months ended December 31, 2020	Year ended October 31, 2020
Interest expense on debt (note 9)	$ 8,114	$ -
Unrealized gain on fair value change on mortgage payable (note 9)	(624,191)	-
Unrealized loss on interest rate swap (note 9)	624,191	-
Total finance costs	**$ 8,114**	**$ -**

(Expressed in Canadian Dollars)

14. INCOME TAXES

The Canadian income tax rate is 27% December 31, 2020 (October 2020 – 27%). The United States income tax rate is 21% effective January 1, 2018.

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

	December 31, 2020	October 31, 2020
Loss for the year before income tax	$ (1,568,069)	$ (5,093,972)
Expected income tax (recovery) expense	$ (423,000)	$ (1,375,000)
Changes in statutory, foreign tax, foreign exchange rates and other	-	462,537
Permanent differences	4,000	1,061,000
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses	(1,000)	(61,000)
Change in unrecognized deductible temporary differences	420,000	146,000
Total income tax expense	**$ -**	**$ 233,537**

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

	December 31, 2020	October 31, 2020	Expiry Dates
Share issuance costs	$ 92,000	$ 53,000	2026
Intangible assets	75,000	75,000	No expiry
Investment properties	1,260,000	-	No expiry
Non-capital losses	24,489,000	24,248,000	2028 – 2040
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)

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Two months ended December 31, 2020	Year ended October 31, 2020
Total for all senior management:		
Salaries, fees, and termination benefits	$ 86,531	$ 232,132
Share-based payments	-	7,606
	86,531	239,738
Total for all directors:		
Fees	20,200	119,200
Total	**$ 106,731**	**$ 358,938**

Transactions with related parties

Included in accounts payable and accrued liabilities as of December 31, 2020 is $55,000 due to former officers. Included in accounts payable and accrued liabilities as of October 31, 2020 is $89,200 due to directors and officers for fees and expense reimbursements.

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. No amount was accrued for the period December 29 to December 31, 2020.

The Company's purchased an industrial property on December 29, 2020, which had an existing lease with a private company controlled by two directors of the Company.

On July 1, 2018, the Company entered into an office lease agreement with an officer of the Company for premises located in Toronto, Ontario. Effective July 1, 2020, the agreement was renewed on a month-to-month basis at $500 per month plus taxes. The Company subsequently terminated the office lease agreement effective January 31, 2021.

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

Up to December 29, 2020, the Company operated in one business segment for the acquisition and asset management of income producing parking facilities across the United States and Canada.

With investment property acquisitions on December 29, 2020, the Company operates in two reportable business segments as at December 31, 2020:

- Investment Properties – involves the acquisition and management of income producing industrial properties across key markets in Canada, with a focus on the Greater Toronto Area and Ottawa (note 21).
- Parking Assets – involves the acquisition and management of income producing parking facilities across the United States.

Rental operations from the industrial properties from December 29 - 31, 2020 were $11,316. All other activities relate to the operation of the parking assets for the two months ended December 31, 2020.

Geographic information

The Company's investment properties were located in Ontario, Canada.

As of December 31, 2020, and October 31, 2020, the investment in associate and investment in joint ventures were located in the United States.

17. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	Two months ended December 31, 2020	Year ended October 31, 2020
Cash paid for taxes:	$ -	$ 52,995
Non-cash transactions:		
Asset Acquisitions		
Acquisition of investment properties (note 5)	(36,250,000)	-
Share capital issued for investment properties acquisition (note 11(a))	10,000,000	-
Debt assumed on acquisition of investment property (note 9)	26,001,408	-
Tenant deposit liabilities assumed (note 10)	184,164	-
Working capital adjustments assumed	64,428	-
Amounts included in accounts payable and other liabilities		
Deferred acquisition costs (note 8)	-	80,767
Transaction costs for investment properties (note 5)	115,545	-
Share issuance costs (note 11(a))	16,016	-
Debt issuance costs (note 9)	61,087	-

18. 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 two months ended December 31, 2020. The Company is not exposed to externally imposed capital requirements.

19. 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. All of the Company's cash is held with reputable financial institutions. The Company's policy is to deal only with creditworthy counterparties. None of the Company's financial assets are secured by collateral or other credit enhancements.

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

The Company has credit risk from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Company mitigates its credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. The Company also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. The maximum exposure to credit risk is the carrying value of the accounts receivables disclosed in Note 7. An impairment analysis is performed at each statement of financial position date using a provision matrix to measure expected credit losses, adjusted for forward-looking factors specific to the tenant and the economic environment. The provision is reduced for tenant security deposits held as collateral.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. 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 (note 21), and from funds raised through the partial disposition of interests in its assets.

As at December 31, 2020, the Company had a cash balance of $9,140,322, current accounts payable and other liabilities of $544,026 (note 10) and $8,816,496 in principal repayments on debt within the next 12 months (note 9). Subsequent to December 31, 2020, the Company raised gross proceeds of $125.3 million in four separate private placements (note 21). 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.

19. FINANCIAL RISK MANAGEMENT (continued)

Environmental risk

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

Market risk

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 $171,000.

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)

20. 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	$ 9,140,322	$ 9,140,322
Non-financial assets for which fair value is disclosed:			
Investment properties – cost model	Level 3	36,250,000	36,250,000
Financial liabilities measured at fair value:			
Debt at FVTPL - mortgages	Level 2	8,612,822	8,612,822
Interest rate swaps	Level 2	624,191	624,191
Financial liabilities for which fair value is disclosed:			
Debt at amortized cost - mortgages	Level 3	8,414,227	8,433,244
Debt at amortized cost – vendor take-back loans	Level 3	8,350,168	8,350,168

Valuation processes for investment property

The valuations of the investment properties were performed by qualified external valuations professionals who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The Company's management reviews the major inputs in the valuations performed by the independent valuators for financial reporting purposes and updated the major inputs in preparing an updated valuation as of December 31, 2020.

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; and
- 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.

(Expressed in Canadian Dollars)

20. 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 significant and unobservable level 3 valuations metrics used in the methods at December 31, 2020 are set out in the table below:

	Range (%)	Weighted Average (%)
Income capitalization method		
Stabilized capitalization rate	4.63-4.86	4.74
Discounted cash flow method		
Terminal capitalization rate	4.75-5.00	4.87
Discount rate	5.25-5.75	5.49

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, 2020:

		(Decrease)/Increase
Income capitalization method		
Weighted average stabilized capitalization rate		
25-basis point increase	$	(1,638,442)
25-basis point decrease		2,139,078
Discounted cash flow method		
Weighted average terminal capitalization rate:		
25-basis point increase		(1,218,512)
25-basis point decrease		1,310,188
Weighted average discount rate:		
25-basis point increase		(741,687)
25-basis point decrease		721,304

20. 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.

The fair value of the vendor take-back loan approximates its carrying value at December 31, 2020. These loans were repaid in full in February 2021 (note 21).

21. SUBSEQUENT EVENTS

Industrial Real Estate Acquisitions

5610 Finch Avenue, Toronto

On March 15, 2021, the Company completed an acquisition of one property at 5610 Finch Ave East, Toronto, Ontario, from an arm's length vendor for an aggregate purchase price of $12,250,000, subject to customary adjustments. The purchase price was satisfied with cash on hand.

1165 Kenaston Street, Ottawa

On March 18, 2021, the Company completed an acquisition of one property at 1165 Kenaston St, Ottawa, Ontario, from a related party for an aggregate purchase price of $28,500,000, subject to customary adjustments. The purchase price was satisfied with the issuance of 2,667,000 common shares being issued at $1.50 per share for consideration of $4,000,500, with the balance of $24,499,500 being satisfied with cash on hand.

Financing Activities

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 (the "Offering"). 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 $15,000,000. 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 are subject to a four month hold period which will expire on June 18, 2021.

21. SUBSEQUENT EVENTS (continued)

Financing Activities (continued)

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 (the "Offering"). 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 are subject to a four month hold period which will expire on July 19, 2021.

Other Activities

Subsequent to December 31, 2020, the Company received proceeds of $28,000 for the exercise of 100,000 stock options.