PARKIT ENTERPRISE INC.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

PARKIT ENTERPRISE INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

AS AT		September 30, 2023		December 31, 2022
ASSETS				
Real estate and equipment (note 3)	$	299,076,345	$	201,371,966
Investment in equity-accounted investees and long-term receivable (note 4)		12,621,978		13,080,286
Prepaid expenses and other assets (note 5)		2,886,776		4,296,261
Accounts receivable (note 6)		2,280,668		1,414,159
Cash		5,225,302		19,471,763
	$	**322,091,069**	**$**	**239,634,435**
LIABILITIES AND EQUITY				
Liabilities				
Debt (note 7)	$	163,583,742	$	76,353,308
Accounts payable and other liabilities (note 8)		5,236,859		5,127,287
		168,820,601		**81,480,595**
Equity (note 9)				
Share capital		168,747,660		172,901,571
Contributed surplus		4,371,218		4,371,218
Deficit		(19,848,410)		(19,118,949)
		153,270,468		**158,153,840**
	$	**322,091,069**	**$**	**239,634,435**

Commitments (note 4)
Subsequent events (note 16)

Approved and authorized by the Board on November 9, 2023:

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

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

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

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Industrial properties revenue	$ 5,671,599	$ 2,846,709	$ 14,900,662	$ 7,649,000
Industrial properties expenses	(1,844,984)	(1,256,850)	(5,432,530)	(3,816,925)
Net rental income	3,826,615	1,589,859	9,468,132	3,832,075
Parking properties revenue	914,200	-	1,591,723	-
Parking properties expenses	(608,857)	-	(1,061,902)	-
Share of profit from equity-accounted investees (note 4)	59,951	160,236	1,968,995	404,328
Net parking income	365,294	160,236	2,498,816	404,328
Other expenses				
General and administrative expenses and other income (note 10)	790,325	306,411	1,658,416	1,143,117
Depreciation (note 3)	2,028,486	959,906	5,592,203	2,740,760
Finance costs (note 11)	2,167,037	660,961	5,564,463	1,279,357
	4,985,848	1,927,278	12,815,082	5,163,234
Loss before tax	**(793,939)**	**(177,183)**	**(848,134)**	**(926,831)**
Income tax expense	-	-	(336)	(319)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (793,939)**	**$ (177,183)**	**$ (848,470)**	**$ (927,150)**
Loss per share attributable to shareholders of the Company:				
Basic	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding:				
Basic	231,247,787	239,686,672	233,020,800	238,220,282
Diluted	231,247,787	239,686,672	233,020,800	238,220,282

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

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

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
OPERATING ACTIVITIES		
Net loss for the period	$ (848,470)	$ (927,150)
Items not affecting cash:		
Share of profit from joint venture	(1,968,995)	(404,328)
Unrealized foreign exchange	(44,854)	(113,449)
Depreciation	5,592,203	2,740,760
Finance costs	5,564,463	1,279,357
Changes in non-cash working capital items:		
Accounts receivable	(865,755)	490,375
Prepaid expenses and deposits	2,054,246	(1,116,449)
Accounts payable and other liabilities	1,276,177	1,622,398
Cash flows from operating activities	10,759,015	3,571,514
INVESTING ACTIVITIES		
Acquisition of industrial properties	(94,655,634)	(39,694,785)
Contributions to joint venture	-	(557,692)
Distributions from joint venture	2,424,999	-
Acquisition of parking properties	(9,813,092)	-
Cash flows used in investing activities	(102,043,727)	(40,252,477)
FINANCING ACTIVITIES		
Proceeds from debt issuance	88,105,352	41,486,630
Debt issuance costs	(476,517)	(361,158)
Repayment of debt	(765,202)	(517,709)
Interest paid	(6,005,789)	(1,180,126)
Share buybacks	(4,034,902)	(5,915,293)
Cash flows from financing activities	76,822,942	33,512,344
Change in cash during the period	(14,461,770)	(3,168,619)
Effect of exchange rate changes on cash	215,309	2,371
Cash, beginning of period	19,471,763	21,797,256
CASH, END OF PERIOD	**$ 5,225,302**	**$ 18,631,008**

Supplemental information with respect to cash flows (note 14)

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

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

	Share capital				
	Number	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
Balance, December 31, 2021	234,463,680	$ 168,898,901	$ 3,175,065	$ (13,747,886)	$ 158,326,080
Shares issued – consideration for acquisition of industrial properties	7,885,982	10,133,437	-	-	10,133,437
Purchase and cancellation of common shares under NCIB (note 9(a))	(6,145,700)	(4,540,048)	-	(1,375,245)	(5,915,293)
Net loss for the period	-	-	-	(927,150)	(927,150)
Balance, September 30, 2022	**236,203,962**	**174,492,290**	**3,175,065**	**(16,050,281)**	**161,617,074**
Shares issued – consideration for acquisition of industrial properties	-	-	-	-	-
Purchase and cancellation of common shares under NCIB (note 9(a))	(2,153,300)	(1,590,719)	-	(516,410)	(2,107,129)
Share-based compensation	-	-	1,196,153	-	1,196,153
Net loss for the period	-	-	-	(2,552,258)	(2,552,258)
Balance, December 31, 2022	**234,050,662**	**172,901,571**	**4,371,218**	**(19,118,949)**	**158,153,840**
Purchase and cancellation of common shares under NCIB (note 9(a))	(5,623,000)	(4,153,911)	-	119,009	(4,034,902)
Net loss for the period	-	-	-	(848,470)	(848,470)
Balance, September 30, 2023	**228,427,662**	**$ 168,747,660**	**$ 4,371,218**	**$ (19,848,410)**	**$ 153,270,468**

The accompanying notes are an integral part of these condensed consolidated interim 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 was continued into the Province of Ontario on July 9, 2021. The Company's head office, principal address is 100 Canadian Rd, Toronto, Ontario, Canada, M1R 4Z5, and its registered and records office is Suite 6000, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada, M5X 1E2. Parkit's common shares are listed on TSX Venture Exchange ("TSX-V") (Symbol: PKT).

Parkit Enterprise is an industrial real estate platform focused on the acquisition, growth and management of strategically located industrial properties across key urban markets in Canada. The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent fiscal year-end consolidated financial statement and should be read in conjunction with the Company's consolidated financial statements as of December 31, 2022, which were prepared in accordance with IFRS as issued by the IASB. The accounting policies set out in Note 3 of the Company's audited financial statements as at December 31, 2022 have been applied in preparing these condensed interim consolidated financial statements.

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

Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in accordance with IFRS 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. 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. Actual results may materially differ from these estimates.

A full list of the key sources of estimation uncertainty can be found in the Company's audited consolidated financial statements as of December 31, 2022.

(Expressed in Canadian Dollars)

3. REAL ESTATE AND EQUIPMENT

The following table provides a continuity of total real estate and equipment for the nine months ended September 30, 2023.

		Industrial Properties	Parking Properties	Total
Balance at beginning of period	$	201,371,966	-	201,371,966
Additions:				
Direct acquisitions		90,250,000	9,694,593	99,944,593
Building improvements		2,596,435	-	2,596,435
Transaction costs and land transfer taxes		637,055	118,499	755,554
Total additions to industrial properties		93,483,490	9,813,092	103,296,582
Changes included in net loss:				
Depreciation		(5,497,758)	(94,445)	(5,592,203)
Total changes included in net loss		(5,497,758)	(94,445)	(5,592,203)
Balance at end of period (i)(ii)	$	289,357,698	9,718,647	299,076,345

i. Certain industrial properties are pledged as security for debt as of September 30, 2023 (note 7).
ii. See note 15 for additional disclosure on the estimated fair value of the industrial properties.

Industrial properties

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

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

Industrial properties acquisitions

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of the industrial properties for the nine months ended September 30, 2023, and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated into a single asset.

The Company's industrial property acquisitions for the nine months ended September 30, 2023, are detailed below.

		Purchase Price	Date Acquired
555 Camiel Sys St, Winnipeg, Manitoba	$	5,150,000	March 17, 2023
310 De Baets St, Winnipeg, Manitoba		14,200,000	March 17, 2023
1725 Inkster Blvd, Winnipeg, Manitoba		22,700,000	March 17, 2023
2030 Notre Dame Ave, Winnipeg, Manitoba		13,200,000	March 17, 2023
90-120 Paramount Rd, Winnipeg, Manitoba		3,250,000	March 17, 2023
1345 Redwood Ave, Winnipeg, Manitoba		12,200,000	March 17, 2023
144 Henderson Dr, Regina, Saskatchewan		6,300,000	March 17, 2023
195 Henderson Dr, Regina, Saskatchewan		4,600,000	March 17, 2023
2 Ramm Ave, White City, Saskatchewan		5,550,000	March 17, 2023
859 – 57th Street E, Saskatoon, Saskatchewan		3,100,000	March 17, 2023
Total direct acquisition of industrial properties	**$**	**90,250,000**	

Consideration for the $90,250,000 in direct acquisitions for the nine months ended September 30, 2023, was satisfied by first mortgage financing of $70,000,000 (note 7) and by the remaining $20,250,000 from cash on hand, of which $3,000,000 was paid from funds held in trust as of December 31, 2022 (note 5).

(Expressed in Canadian Dollars)

3. REAL ESTATE AND EQUIPMENT (continued)

Parking properties

Parking properties include assets that are used in production or supply of goods and services, for administrative purposes or held for sale in the ordinary course of business relating to parking operations. Parking properties also include assets that that are being constructed or developed for future use as parking properties.

On April 28, 2023, the Company acquired through its newly formed U.S. subsidiary ("Parkit Nashville LLC") certain business assets and the real property of Fly Away Parking for a total cost of $9,813,092, inclusive of acquisition costs of $118,499. Prior to the acquisition, these assets were held within the Company's joint venture (note 4).

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of these assets and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset. The total acquisition cost, inclusive of transaction costs, was allocated to parking properties.

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

		September 30, 2023		December 31, 2022
Investment in joint venture	$	10,703,714	$	11,159,718
Investment in associate		620,344		620,344
Long-term receivable		1,297,920		1,300,224
Balance at end of period	**$**	**12,621,978**	**$**	**13,080,286**

Investment in joint venture

Carrying amounts of joint venture

		September 30, 2023
Balance – beginning of period	$	11,159,718
Distributions from joint venture		(2,424,999)
Share of profit from joint venture		1,968,995
Balance – end of period	**$**	**10,703,714**

Interests in joint venture

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 September 30, 2023	Percentage Ownership December 31, 2022	Principal Activity	Functional Currency
PAVe Admin, LLC	Delaware, USA	50%	50%	Member/Manager of Parking Acquisition Ventures LLC	USD

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

Interests in joint venture (continued)

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

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

The Company is entitled to an 82.83% (December 31, 2022 – 82.83%) pro-rata allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (December 31, 2022 - 29.45%) equity member of OP Holdings with PAVe LLC accounting for OP Holdings as an investment in associate. OP Holdings holds a portfolio of U.S. based parking facilities, including Canopy Airport Parking ("Canopy"), previously held by the Company's associate Green Park Denver, LLC ("Green Park Denver").

PAVe LLC also consolidates PAVe Nashville, LLC ("Nashville") which previously owned Fly Away Parking until April 28, 2023. Nashville is held by PAVe LLC directly and is not part of OP Holdings. The Company is entitled to a 50% allocation of distributions from Nashville to PAVe LLC.

On April 28, 2023, the Company acquired through its newly formed U.S. subsidiary ("Parkit Nashville LLC"), certain business assets and the real property of Fly Away Parking for a purchase price of $9,694,593 (US$7,100,000) (note 3). With this acquisition, the Company is now a direct 100% owner of the assets used in the operation of Fly Away Parking where previously the Company was an indirect 50% owner through its equity holding in the joint venture. The Company's equity membership in the remaining net assets of Nashville remain unchanged. Nashville used the net sales proceeds received to settle certain loan liabilities and to make distributions to its joint venture members. In 2023, the Company has received $2,424,999 in distributions from Nashville.

Commitments

Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, the Company has a commitment to contribute up to 5% of any capital call made by the OP Holdings joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require working capital. No provision has been accrued by the Company as at September 30, 2023 (December 31, 2022 - $Nil) with respect to this commitment.

(Expressed in Canadian Dollars)

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

Summarized financial information of joint venture

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

	September 30, 2023	December 31, 2022
Assets		
Cash	$ -	$ 377,091
Other current assets	12,398	-
Parking facility	-	6,120,383
Goodwill	-	940,244
Interest in associate	14,379,127	14,291,265
	14,391,525	21,728,983
Liabilities		
Accounts payable	19,959	106,937
Borrowings	-	6,293,113
	19,959	6,400,050
Net assets of joint venture	**14,371,566**	**15,328,933**
Net assets attributable to the Company (i) (ii)	**$ 11,936,905**	**$ 12,385,058**
Investment in joint venture (iii)	**$ 10,703,714**	**$ 11,159,718**

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

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Property revenue	$ -	$ 750,788	$ 990,079	$ 2,065,467
Property expenses	-	(548,184)	(777,549)	(1,609,174)
Net property profit	-	202,604	212,530	456,293
Gain on sale of property	-	-	2,496,929	-
Depreciation expense	-	(64,892)	(92,551)	(191,301)
Mortgage interest expense	(3,735)	(74,721)	(219,339)	(193,419)
(Loss) profit from property operations	(3,735)	62,991	2,397,569	71,573
Profit from associate	75,007	154,666	112,655	443,365
Profit	$ 71,272	$ 217,657	$ 2,510,224	$ 514,938
Share of profit from joint venture (iv)	**$ 59,951**	$ **160,236**	**$ 1,968,995**	**$ 404,328**

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

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

(Expressed in Canadian Dollars)

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

Summarized financial information of joint venture (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 PAVe LLC, is entitled to the profits (losses) on the investments included in the joint ventures ranging from 50% to 82.8% based on the membership agreement and waterfall calculations for each joint venture. As a result, the calculated percentage of the Company's total share of profits (losses) of the joint venture profits (losses) will vary from period to period.

Investment in associate

In April 2015, the Company's then subsidiary Green Park Denver sold 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 earnout receivable from OP Holdings. The associate measures the earnout receivable at fair value through profit or loss. The associate has no continuing operations and is being maintained to receive the earn-out payments.

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

Long-term receivable

		September 30, 2023		December 31, 2022
Advances to PRE	$	1,297,920	$	1,300,224
Balance at end of period	**$**	**1,297,920**	**$**	**1,300,224**

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 September 30, 2023, the balance of the advance to PRE was $1,297,920 (US$960,000) to be repaid upon disposition of certain investments or parking properties.

5. PREPAID EXPENSES AND OTHER ASSETS

		September 30, 2023		December 31, 2022
Prepaid expenses and deposits	$	2,636,776	$	1,296,261
Funds held in trust (i)		250,000		3,000,000
Balance at end of period	**$**	**2,886,776**	**$**	**4,296,261**

i. As at December 31, 2022, the Company paid $3,000,000 in trust which was applied against the final purchase price of industrial property acquisitions completed on March 17, 2023 (note 3).

(Expressed in Canadian Dollars)

6. ACCOUNTS RECEIVABLE

		September 30, 2023		December 31, 2022
Current:				
Rent receivable on industrial properties	$	50,719	$	588
Accrued tax, maintenance and insurance recoveries		75,650		327,276
Management fees		78,416		60,812
Other receivables		872,521		536,220
		1,077,306		924,896
Non-current:				
Straight-line rent adjustments		1,203,362		489,263
	$	**2,280,668**	**$**	**1,414,159**

7. DEBT

The following table summarizes the debt as of September 30, 2023 and December 31, 2022.

	September 30, 2023				December 31, 2022			
	Rate Range	**Weighted Average**		**Balance**	**Rate Range**	**Weighted Average**		**Balance**
Mortgages:								
At amortized cost - Fixed	2.31% to 5.68%	3.65%	$	18,671,790	2.31% to 5.68%	3.65%	$	19,101,546
	Maturity: Jan 2024 to Dec 2025				*Maturity: Jan 2024 to Dec 2025*			
At FVTPL – Mortgage				14,084,709				14,180,064
- Fixed via Interest rate swap (i)				(1,366,153)				(1,126,061)
		3.56%		12,718,556		3.56%		13,054,003
	Maturity: May 2025 to Nov 2029				*Maturity: May 2025 to Nov 2029*			
Credit facilities:								
At FVTPL - Credit facilities (ii, iii)		7.65%		8,272,941				-
At FVTPL - Credit facilities (ii)				131,250,934				45,121,773
- Fixed via Interest rate swap (iv)				(6,750,934)				(621,773)
		5.49%		124,500,000		5.42%		44,500,000
	Maturity: Jan 2025				*Maturity: Jan 2025*			
Total Debt (v)		**5.24%**		**164,163,287**		**4.66%**		**76,655,549**
Financing costs, net (vi)				(579,545)				(302,241)
Carrying value (vii)			$	**163,583,742**			$	**76,353,308**

(Expressed in Canadian Dollars)

7. DEBT (continued)

i. The mortgage models a fixed rate mortgage with a set interest rate ranging from of 3.49% to 3.69% over a 5-to-10-year period with a fixed monthly repayment. The mortgages consist of a banker's acceptance (BA) rate of 5.38% plus associated BA stamping fees of 1.50% to 2.75% per annum. There is an interest rate swap that limits the total interest rate exposure under the loans to a fixed rate between the range of 3.49% to 3.69% per annum. The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying mortgage payable. The mortgage and interest rate swap have been accounted for at FVTPL. As at September 30, 2023, the interest rate swap on mortgages was in a net asset position of $1,366,153 (December 31, 2022 – asset position $1,126,061).

ii. Included in the credit facilities is a revolving line of credit of $55,000,000 of which $42,772,941 has been drawn upon, resulting in a remaining line of credit available of $12,227,059. The drawn amount includes $38,000,000 in CAD and the remainder in USD as discussed in note iii below. The interest rate applicable to the available line of credit will be determined in accordance with the prevailing variable interest rate.

iii. The balance includes a USD balance of $3,511,969 as at September 30, 2023 (December 31, 2022 – $Nil).

iv. The Company has entered into a series of swap agreements to fix the interest rate of between 5.10% to 5.72% on the $124,500,000 combined revolving and non-revolving line of credit, for the remainder of the loan term maturing on January 2025. The swap contracts require settlement of net interest receivable or payable every 30 days and have been accounted for at FVTPL. Additionally, the bank has entered into interest swap cancellation agreements, allowing them to cancel the original swap agreements at specified dates, ranging between January 2025, and December 2025. The lender has the right to extend the duration of the swap agreements by an additional two years at the same fixed interest rates. As of September 30, 2023, the interest rate swap on mortgages was in a net asset position amounting to $6,750,934 (December 31, 2022 – asset position $621,773).

v. The mortgages are collateralized by a first charge on certain industrial properties (note 3).

vi. The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization of $336,500 as at September 30, 2023 (December 31, 2022 - $143,536).

vii. See note 15 for additional disclosure on the estimated fair value of the debt.

The following table provides a continuity of total debt for the nine months ended September 30, 2023.

		September 30, 2023
Balance at beginning of period	$	76,353,308
Debt issuance [(i)]		88,105,352
Debt issuance costs		(476,517)
Debt repayment [(i)]		(765,202)
Change in fair value of mortgage payable measured at FVTPL		6,369,253
Change in fair value of interest rate swap		(6,369,253)
Amortization of debt issuance costs		199,214
Unrealized foreign exchange		167,587
Balance at end of period	**$**	**163,583,742**

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

(Expressed in Canadian Dollars)

7. DEBT (continued)

Principal repayments on mortgages are estimated as follows:

		Total
2023	$	259,723
2024 (i)		8,557,192
2025 (i)		147,460,500
2026		299,646
2027		310,272
Thereafter (i)		7,275,954
	$	**164,163,287**

i. Includes debt balance due at maturity.

8. ACCOUNTS PAYABLE AND OTHER LIABILITIES

		September 30, 2023		December 31, 2022
Current:				
Accounts payable and accrued liabilities	$	2,649,583	$	3,688,683
Rents received in advance		563,657		241,509
Accrued interest on debt (note 7)		77,853		73,632
		3,291,093		4,003,824
Non-current:				
Tenant deposits		1,945,766		1,123,463
Total	**$**	**5,236,859**	**$**	**5,127,287**

9. EQUITY

a) Authorized

Unlimited common shares, without par value.

Normal Course Issuer Bid Program

In March 2022, the Company implemented a Normal Course Issuer Bid ("NCIB") program to purchase for cancellation, during the 12-month period starting March 18, 2022, up to 11,823,221 of the outstanding common shares of the Company, representing 5% of the common shares outstanding. In March 2023, the Company renewed the NCIB program to purchase for cancellation, during the 12-month period starting March 24, 2023, up to 11,692,258 of the outstanding common shares of the Company, representing 5% of the common shares outstanding. The program will end on March 23, 2024, unless the maximum amount of common shares is purchased before then or the Company provides earlier notice of termination. The price paid for the common shares is, subject to NCIB pricing rules contained in securities laws, the prevailing market price of such common shares on the TSX Venture Exchange at the time of such purchase. The Company intends to fund the purchases out of available cash.

During the nine months ended September 30, 2023, the Company purchased and cancelled 5,623,000 common shares pursuant to its NCIB for a total of $4,034,902 at an average price of $0.72 per share. The Company's share capital was reduced by $4,153,911 for the average carrying value of the shares purchased for cancellation with the $119,009 paid below the average carrying value recognized as a reduction in the deficit.

(Expressed in Canadian Dollars)

9. EQUITY (continued)

b) Stock Options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2022	7,400,000	$ 1.50
Granted	3,525,000	1.05
Balance as at September 30, 2023	**10,925,000**	**$1.35**

On January 19, 2023, the Company granted 3,525,000 stock options to directors, officers, employees and consultants of the Company. The stock options were fully vested on the grant date, have a 10-year term, and are exercisable at a price of $1.05 per share. In connection with this grant of 3,525,000 stock options, the Company recognized share-based compensation expense in the consolidated statements of operations and comprehensive loss of $Nil for the nine months ended September 30, 2023, and $1,196,153 as at December 31, 2022. The fair value of $0.34 per option was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions: $1.05 exercise price and share price at grant date; expected stock option life of 4 years; expected volatility of 34%; risk-free interest rate of 3.55%; and dividend yield of 0%.

As at September 30, 2023, the following stock options were outstanding and exercisable:

Exercise Price	Number of Exercisable Options	Number of Outstanding Options	Weighted Average Years to Expiry
$1.05	7,400,000	7,400,000	9.31
$1.50	3,525,000	3,525,000	7.99
	10,925,000	**10,925,000**	8.88

10. GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER INCOME

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Salaries, fees, and short-term benefits (note 12)	$ 314,980	$ 145,116	$ 719,876	$ 391,213
Director fees (note 12)	36,000	36,000	108,000	120,000
Professional fees	354,888	225,558	1,052,714	651,321
Other administrative expenses	63,581	58,490	202,388	252,744
Total general and administrative expenses	**769,449**	**465,164**	**2,082,978**	**1,415,278**
Asset management income	(33,200)	(32,315)	(99,912)	(95,253)
Finance income	(35,495)	(37,336)	(275,379)	(62,478)
Foreign exchange loss (gain)	89,571	(89,102)	(49,271)	(114,430)
Total general and administrative expenses and other income	**$ 790,325**	**$ 306,411**	**$ 1,658,416**	**$ 1,143,117**

(Expressed in Canadian Dollars)

11. FINANCE COSTS

		For the three months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022
Interest expense on debt (note 7)	$	2,087,458	$	621,667	$	5,365,249	$	1,196,499
Amortization of debt issuance costs (note 7)		79,579		39,294		199,214		82,858
Unrealized change in fair value on mortgage payable (note 7)		2,724,604		618,898		6,369,253		1,804,404
Unrealized change in fair value interest rate swap (note 7)		(2,724,604)		(618,898)		(6,369,253)		(1,804,404)
Total	**$**	**2,167,037**	**$**	**660,961**	**$**	**5,564,463**	**$**	**1,279,357**

12. 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.

		For the three months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022
Total for all senior management								
Salaries, fees, and short-term benefits	$	142,432	$	88,532	$	319,496	$	237,784
Total for all directors								
Fees		36,000		36,000		108,000		120,000
Total	**$**	**178,432**	**$**	**124,532**	**$**	**427,496**	**$**	**357,784**

Transactions with related parties

Concurrent with completion of the industrial property acquisitions on December 29, 2020, the Company entered into a property management agreement with Access Results Management Services Inc. ("ARMS"). ARMS and the Company are related by having common members on its Board of Directors. The management agreement has, subject to certain conditions, a five-year term. The Company also receives invoices from ARMS and its related companies for construction, maintenance and other services related to the day-to-day property management, including accounting, financial, property and executive management.

- For the three and nine months ended September 30, 2023, the Company incurred property management fees and other rental and general operating expenses totalling $1,028,577 and 2,357,680, respectively, from ARMS and its related companies (three and nine months ended September 30, 2022 - $432,102 and $1,403,639, respectively) of which $65,432 and $196,296 of key management personnel compensation was included in the table above (September 30, 2022 - $65,432 and $168,484, respectively).

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

- For the nine months ended September 30, 2023, $1,388,790 of construction costs incurred through ARMS and its related companies have been capitalized to industrial properties (nine months ended September 30, 2022 - $3,817,549).

- Amounts due to and from ARMS and its related companies at September 30, 2023 includes $1,338,430 in accounts payable and accrued liabilities (December 31, 2022 - $2,949,331), and $809,882 in accounts receivable (December 31, 2022 - $574,728).

For the three and nine months ended September 30, 2023, the Company earned $231,742 and $885,914, respectively, in investment properties revenues from leases with companies controlled by two directors of the Company (three and nine months ended September 30, 2022 - $329,574 and $872,006, respectively).

13. SEGMENTED INFORMATION

The Company operates in two reportable business segments:

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

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

For the three months ended September 30, 2023	**Industrial Properties**	**Parking Properties**	**Corporate**	**Total**
Industrial properties revenue	$ 5,671,599	$ -	$ -	$ 5,671,599
Industrial properties expenses	(1,844,984)	-	-	(1,844,984)
Net rental income	3,826,615	-	-	3,826,615
Parking properties revenue	-	914,200	-	914,200
Parking properties expenses	-	(608,857)	-	(608,857)
Share of profit from equity-accounted investees	-	59,951	-	59,951
Net parking income	-	365,294	-	365,294
Other (income) expenses				
General and administrative expenses and other income	-	(33,200)	823,525	790,325
Depreciation	-	-	2,028,486	2,028,486
Finance costs	-	-	2,167,037	2,167,037
	-	**(33,200)**	**5,019,048**	**4,985,848**
NET INCOME (LOSS)	**$ 3,826,615**	**$ 398,494**	**$ (5,019,048)**	**$ (793,939)**
Additions:				
Real estate and equipment	**$** 838,781	$ -	$ -	$ 838,781

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION (continued)

For the three months ended September 30, 2022	Industrial Properties	Parking Properties	Corporate	Total
Industrial properties revenue	$ 2,846,709	$ -	$ -	$ 2,846,709
Industrial properties expenses	(1,256,850)	-	-	(1,256,850)
Net rental income	1,589,859	-	-	1,589,859
Parking properties revenue	-	-	-	-
Parking properties expenses	-	-	-	-
Share of profit from equity-accounted investees	-	160,236	-	160,236
Net parking income	-	160,236	-	160,236
Other (income) expenses				
General and administrative expenses and other income	-	(32,315)	338,726	306,411
Depreciation	-	-	959,906	959,906
Finance costs	-	-	660,961	660,961
	-	(32,315)	1,959,593	1,927,278
NET INCOME (LOSS)	**$ 1,589,859**	**$ 192,551**	**$ (1,959,593)**	**$ (177,183)**
Additions:				
Real estate and equipment	$ 2,436,236	$ -	$ -	$ 2,436,236

For the nine months ended September 30, 2023	Industrial Properties	Parking Properties	Corporate	Total
Industrial properties revenue	$ 14,900,662	$ -	$ -	$ 14,900,662
Industrial properties expenses	(5,432,530)	-	-	(5,432,530)
Net rental income	9,468,132	-	-	9,468,132
Parking properties revenue	-	1,591,723	-	1,591,723
Parking properties expenses	-	(1,061,902)	-	(1,061,902)
Share of profit from equity-accounted investees	-	1,968,995	-	1,968,995
Net parking income	-	2,498,816	-	2,498,816
Other (income) expenses				
General and administrative expenses and other income	-	(99,912)	1,758,328	1,658,416
Depreciation	-	-	5,592,203	5,592,203
Finance costs	-	-	5,564,463	5,564,463
	-	(99,912)	12,914,994	12,815,082
Income or (loss) before tax	**9,468,132**	**2,598,728**	**(12,914,994)**	**(848,134)**
Income tax expense	-	-	(336)	(336)
NET INCOME (LOSS)	**$ 9,468,132**	**$ 2,598,728**	**$ (12,915,330)**	**$ (848,470)**
Additions:				
Real estate and equipment	$ 93,483,490	$ 9,813,092	$ -	$ 103,296,582

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2022	Industrial Properties	Parking Properties	Corporate	Total
Industrial properties revenue	$ 7,649,000	$ -	$ -	$ 7,649,000
Industrial properties expenses	(3,816,925)	-	-	(3,816,925)
Net rental income	3,832,075	-	-	3,832,075
Parking properties revenue	-	-	-	-
Parking properties expenses	-	-	-	-
Share of profit from equity-accounted investees	-	404,328	-	404,328
Net parking income	-	404,328	-	404,328
Other (income) expenses				
General and administrative expenses and other income	-	(95,253)	1,238,370	1,143,117
Depreciation	-	-	2,740,760	2,740,760
Finance costs	-	-	1,279,357	1,279,357
	-	(95,253)	5,258,487	5,163,234
Income or (loss) before tax	**3,832,075**	**499,581**	**(5,258,487)**	**(926,831)**
Income tax expense	-	-	(319)	(319)
NET INCOME (LOSS)	**$ 3,832,075**	**$ 499,581**	**$ (5,258,806)**	**$ (927,150)**
Additions:				
Real estate and equipment	$ 63,643,532	$ -	$ -	$ 63,643,532

14. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Cash paid for taxes:	$ 336	$ 319
Non-cash transactions:		
Asset Acquisitions		
Acquisition of industrial properties	-	(23,400,185)
Debt assumed on acquisition of industrial property	-	13,266,748
Share capital issued for industrial property acquisition	-	10,133,437
Amounts included in accounts payable and other liabilities		
Additions to industrial properties	782,927	1,448,859
Amounts included in prepaid expenses and other assets		
Interest paid	(644,761)	-

(Expressed in Canadian Dollars)

15. 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, 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	$ 5,225,302	$ 5,225,302
Non-financial assets for which fair value is disclosed:			
Industrial properties – cost model	Level 3	289,357,698	349,688,344
Financial liabilities measured at fair value:			
Debt at FVTPL – mortgages and credit facilities	Level 2	153,608,584	153,608,584
Interest rate swaps	Level 2	(8,117,087)	(8,117,087)
Financial liabilities for which fair value is disclosed:			
Debt at amortized cost - mortgages	Level 3	18,671,790	17,762,235

Valuation processes for industrial property

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

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

(Expressed in Canadian Dollars)

15. FAIR VALUE MEASUREMENTS (continued)

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

The Company's management team is responsible for determining the fair value measurements on a quarterly basis, including verifying all major inputs included in the valuation and reviewing the results. The Company's management, along with its Audit Committee, discuss the valuation process and key inputs on a quarterly basis. At September 30, 2023, a weighted average of 62% of the fair market value of the industrial properties were appraised within the last year by qualified external valuators who hold recognized and relevant professional qualifications and have recent experience in the location and category of the industrial property being valued. The fair value of the remaining portfolio of industrial properties was determined internally by the Company's management team by individuals who are knowledgeable and have specialized industry experience in real estate valuations, with support from external valuation professionals, using similar assumptions and valuation principles as used by external appraisers.

The significant and unobservable level 3 valuations metrics used in the methods as at September 30, 2023 are set out in the table below for industrial properties consisting of land and building:

	Range (%)	Weighted Average (%)
Income capitalization method		
Stabilized capitalization rate	3.65-7.75	5.29
Discounted cash flow method		
Terminal capitalization rate	5.25-7.25	5.75
Discount rate	6.00-8.00	6.56

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 industrial property, and an increase in the stabilized capitalization rate will result in a decrease to the fair value of the industrial 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 industrial property.

Changes in the capitalization rates and discount rates would result in a change to the fair value of the industrial properties as set out below as at September 30, 2023:

		(Decrease) Increase
Income capitalization method:		
Weighted average stabilized capitalization rate:		
25-basis point increase	$	(8,011,809)
25-basis point decrease		8,847,006
Discounted cash flow method:		
Weighted average terminal capitalization rate:		
25-basis point increase		(4,269,671)
25-basis point decrease		4,662,404
Weighted average discount rate:		
25-basis point increase		(3,246,991)
25-basis point decrease		3,326,638

15. 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 industrial 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.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the Company purchased and cancelled 327,000 common shares pursuant to its NCIB for a total of $193,982 (note 9(a)).

Subsequent to September 30, 2023, the Company signed a commitment letter with a bank for a seven-year mortgage up to $10,000,000 to refinance an existing mortgage maturing January 2024. The new mortgage will have an effective rate of 6.25%, with a 25-year amortization.