PARKIT ENTERPRISE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023

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This Management's Discussion and Analysis ("MD&A") is prepared as of March 7th, 2024, and outlines the business strategy, risk profile, business outlook and analysis of financial performance and financial position of Parkit Enterprise Inc. ("Parkit," or "the Company") for the three and twelve months ended December 31, 2023 ("Q4"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the three and twelve months ended December 31, 2023 (the "Financial Statements").

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

REVIEW AND APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors approved the contents of this MD&A on March 7th, 2024.

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SECTION 1 – BASIS OF PRESENTATION

FORWARD LOOKING STATEMENTS

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

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

- Establishment and expansion of business segments
- Capital and general expenditures
- Projections of revenue, cost, market information (including price)
- Expectations regarding the ability to raise capital
- Treatment under governmental regulatory jurisdictions

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

- Liabilities inherent in our operations
- Uncertainties associated with estimated market demand and sector activity levels
- Competition for, among other things, capital, acquisitions and skilled personnel
- Fluctuations in foreign exchange, inflation, interest rates and stock market volatility
- The other factors discussed under “Risks and Uncertainties”

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

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

NON-IFRS MEASURES

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

Net operating income ("NOI") is a non-IFRS measure commonly used as a measurement tool in real estate businesses. Net operating income is equal to net rental income ("NRI") presented in the Financial Statements. For the purposes of this MD&A, NRI is defined as investment properties revenue less investment properties operating costs. NRI does not include interest expense or income, depreciation and amortization, corporate administrative costs, share-based compensation costs or taxes. NRI assists management in assessing profitability and valuation from principal business activities.

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

MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies are described in Note 3 to its audited consolidated financial statements for the year ended December 31, 2023. The preparation of financial statements requires the Company to make estimates and judgements that affect the reported results. For a detailed discussion of the critical estimates refer to Note 4 to the Company's audited consolidated financial statements for the year ended December 31, 2023.

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SECTION 2 – OVERALL PERFORMANCE AND STRATEGY

BUSINESS OVERVIEW

Parkit is an industrial real estate platform focused on the acquisition, growth and management of strategically located industrial properties across key urban markets in Canada. In addition, Parkit has parking assets across various markets in the United States of America ("USA").

BUSINESS UPDATE

In Q4 2023, Parkit continued grow its industrial real estate platform by continuing development of its expansion properties, actively driving leasing activity through lease extensions, and streamlining property operations including the Winnipeg and Saskatchewan portfolio purchased in Q1 2023. Parkit has remained disciplined while evaluating new acquisitions as the cost of capital continues to increase and the bid-ask spread on accretive acquisitions remains wide.

In Q1 2023, Parkit completed the acquisition of a portfolio of 10 industrial properties located in Winnipeg and Saskatchewan from an arm's length vendor, with approximately 800,000 square feet of leasable area and 55 acres of land, for an aggregate purchase price of $90,250,000. The purchase price was satisfied through a mortgage and cash on hand. The acquisition into central Canada represents an expansion in geography for Parkit, which previously had focused on the GTA+, Ottawa and Montreal markets. The new industrial properties provide scale, are strategically located within industrial parks, include a diverse tenant base, have tenancies below market rents, have a runway for rental growth and have medium-length lease terms.

STRATEGIC DIRECTION

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

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

Parkit's industrial properties are focused on the light industrial sector, which is a vital part of the Canadian economy and is a stable long-term asset class with numerous opportunities for growth. The Company's portfolio includes warehouses, distribution facilities, and light manufacturing with a mix of single and multi-tenant properties. Parkit's target properties have low rent volatility, high tenant retention, reduced operating costs, generic and highly in-demand space, low capital maintenance, minor leasehold improvements, and minimal tenant inducement costs.

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

PARKING PROPERTIES AND JOINT VENTURES

The Company holds a direct investment in a joint venture which manages various parking assets. As asset manager and investor in parking facilities, the Company has multiple sources of revenue (management fees, acquisition fees, and earnings in equity).

OP Holdings joint venture

The Company's primary parking asset is an effective 24.39% equity interest in OP Holdings JV LLC ("OP Holdings"). On April 22, 2015, the Company entered into a joint arrangement with Parking Real Estate, LLC ("PRE") and Sculptor Capital Management ("Sculptor") to form OP Holdings. The majority member of OP Holdings is a division of Sculptor, an institutional asset manager. OP Holdings has 3 assets:

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

Fly Away Parking, Nashville

In April 2023, the Company completed the acquisition of the remaining 50% interest in Fly Away Airport Parking ("Fly Away Parking"), an off-airport parking facility located near the Nashville International Airport, with Parkit purchasing 100% of Fly Away Parking for a gross enterprise value of $9,813,092 through its subsidiary Parkit Nashville, LLC. The proceeds for the acquisition were used to repay debt and obligations with the balance being distributed. Parkit received a distribution of $2,424,998 for its initial 50% interest.

Parking update

The Company had a loss and income from equity-accounted investees of $1,173,548 and $795,447, respectively, for the three and twelve months ended December 31, 2023, compared to a loss of $205,553 and an income of $198,775, respectively, for the three and twelve months ended December 31, 2022. The decrease in income for the quarter is a result of a reversal of 50% of the total gain of $2,496,929 relating to the Company's 50% ownership in the joint venture. The majority of the increase in the income for the twelve months ended December 31, 2023 were a result of the gain not relating to its 50% interest in the joint venture, which resulted in the Company's share of profit from joint ventures of $795,447. The income from equity-accounted investees only reported the results from Fly Away Parking up to its sale in April 2023. The Company's share of income or loss from the Joint Ventures are summarized in the Financial Statements, Note 7.

Subsequent to the acquisition of the remaining 50% interest in Fly Away Parking, the Company consolidated its results in the new parking operations. The Company had revenue of $801,406 and $2,393,129, respectively, for the three and twelve months ended December 31, 2023. The Company had net operating income of $222,589 and $752,410, respectively, for the three and twelve months ended December 31, 2023. The current results reflect an increase in both revenue and net operating income compared to the prior year results for Fly Away Parking, which is a result of a growing market in Nashville, TN, streamlined operations, and less financing costs.

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BUSINESS OUTLOOK

In the Company's key markets, the fundamentals remain strong quarter over quarter with low availability rates and increasing asking rental rates.

	Net Asking Rents (psf) (i)		Availability Rates (i, ii)	
Key Market	**Q4 2023**	**Q3 2023**	**Q4 2023**	**Q3 2023**
Toronto, ON	$18.25	$18.35	2.7%	1.9%
Montreal, QC	$16.42	$16.52	3.0%	2.3%
Ottawa, ON	$15.44	$15.50	2.6%	2.2%
Winnipeg, MB	$10.89	$10.92	2.5%	2.4%
Regina, SK	$11.26	$11.53	1.6%	1.6%

(i) Per CBRE and Colliers – Canada Q4 2023 Quarterly Statistics
(ii) The rates displayed for Regina, SK represent vacancy rates as at the abovementioned dates

The capitalization rates for industrial properties have seen increases across all markets, to varying degree based on geographic location. The effect of the significant increase in interest rates may cause purchasers of industrial real estate to re-evaluate their acquisition criteria, including the total fair value of properties and the total financing available against a property.

The Company continues to evaluate new acquisition opportunities and will deploy capital only to opportunities which meet its internal thresholds, maximize net asset value and generate positive returns over the long term. Management remains confident that the Company will be able to expand the size of its portfolio through discipline, data-driven and accretive acquisitions. Over the long term, Parkit's goal is to continue to grow its portfolio through acquisitions, expansions, and developments of industrial real estate while maximizing returns on its industrial and parking assets.

Parkit's significant acquisition in Winnipeg and Saskatchewan adds stabilized revenues and cash flows to the portfolio. The Company closed Q4 2023 with 1,600,480 square feet in stabilized gross leasable area with in-place escalations and tenants continuing to renew leases at market rates. The Company will continue to advance its development projects, maximize its leasing activity and improve property management operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

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

Some of the Company's ESG initiatives and accomplishments include:

Environmental

- member of Canada Green Building Council, a leading not-for-profit national environmental organization
- Canopy Airport Parking, located in Denver, Colorado is LEED-certified Gold and Green Garage Certified
- registered with Energy Star to monitor energy use and minimize environmental footprint
- participation in Earth Day and other initiatives to bring awareness to environmental issues
- utilization of solar panels and planning for the expansion of solar panels
- review of solar opportunities with availability of new 30% investment tax credit
- upgrade to energy-efficient lighting and exterior LED lighting for safety
- use of low-flow toilets
- exploring for and applying for incentives for energy, water, and waste audits
- review of American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) standards and Indoor Air Quality testing where needed
- installation of new water feed to reduce overall water consumption at certain properties
- paperless administration including cloud-based systems and records distribution

Social

- ensure safe working conditions through adherence to occupational health and safety standards
- promoting diversity and inclusion through Board, management and Company's use of merit-based hiring practices
- community involvement and charitable initiatives
- support wellness through continuing education for employees
- ensure safe conditions through adherence to jurisdictional occupational health, safety and labour standards

Governance

- established Board committees for Audit, Governance & Compensation, Investments
- Audit Committees is majority independent and the Governance & Compensation in entirely independent
- significant board and management ownership at over 39%

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SECTION 3 – FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

Select Financial Information (Audited)	Three months ended December 31, 2023	Three months ended December 31, 2022	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Operating results				
Investment properties revenue	$ 5,832,682	$ 3,420,394	$ 20,733,344	$ 11,069,394
Net rental income	$ 3,919,188	$ 2,051,634	$ 13,387,320	$ 5,883,709
Net parking and equity-accounted (loss) income	$ (1,173,548)	$ (205,553)	$ 795,447	$ 198,775
Net loss	$ (4,243,583)	$ (2,552,258)	$ (5,092,053)	$ (3,479,408)
Net loss per share	$ (0.02)	$ (0.01)	$ (0.02)	$ (0.01)
Funds from operations	$ 1,390,163	$ 652,007	$ 4,115,966	$ 1,947,178
FFO per share	$ 0.01	$ 0.00	$ 0.02	$ 0.01
Weighted avg shares outstanding	228,029,608	234,728,526	231,762,748	237,340,170
Liquidity and leverage				
Cash			$ 10,556,555	$ 19,471,763
Working capital			$ 10,376,174	$ 20,153,434
Total assets			$ 324,532,991	$ 239,634,435
Total debt (loans and borrowings)			$ 168,435,521	$ 76,353,308
Total equity			$ 149,187,430	$ 158,153,840
Weighted avg mortgage term (years)			3.0	3.3
Weighted avg effective interest rate			5.35%	4.66%
Investment properties				
Properties acquired			10	5
Number of properties (cumulative)			23	13
Site area (acres) (cumulative)			129.1	74.7
In-place gross leasable area ("GLA") (sf) [1, 2]			1,872,480	1,074,801
Expansion GLA in development (sf) (iv) [3]			271,050	271,050
GLA after stabilized & expansion (sf)			2,143,530	1,345,851
In-place occupancy rate [4]			100%	100%
Average in-place net rent			$11.70	$13.62
Weighted average lease term ("WALT") (years)			4.3	5.5

1. For the twelve months ended December 31, 2022, in-place GLA is split into stabilized in-place GLA of 796,140 sf and in-transition GLA of 278,661 sf
2. For the twelve months ended December 31, 2023, in-place GLA is split into stabilized in-place GLA of 1,600,480 sf and in-transition GLA of 272,000 sf
3. Expansion GLA includes 5610 Finch Ave East / 720 Tapscott Rd and 415 Legget Dr. See In-Development Properties
4. The occupancy rate does not include assets in transition or in development
5. Square feet ("sf")

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SECTION 4 – DISCUSSION OF OPERATIONS

SEGMENTED INFORMATION

The Company operates in two reportable business segments as at December 31, 2023:

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

For the three months ended December 31, 2023	Investment properties	Parking properties	Corporate	Total
Investment properties revenue	$ 5,832,682	$ -	$ -	$ 5,832,682
Investment properties expenses	(1,913,494)	-	-	(1,913,494)
Net rental income	**3,919,188**	**-**	**-**	**3,919,188**
Other income				
Parking properties revenue	-	801,406	-	801,406
Parking properties expenses	-	(578,817)	-	(578,817)
Share of loss from equity-accounted investees	-	(1,173,548)	-	(1,173,548)
	-	**(950,959)**	**-**	**(950,959)**
Other expenses				
General and administrative expenses and other income	-	(33,718)	531,691	497,973
Share-based compensation	-	-	455,936	455,936
Depreciation	-	-	2,116,524	2,116,524
Unrealized loss on derivative of financial instruments	-	-	1,965,707	1,965,707
Finance costs	-	-	2,176,008	2,176,008
	-	**(33,718)**	**7,245,866**	**7,212,148**
Income or (loss) before tax	**3,919,188**	**(917,241)**	**(7,245,866)**	**(4,243,919)**
Income tax recovery	-	-	336	336
NET INCOME (LOSS)	**$ 3,919,188**	**$ (917,241)**	**$ (7,245,530)**	**$ (4,243,583)**
Additions: Investment properties	$ 1,105,856	$ -	$ -	$ 1,105,856
Parking properties	$ -	$ 33,823	$ -	$ 33,823

For the three months ended December 31, 2022	Investment properties	Parking properties	Corporate	Total
Investment properties revenue	$ 3,420,394	$ -	$ -	$ 3,420,394
Investment properties expenses	(1,368,760)	-	-	(1,368,760)
Net rental income	**2,051,634**	**-**	**-**	**2,051,634**
Other income				
Share of profit from equity-accounted investees	-	(205,553)	-	(205,553)
	-	**(205,553)**	**-**	**(205,553)**
Other expenses				
General and administrative expenses and other income	-	(33,605)	573,528	539,923
Share-based compensation	-	-	1,196,153	1,196,153
Depreciation	-	-	1,847,082	1,847,082
Finance costs	-	-	895,825	895,825
	-	**(33,605)**	**4,512,588**	**4,478,983**
Income or (loss) before tax	**2,051,634**	**(171,948)**	**(4,512,588)**	**(2,632,902)**
Income tax recovery	-	-	80,644	80,644
NET INCOME (LOSS)	**$ 2,051,634**	**$ (171,948)**	**$ (4,431,944)**	**$ (2,552,258)**
Additions: Investment properties	$ -	$ -	$ -	$ -

For the twelve months ended December 31, 2023	Investment properties	Parking properties	Corporate	Total
Investment properties revenue	$ 20,733,344	$ -	$ -	$ 20,733,344
Investment properties expenses	(7,346,024)	-	-	(7,346,024)
Net rental income	**13,387,320**	**-**	**-**	**13,387,320**
Other income				
Parking properties revenue		2,393,129	-	2,393,129
Parking properties expenses	-	(1,640,719)	-	(1,640,719)
Share of profit from equity-accounted investees	-	795,447	-	795,447
	-	**1,547,857**	**-**	**1,547,857**
Other expenses				
General and administrative expenses and other income	-	(133,630)	2,290,019	2,156,389
Share-based compensation	-	-	455,936	455,936
Depreciation	-	-	7,708,727	7,708,727
Unrealized loss on derivative of financial instruments	-	-	1,965,707	1,965,707
Finance costs	-	-	7,740,471	7,740,471
	-	**(133,630)**	**20,160,860**	**20,027,230**
Income or (loss) before tax	**13,387,320**	**1,681,487**	**(20,160,860)**	**(5,092,053)**
Income tax expense	-	-	-	-
NET INCOME (LOSS)	**$ 13,387,320**	**$ 1,681,487**	$ **(20,160,860)**	$ **(5,092,053)**
Additions: Investment properties	$ 94,589,346	$ -	$ -	$ 94,589,346
Parking properties	$ -	$ 9,846,914	$ -	$ 9,846,914

For the twelve months ended December 31, 2022	Investment properties	Parking properties	Corporate	Total
Investment properties revenue	$ 11,069,394	$ -	$ -	$ 11,069,394
Investment properties expenses	(5,185,685)	-	-	(5,185,685)
Net rental income	**5,883,709**	**-**	**-**	**5,883,709**
Other income				
Share of profit from equity-accounted investees	-	198,775	-	198,775
	-	**198,775**	**-**	**198,775**
Other expenses				
General and administrative expenses and other income	-	(128,858)	1,811,898	1,683,040
Share-based compensation	-	-	1,196,153	1,196,153
Depreciation	-	-	4,587,842	4,587,842
Finance costs	-	-	2,175,182	2,175,182
	-	**(128,858)**	**9,771,075**	**9,642,217**
Income or (loss) before tax	**5,883,709**	**327,633**	**(9,771,075)**	**(3,559,733)**
Income tax recovery	-	-	80,325	80,325
NET INCOME (LOSS)	**$ 5,883,709**	**$ 327,633**	$ **(9,690,750)**	$ **(3,479,408)**
Additions: Investment properties	$ 65,745,940	$ -	$ -	$ 65,745,940

FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

Investment properties operating results

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

Investment properties revenue rose to $5,832,682 and $20,733,344, respectively, for the three and twelve months ended December 31, 2023, compared to $3,420,394 and $11,069,394, respectively, for the three and twelve months ended December 31, 2022. The increase in revenue from investment properties is due to the acquisitions made by the Company, and new leases and lease renewals at market rents signed by the Company.

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

Investment properties expenses increased to $1,913,494 and 7,346,024, respectively, for the three and twelve months ended December 31, 2023, compared to $1,368,760 and $5,185,685, respectively, for the three and twelve months ended December 31, 2022. The increase in expenses from investment properties is due to the acquisitions made by the Company. The investment properties expenses increased at a lower rate than revenues as a result of the stabilization of certain investment properties and improving margins.

Net rental income increased to $3,919,188 and $13,387,320, respectively for the three and twelve months ended December 31, 2023, compared to $2,051,634 and $5,883,709, respectively, for the three and twelve months ended December 31, 2022. The net rental income increased as the Company commenced new leases, minimized its costs for in-transition and in-development properties, and onboarded a portfolio of stabilized assets in Winnipeg and Saskatchewan. The stabilized investment properties are properties with long-term leases in place, while in-development and in-transition properties include properties that are in the planning, development stage or are transitioning to a different use.

Stabilized properties		In-transition and in-development properties
• 5600 Finch Ave East	• 555 Camiel Sys St	• 415 Legget Dr [ii]
• 4390 Paletta Crt	• 310 De Baets St	• 568 Second St [ii]
• 1165 Kenaston St	• 1725 Inkster Blvd	• 720 Tapscott Rd
• 1151-1181 Parisien St	• 2030 Notre Dame Ave	
• 1665 Blvd Lionel-Bertrand	• 90-120 Paramount Rd	
• 5610 Finch Ave East [i]	• 1345 Redwood Ave	
• 3455 Mainway Dr	• 144 Henderson Dr	
• 5300 Harvester Rd	• 195 Henderson Dr	
• 1155 Lola St	• 2 Ramm Ave	
• 1485 Speers Rd	• 859 57th Street E	

(i) 5610 Finch Ave East is stabilized with a medium term lease until the properties move to development in mid-2025
(ii) 415 Legget Dr and 568 Second St are repositioning; the properties may have interim revenue during this process

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	For the three months ended December 31, 2023			For the three months ended December 31, 2022		
	Stabilized properties	In-transition / in-development properties (i)	Total	Stabilized properties	In-transition / in-development properties (i)	Total
Investment properties revenue	$ 5,789,114	$ 43,568	$ 5,832,682	$ 3,091,113	$ 329,281	$ 3,420,394
Investment properties expenses	(1,604,756)	(308,738)	(1,913,494)	(980,953)	(387,807)	(1,368,760)
Net rental income (loss)	**$ 4,184,358**	**$ (265,170)**	**$ 3,919,188**	**$ 2,110,160**	**$ (58,526)**	**$ 2,051,634**
Gross margin	**72%**	**N/A**	**67%**	**68%**	**N/A**	**60%**

	For the twelve months ended December 31, 2023			For the twelve months ended December 31, 2022		
	Stabilized properties	In-transition / in-development properties (i)	Total	Stabilized properties	In-transition / in-development properties (i)	Total
Investment properties revenue	$ 20,584,190	$ 149,155	$ 20,733,344	$ 10,014,652	$ 1,054,742	$ 11,069,394
Investment properties expenses	(6,020,421)	(1,325,604)	(7,346,024)	(3,385,178)	(1,800,507)	(5,185,685)
Net rental income (loss)	**$ 14,563,769**	**$ (1,176,449)**	**$ 13,387,320**	**$ 6,629,474**	**$ (745,765)**	**$ 5,883,709**
Gross margin	**71%**	**N/A**	**65%**	**66%**	**N/A**	**53%**

(i) The in-transition and in-development properties may have interim revenue and expenses, however, the properties are not fully occupied which has resulted in a net rental loss. Once these properties are stabilized, the Company expects the margins to improve.

Parking properties operating results

Parkit's parking properties operating results include its share of profit from equity-accounted investees and the parking net operating income. The share of profit from equity-accounted investees includes the investment in the Company's joint ventures, investment in associate, and long-term receivable.

- The investment in the Company's Joint Venture includes the equity participation in the OP Holdings portfolio and Fly Away Parking (Up to the date of Fly Away Parking's disposition)

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

- The Company's long-term receivable pertains to the Company's advanced to Parking Real Estate, LLC ("PRE"), a joint venture partner, for the purpose of PRE funding investments in income-producing property acquisitions. A portion has been repaid from the assignment of certain distributions due to PRE and the balance of $1,269,696 ($960,000 USD) is to be repaid upon disposition of certain investments.

The share of income from equity-accounted investees was a loss of $1,173,548 and income of $795,447 for the three and twelve months ended December 31, 2023, compared to a loss of $205,553 and an income of $198,775 for the three and twelve months ended December 31, 2022. The share in the income from the joint ventures, reflects the Company's equity participation of the income and loss from PAVe LLC (OP Holdings and Fly Away Parking, until its disposition from the joint venture). The quarterly loss is a result of a reversal of the portion of the gain on sale of Fly Away Parking, not relating to its 50% interest in the joint venture. The year-to-date increase in income is a result of an increase in profit from its associate and the Company's share of the gain on sale of its joint venture Fly Away Parking.

The details of the joint ventures are detailed below and can also be found in Note 7 of the Financial Statements. The operations of the joint ventures translated using average exchange rates for the period are summarized as follows:

	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the twelve months ended December 31, 2023	For the twelve months ended December 31, 2022
Parking properties revenue	$ -	$ 658,273	$ 990,079	$ 2,723,740
Parking properties expenses	-	(635,777)	(777,549)	(2,244,951)
Net parking properties profit	**-**	**22,496**	**212,530**	**478,789**
Gain on sale of parking property [iii]	(1,248,465)	-	1,248,465	-
Depreciation expense	-	(73,306)	(92,551)	(264,607)
Mortgage interest expense	-	(99,240)	(219,339)	(292,659)
(Loss) profit from parking operations	**(1,248,465)**	**(150,050)**	**1,149,105**	**(78,477)**
Profit (loss) from associate	84,513	(55,995)	197,168	387,370
General and administrative expense	-	(84,302)	-	(84,302)
Profit (loss)	**$ (1,163,952)**	**$ (290,347)**	**$ 1,346,273**	**$ 224,591**
Share of (loss) profit from joint venture	**$ (1,173,548)**	$ **(205,553)**	**$ 795,447**	**$ 198,775**

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

iii. The Company eliminated half the gain on sale of the parking property which related to its prior 50% interest in the Fly Away Parking joint venture.

	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the twelve months ended December 31, 2023	For the twelve months ended December 31, 2022
Parking properties revenue	$ 801,406	$ -	$ 2,393,129	$ -
Parking properties expenses	(578,817)	-	(1,640,719)	-
Parking properties net operating income	$ 222,589	$ -	$ 752,410	$ -
Gross margin	28%	-	31%	-

Subsequent to the acquisition of the remaining 50% interest in Fly Away Parking, the Company consolidated its results in the new parking operations. The parking properties revenue was $801,406 and $2,393,129 for the three and twelve months ended December 31, 2023. The parking properties expenses was $578,817 and $1,640,719 for the three and twelve months ended December 31, 2023. The current results reflect an increase in both revenue and income compared to the prior year results for Fly Away, which is a result of streamlined operations, lower financing costs and a growing market in Nashville, TN.

Unrealized loss on derivative of financial instruments

The Company recognized an unrealized loss on derivative financial instruments of $1,965,707 as a result of new swap instruments to fix its interest rates for the three and twelve months ended December 31, 2023, compared to $Nil for the three and twelve months ended December 31, 2022.

Share-based compensation

Share based compensation decreased to $455,936 for the three and twelve months ended December 31, 2023, compared to $1,196,153, for the three and twelve months ended December 31, 2022. The decrease in expenses is a function of less options issued, and a lower Black-Scholes valuation for options issued for the three and twelve months ended December 31, 2023.

General and administrative expenses and other income

General and administrative expenses and other income was $497,973 and $2,156,389, respectively, for the three and twelve months ended December 31, 2023, compared to $539,923 and $1,683,040, respectively, for the three and twelve months ended December 31, 2022. The decrease in quarterly general and administrative expenses and other income is a result of a credit from foreign exchange for the period. The general and administrative expenses and other income for the last twelve months increased as a result of an increase in salaries, fees and professional fees as the Company continued to grow its portfolio.

Depreciation

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

The depreciation was $2,116,524 and $7,708,727, respectively, for the three and twelve months ended December 31, 2023, compared to $1,847,082 and $4,587,842, respectively, for the three and twelve months ended December 31, 2022. The increase in depreciation for the three and twelve months is a result of an increase in the number of investment and parking properties held by the Company compared to the previous period.

Finance costs

The finance costs were $2,176,008 and $7,740,471, respectively, for the three and twelve months ended December 31, 2023, compared to $895,825 and $2,175,182, respectively, for the three and twelve months ended December 31, 2022. The increase in finance costs is due to the additional debt held by the Company and a higher interest rate paid by the Company. The Company used swaps to fix interest rates on its debt with a weighted average effective interest rate of 5.35% as at December 31, 2023 compared to 4.66% as at December 31, 2022.

Net loss

The net loss was $4,243,583 and $5,092,053, respectively, for the three and twelve months ended December 31, 2023, compared to a net loss of $2,552,258 and $3,479,408, respectively, for the three and twelve months ended December 31, 2022. The net loss was a result of non-cash items with the annual results including $7,708,727 of depreciation, $455,936 in share-based compensation, $1,965,707 of unrealized loss on derivative financial instruments.

Funds from operations ("FFO")

		Three months ended December 31, 2023		Three months ended December 31, 2022		Twelve months ended December 31, 2023		Twelve months ended December 31, 2022
Net Loss and comprehensive loss	$	(4,243,583)	$	(2,552,258)	$	(5,092,053)	$	(3,479,408)
Add / (Deduct):								
Share of loss (gain) from equity-accounted investees		1,173,548		205,553		(795,447)		(198,775)
Depreciation		2,116,524		1,847,082		7,708,727		4,587,842
Unrealized loss on derivative financial instruments		1,965,707		-		1,965,707		-
Foreign exchange		(77,633)		36,121		(126,904)		(78,309)
Income tax (recovery) expense		(336)		(80,644)		-		(80,325)
Share based compensation		455,936		1,196,153		455,936		1,196,153
FFO	**$**	**1,390,163**	**$**	**652,007**	**$**	**4,115,966**	**$**	**1,947,178**
FFO per share	**$**	**0.01**	**$**	**0.00**	**$**	**0.02**	**$**	**0.01**

The FFO for the three and twelve months ended December 31, 2023 was $1,390,163 and $4,115,966, compared to an FFO of $652,007 and $1,947,178 for the three and twelve months ended December 31, 2022. The increase in FFO is a result of an increase in net rental income as a result of its acquisition of the Winnipeg and Saskatchewan portfolio and the commencement of new leases and renewals at market rates, while managing its finance costs with swaps on its mortgages and credit facilities.

Investment properties – acquisitions

The Company's investment properties acquisitions for the twelve months ended December 31, 2023 are detailed below:

Property address	Number of properties	GLA		Cost	Date acquired
555 Camiel Sys St, Winnipeg, MB	1	24,665	$	5,150,000	March 17, 2023
310 De Baets St, Winnipeg, MB	1	74,196		14,200,000	March 17, 2023
1725 Inkster Blvd, Winnipeg, MB	1	268,732		22,700,000	March 17, 2023
2030 Notre Dame Ave, Winnipeg, MB	1	112,549		13,200,000	March 17, 2023
90-120 Paramount Rd, Winnipeg, MB	1	32,720		3,250,000	March 17, 2023
1345 Redwood Ave, Winnipeg, MB	1	112,132		12,200,000	March 17, 2023
144 Henderson Dr, Regina, SK	1	66,446		6,300,000	March 17, 2023
195 Henderson Dr, Regina, SK	1	30,984		4,600,000	March 17, 2023
2 Ramm Ave, White City, SK	1	63,996		5,550,000	March 17, 2023
859 57th St E, Saskatoon, SK	1	17,920		3,100,000	March 17, 2023
For the year ended December 31, 2023	**10**	**804,340**	**$**	**90,250,000**	
For the year ended December 31, 2022	**5**	**279,413**	**$**	**57,913,437**	
For the year ended December 31, 2021	**6**	**565,646**	**$**	**100,633,400**	

In-development properties

The following table summarizes the Company's ongoing in-development projects as at December 31, 2023:

Property	Planned GLA	Ownership	Comment
Planning and permitting stage			
5610 Finch Ave East & 720 Tapscott Rd	121,050	100%	Construction to commence in 2025
415 Legget Dr, Ottawa, Ontario	150,000	100%	Construction to commence in 2024/2025
568 Second St, London, Ontario	-	100%	Repositioning site from office to industrial. Residential zoning approval as an alternative.
Total	**271,050**		

The Company continues to advance its development plans at 5610 Finch Avenue East and 720 Tapscott Rd where the Company plans to add at least 121,050 sq feet and resulting with at least 175,000 sq feet at these two properties. The Company extended construction to 2025 as their current tenant extended its lease term to Q1 2025.

The Company plans to develop 415 Legget Dr, by a) repositioning the property from a flexible office and warehouse to a combination of light industrial and warehouse and b) adding at least 150,000 sq feet of light industrial and warehouse on the property. The Company has received site plan approval and are targeting construction at the end of 2024 or early 2025.

The Company received municipal approval to rezone 568 Second St to high density residential housing while pursuing interim rental revenue while it continues the entitlement process.

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

Investment properties portfolio

As of December 31, 2023, Parkit owns and operates a portfolio of 23 industrial assets totaling 1,872,480 square feet of GLA with an additional 271,050 square feet planned in future expansions.

The Company leases industrial properties to tenants under operating leases. In Q4, the Company had 100% collections and the stabilized properties are 100% tenanted as at December 31, 2023.

As at December 31, 2023, the Company's tenants operate in a variety of industries, with no one tenant accounting for more than 6.0% of total GLA. The Company's portfolio of 23 industrial assets has 60 tenants.

As at December 31, 2023, the Company has an in-place and committed occupancy of 100% for 20 stabilized properties. The Company has 3 other properties under development with short-term income. The stabilized properties have an average in-place net rent for the portfolio of $11.70 per square feet compared with the weighted average market rents of $13.99 per square feet for the portfolio in Q4 of 2023[1].

[1] Per CBRE and Colliers – Canada Q4 2023 Quarterly Statistics

Portfolio as at December 31, 2023	Total GLA	Average in-place base rent (per sf)	Estimated market rent (per sf)	WALT
Greater Toronto Area +, Ontario	435,556	$16.24	$18.25	5.4 years
Ottawa, Ontario and Montreal, Quebec	360,584	$11.95	$15.59	5.1 years
Total Ontario and Quebec properties	796,140	$14.40	$17.05	5.3 years
Winnipeg, Manitoba and Saskatchewan	804,340	$7.76	$10.97	3.4 years
Total portfolio	1,600,480	$11.70	$13.99	4.3 years

(i) Total GLA for portfolio excludes in-development assets of 272,000 sf.

Portfolio as at December 31, 2022	Total GLA	Average in-place base rent (per sq ft)	Estimated market rent (per sq ft)	WALT
Greater Toronto Area +, Ontario	435,556	$15.33	$17.17	5.1 years
Ottawa, Ontario and Montreal, Quebec	360,584	$11.71	$13.88	6.0 years
Total Portfolio	796,140	$13.62	$15.68	5.5 years

In 2023, the Company continued to renew and sign new leases at market rates, resulting in higher in-place rents, particular in the Greater Toronto Area+ region. The Company notes that with the addition of the new properties acquired in 2023 located in Manitoba and Saskatchewan, the in-place rents are expected to grow, as it continues to transition leases towards the market rents.

Leasing activity – renewals

	Renewal Total	
	GLA	Rental rate growth (%)
For 3 months ended December 31, 2023	9,362	73%
For 3 months ended September 30, 2023	62,505	127%
For 3 months ended March 31, 2023	54,853	21%
For 3 months ended December 31, 2022	6,852	48%
For 3 months ended September 30, 2022	63,382	123%
For 3 months ended June 30, 2022	4,681	63%
For 3 months ended March 31, 2022	4,647	38%

Leasing activity – new deals

The Company signed the following new lease deals for each respective period:

- Q4 2023, Parkit signed a 15-year lease for 25,000 sf at 415 Legget Dr starting at $10.00 net psf
- Q4 2023, Parkit signed a 5-year lease for 4,528 sf at 90 Paramount Rd starting at $8.50 net psf
- Q3 2023, Parkit signed a 5-year lease for 7,914 sf at 4390 Paletta Crt starting at $15.15 net psf
- Q2 2023, Parkit signed a 5-year lease for 27,182 sf at 5600 Finch Ave E starting at $15.95 net psf
- Q4 2022, Parkit signed a 10-year lease for 55,547 sf at 1665 Blvd Lionel-Bertrand starting at $10.07 net psf
- Q4 2022, Parkit signed a 10-year lease for 3,311 sf at 1155 Lola St starting at $18.00 net psf

Lease Maturity

The following table details the portfolio lease maturity profile of stabilized investment properties:

Portfolio as at December 31, 2023	Vacancy	2024	2025	2026	2027	2028+	Total (i)
Total vacancy / renewal (sf)	7,914	141,432	284,315	89,884	335,276	741,659	1,600,480
Percentage of stabilized GLA	0%	9%	18%	6%	21%	46%	

(i) Includes stabilized properties, total GLA excludes 272,000 sf for 415 Legget Dr, 568 Second St and 720 Tapscott Rd, which are in transition.

SECTION 5 – SUMMARY OF QUARTERLY RESULTS

The following table sets forth the selected financial information of the Company for the most recent financial quarters:

		Three months ended December 31, 2023		Three months ended September 30, 2023		Three months ended June 30, 2023		Three months ended March 31, 2023
Investment properties revenue	$	5,832,682	$	5,671,599	$	5,669,831	$	3,559,232
Investment properties expense		(1,913,494)		(1,844,984)		(2,114,593)		(1,472,953)
Net rental income (i)		**3,919,188**		**3,826,615**		**3,555,238**		**2,086,279**
Other income								
Parking properties revenue (ii)		801,406		914,200		677,523		-
Parking properties expenses		(578,817)		(608,857)		(453,045)		-
Share of (loss) profit from equity investees (iii)		(1,173,548)		59,951		1,978,241		(69,197)
		(950,959)		**365,294**		**2,202,719**		**(69,197)**
Other expenses								
General and admin and other (iv)		497,973		790,325		423,231		444,860
Share-based compensation (v)		455,936		-		-		-
Depreciation		2,116,524		2,028,486		2,103,510		1,460,207
Unrealized loss on derivative of financial instruments (vi)		1,965,707		-		-		-
Finance costs (vii)		2,176,008		2,167,037		2,200,045		1,197,381
		7,212,148		**4,985,848**		**4,726,786**		**3,102,448**
(Loss) income before tax		**(4,243,919)**		**(793,939)**		**1,031,171**		**(1,085,366)**
Income tax recovery (expense)		336		-		(336)		-
Net (loss) income and comprehensive (loss) income	**$**	**(4,243,583)**	**$**	**(793,939)**	**$**	**1,030,835**	**$**	**(1,085,366)**
Per share – basic and diluted	**$**	**(0.02)**	**$**	**(0.00)**	**$**	**0.00**	**$**	**(0.00)**

(i) Net rental income has continued to increase with the Company onboarding new investment properties, signing leases and renewing tenants.

(ii) As of Q2 2023, the Company consolidated its 100% interest in Fly Away Parking. Parking results have improved with a growing market in Nashville, TN, streamlined operations, and less financing costs.

(iii) In Q1 2023, the Company had a loss from its joint ventures resulting from higher financing costs and seasonality in the joint ventures operations. In Q2 2023, the Company reported a profit from its joint ventures resulting from a gain on its sale of its 50% interest in Fly Away Parking. In Q3 2023, the Company had a profit from its joint ventures as a result of more stabilized operating results. In Q4 2023, the loss is a result of a reversal of 50% of the gain on sale relating to the Company's 50% ownership in the joint venture.

(iv) In Q3 2023, general and admin expenses increased as a result of one-time costs and an unrealized increase in foreign exchange.

(v) In Q4 2023, the share-based compensation decreased from the same period in 2022 because less options issued and a lower Black-Scholes valuation was calculated for each option issued.

(vi) In Q4 2023, the Company recorded derivative loss pertaining to its swaps on its credit facility.

(vii) The finance costs have remained steady from Q2 2023 to Q4 2023 as the company has used swaps to fix its exposure to interest rate risk.

		Three months ended December 31, 2022		Three months ended September 30, 2022		Three months ended June 30, 2022		Three months ended March 31, 2022
Investment properties revenue	$	3,420,394	$	2,846,709	$	2,691,836	$	2,110,455
Investment properties expense		(1,368,760)		(1,256,850)		(1,317,655)		(1,242,420)
Net rental income [i]		**2,051,634**		**1,589,859**		**1,374,181**		**868,035**
Other income								
Share of (loss) profit from equity investees [ii]		(205,553)		160,236		204,680		39,412
		(205,553)		**160,236**		**204,680**		**39,412**
Other expenses								
General and admin and other		539,923		306,411		484,740		351,966
Share-based compensation		1,196,153		-		-		-
Depreciation [iii]		1,847,082		959,906		916,643		864,211
Finance costs [iv]		895,825		660,961		433,855		184,541
		4,478,983		**1,927,278**		**1,835,238**		**1,400,718**
Loss before tax		**(2,632,902)**		**(177,183)**		**(256,377)**		**(493,271)**
Income tax recovery (expense)		80,644		-		(319)		-
Net loss and comprehensive loss	**$**	**(2,552,258)**	**$**	**(177,183)**	**$**	**(256,696)**	**$**	**(493,271)**
Per share – basic and diluted	**$**	**(0.01)**	**$**	**(0.00)**	**$**	**(0.00)**	**$**	**(0.00)**

(i) Investment properties revenues and expenses increase with the addition of investment properties, new leases and lease extensions.

(ii) In Q4 2022, the Company had a loss from its joint ventures resulting from higher financing costs and seasonality in the joint ventures operations. In Q3 2023, the Company had a profit from its joint ventures as a result of more stabilized operating results. The Company's share of income from equity-accounted investees has steadily increased as the effects of COVID-19 subside.

(iii) The depreciation increased as the company onboarded additional investment properties in fiscal 2022.

(iv) Financing costs increased as the company brought on additional debt to fund additional investment property acquisitions.

SECTION 6 – LIQUIDITY AND CAPITAL RESOURCES

	Balance at December 31, 2023	Balance at December 31, 2022	Balance at December 31, 2021
Liquidity and leverage			
Cash	$ 10,556,555	$ 19,471,763	$ 21,797,256
Working capital	$ 10,376,174	$ 20,153,434	$ 20,698,840
Total assets	$ 324,532,991	$ 239,634,435	$ 177,640,703
Total debt (loans and borrowings)	$ 168,435,521	$ 76,353,308	$ 17,126,214
Total equity	$ 149,187,430	$ 158,153,840	$ 158,326,080

Cash

Cash decreased to $10,556,555 as at December 31, 2023 from $19,471,763 as at December 31, 2022. The decrease is a result of cash used in the acquisition of investment properties and the associated transaction costs, cash used in development of property, cash used for the repayment of debt and cash used to buy back shares, partially offset from cash from operations and proceeds from debt.

Working capital

Working capital decreased to $10,376,174 as at December 31, 2023 from $20,153,434 as at December 31, 2022. The decrease is a result of the decrease in cash for the period.

Total assets

Total assets increased to $324,532,991 as at December 31, 2023 from $239,634,435 as at December 31, 2022. The increase is a result of additional investment and parking properties purchased, less cash consideration paid, and any changes in working capital.

Total debt

Total debt increased to $168,435,521 as at December 31, 2023 from $76,353,308 as at December 31, 2022. The increase in debt is a result of $101,224,337 debt received from credit facilities less the repayment of $8,765,885 to the Company's debt with the balance being accrued debt costs. The debt was received to fund acquisition of investment properties and parking properties.

Total equity

Total equity decreased to $149,187,430 as at December 31, 2023 from $158,153,840 as at December 31, 2022. The decrease is a result of the net loss for the period and shares repurchased as part of the Company's NCIB program.

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DEBT SUMMARY

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

	December 31, 2023				December 31, 2022			
	Rate range	Weighted average		Balance	Rate range	Weighted average		Balance
Mortgages:								
At amortized cost - fixed (i)	2.31% - 6.87%	5.08%	$	26,416,958	2.31% - 5.68%	3.65%	$	19,101,546
	Maturity: Dec 2025 to Dec 2030				*Maturity: Jan 2024 to Dec 2025*			
At FVTPL - Mortgage				13,402,311				14,180,064
- Fixed via interest rate swap (ii)				(797,718)				(1,126,061)
		3.56%		12,604,593		3.56%		13,054,003
	Maturity: May 2025 to Nov 2029				*Maturity: May 2025 to Nov 2029*			
Credit facilities:								
At FVTPL - Credit facilities (iii, iv)		7.45%		5,640,634				-
At FVTPL - Credit facilities (iii)				126,535,849				45,121,773
- Fixed via interest rate swap (v)				(2,035,849)				(621,773)
		5.49%		124,500,000		5.42%		44,500,000
	Maturity: Jan 2025 to Mar 2026				*Maturity: Jan 2025*			
Total debt (vi)		**5.35%**		**169,162,185**		**4.66%**		**76,655,549**
Financing costs, net (vii)				(726,664)				(302,241)
Carrying value (viii)			$	**168,435,521**			$	**76,353,308**

i. Included in these figures is a mortgage payable in USD, with a balance of $4,250,000 USD as at December 31, 2023 (December 31, 2022 – $Nil) with an amortization period of 25 years. The remainder of the mortgages are payable in CAD with an amortization period of 25 years.

ii. The mortgage models a fixed rate mortgage with a set interest rate of 3.49% to 3.69%, amortizing with fixed monthly payments over 20 to 25 years, with a term of 5 to 10 years. 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 swaps have been accounted for at FVTPL. As at December 31, 2023, the interest rate swap on mortgages had a net financial asset position of $797,718 (December 31, 2022 – $1,126,061).

iii. Included in the credit facilities is a revolving line of credit of $55,000,000 of which $40,140,634 has been drawn upon at December 31, 2023 (December 31, 2022 - $55,000,000 line of credit with $44,500,000 drawn), resulting in a remaining line of credit available of $14,859,366 (December 31, 2022 - $10,500,000). The drawn amount includes $35,500,000 in CAD and the remainder in USD (December 31, 2022 - $44,500,000 in CAD). The interest rate applicable to the available line of credit will be determined in accordance with the prevailing variable interest rate.

iv. The balance includes a USD balance of $3,501,969 ($4,640,634 CAD) as at December 31, 2023 (December 31, 2022 – $Nil).

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v. The Company has entered into a series of swap agreements to fix the interest rate of between 5.10% to 5.72% on the $124,500,000 combined revolving and non-revolving line of credit, for the remainder of the loan term maturing on January 2025 to March 2026. The swap contracts require settlement of net interest receivable or payable every 30 days and have been accounted for at FVTPL. As of December 31, 2023, the interest rate swap on mortgages was in a financial asset position amounting to $2,035,849 (December 31, 2022 – financial asset position $621,773). The unrealized fair value of the swap position after loan maturity is detailed in the Financial Statement Note 11.

vi. The mortgages are collateralized by first charges on specific investment properties (Financial Statement Note 5) and parking properties (Financial Statement Note 6).

vii. The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization of $415,443 as at December 31, 2023 (December 31, 2022 - $143,536).

viii. See Financial Statement Note 23 for additional disclosure on the estimated fair value of the debt.

The following table provides a continuity of total debt for the twelve months ended December 31, 2023.

		December 31, 2023		December 31, 2022
Balance at beginning of period	$	76,353,308	$	17,126,214
Proceeds from debt [i]		101,224,337		46,986,631
Debt assumed on acquisition of investment properties		-		13,266,748
Proceeds from debt costs		(702,580)		(367,408)
Debt repayment [i]		(8,765,885)		(782,742)
Change in fair value of mortgage payable measured at FVTPL		1,085,735		1,856,322
Change in fair value of interest rate swap		(1,085,735)		(1,856,322)
Amortization of debt costs		278,157		123,865
Unrealized foreign exchange		48,184		-
Balance at end of period	**$**	**168,435,521**	**$**	**76,353,308**

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

Principal repayments on mortgages are estimated as follows:

		Total
2024	$	1,076,026
2025 [i]		75,106,895
2026 [i]		70,596,735
2027		626,967
2028 [i]		5,782,768
Thereafter [i]		15,972,794
	$	**169,162,185**

i. Includes debt balance due at maturity.

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UNREALIZED FAIR VALUE OF DERIVATIVE LIABILITIES

The Company has entered into swap agreements with its lenders for its variable debt outlined in Financial Statement Note 10, with certain swaps maturing on dates beyond the maturities of the underlying debt. These swap positions have maturities between April 2027 and April 2028, with an option to cancel at specified dates ranging between April 2025 to April 2026, at the option of the lender. The fair value of the financial instrument as at December 31, 2023 is an unrealized derivative liability of $1,965,707 (December 31, 2022 - $Nil). The overall swap positions, up until its final maturity for all of the Company's swaps, are a financial asset of $867,860 (December 31, 2022 – financial asset of $1,747,834).

	December 31, 2023	December 31, 2022
Fair value of swap to maturity – financial asset (i)	(867,860)	(1,747,834)
Fair value of swap offset against mortgages (Financial Statement Note 10) (ii)	797,718	1,126,061
Fair value of swap offset against credit facilities (Financial Statement Note 10) (ii)	2,035,849	621,773
Unrealized fair value of derivative liabilities (iii)	**$ 1,965,707**	**$ -**

i. Inclusive of the fair value of all the Company's swaps held until the swap's final maturity.
ii. The fair value of the swap up until the maturity of the offsetting loan.
iii. The fair value of the swap that exceeds the maturity of the offsetting loan, until the swap's final maturity, inclusive of the lenders option to cancel.

EQUITY

Shares outstanding

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

- 227,891,662 issued and outstanding common shares (December 31, 2023 – 227,891,662)
- 13,153,500 common share stock options outstanding (December 31, 2023 – 13,153,500)

The Company's common shares outstanding and share capital for the periods presented:

	Number	Amount
Balance as at December 31, 2022	234,050,662	$ 172,901,571
Purchased and cancellation of common shares under NCIB	(6,159,000)	(4,549,873)
Balance as at December 31, 2023	**227,891,662**	**$ 168,351,698**

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 twelve months ended December 31, 2023, the Company purchased and cancelled 6,159,000 (December 31, 2022 – 8,299,000) common shares pursuant to its NCIB for a total of $4,330,293 (December 31, 2022 - $8,022,422) at an average price of $0.70 (December 31, 2022 - $0.97) per share. The Company's share capital was reduced by $4,549,873 (December 31, 2022 - $6,130,767) for the value of the shares purchased for cancellation with the excess of $219,580 paid under the value recognized as a reduction in deficit (December 31, 2022 – the excess of $1,891,655 over the value recognized as an increase in deficit).

Stock options

Stock option transactions are summarized as follows:

	Number of options	**Weighted average exercise price**
Balance as at December 31, 2021	7,400,000	$1.50
Balance as at December 31, 2022	7,400,000	$1.50
Granted	5,753,500	$0.89
Balance as at December 31, 2023	**13,153,500**	**$1.23**

As at December 31, 2023, the following stock options were outstanding and exercisable:

Exercise price	**Number of exercisable options**	**Number of outstanding options**	**Weighted average years to expiry**
$0.63	2,228,500	2,228,500	10.00
$1.05	3,525,000	3,525,000	9.06
$1.50	7,400,000	7,400,000	7.73
	13,153,500	**13,153,500**	**8.47**

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Liquidity

The Company is in a strong position to strategically acquire assets which will be provide long-term growth in cash flows and net asset value.

The available liquidity of the Company is summarized as follows:

	December 31, 2023	December 31, 2022
FV of unencumbered assets available to be encumbered	$ 8,872,000	$ 53,193,297
Estimated borrowing capacity on unencumbered assets (i)	4,879,600	29,256,313
Cash	10,556,555	19,471,763
Available financing based on existing credit facilities (ii)	14,859,366	10,500,000
Additional estimated borrowing capacity (above)	4,879,600	29,256,313
Estimated available liquidity (iii)	**$ 30,295,521**	**$ 59,228,076**

i. The estimated borrowing capacity is calculated at 55% of the value of the unencumbered assets.

ii. The Company signed a commitment letter with a bank for a three-year revolving line of credit of $55,000,000 of which $40,140,634 has been drawn upon, resulting in a remaining line of credit available of $14,859,366. See Financial Statement Note 10 for more details.

iii. For December 31, 2023, the estimated available liquidity was $30,295,521, compared to $59,228,076 for December 31, 2022. The available liquidity decreased as the Company made acquisitions of investment properties and purchases of shares under the NCIB for the twelve months ended December 31, 2023. The Company expects to use a combination of the estimated available liquidity, proceeds from debt and issuance of shares to acquire future investment properties.

CASH FLOW SUMMARY

A summary of the Company's consolidated cash flows for the twelve months ended:

		December 31, 2023		December 31, 2022
Cash flows from operating activities	$	15,039,345	$	1,566,238
Cash flows used in investing activities		(103,465,734)		(39,654,054)
Cash flows from financing activities		79,310,673		35,780,047
(Decrease) increase in cash and cash equivalents		(9,115,716)		(2,307,769)
Foreign exchange effect on cash		200,508		(17,724)
Cash balance, beginning of the period		19,471,763		21,797,256
Cash balance, end of period	**$**	**10,556,555**	**$**	**19,471,763**

Operating activities:

The Company received net cash of $15,039,345 in operating activities for the twelve months ended December 31, 2023, compared to cash flow from operations of $1,566,238 for the twelve months ended December 31, 2022. The increase in operating cash flows is a result of higher revenues from newly acquired investment properties offset with cash used for working capital.

Investing activities:

The Company used net cash of $103,465,734 in investing activities for the twelve months ended December 31, 2023, compared to cash used of $39,654,054 for the twelve months ended December 31, 2022. The increase in net cash used is a result of multiple acquisitions being made in the twelve months ended December 31, 2023, including a portfolio of 10 industrial properties and Fly Away Parking, compared to the twelve months ended December 31, 2022.

Financing activities:

The Company received net cash of $79,310,673 from financing activities for the twelve months ended December 31, 2023, compared to cash received of $35,780,047 for the twelve months ended December 31, 2022. The increase in cash received was a result of proceeds from debt financing less amounts paid for Company shares purchased under NCIB, repayment of debt, interest paid and debt costs.

SECTION 7 – DISCLOSURES

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENCIES

The Company does not have any off-balance sheet arrangements or contingencies as at December 31, 2023.

RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

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

		For the three months ended December 31, 2023		For the three months ended December 31, 2022		For the twelve months ended December 31, 2023		For the twelve months ended December 31, 2022
Total for all senior management								
Salaries, fees, and short-term benefits	$	66,084	$	88,532	$	385,580	$	326,316
Share-based compensation		240,397		585,351		240,397		585,351
		306,481		673,883		625,977		911,667
Total for all directors								
Director fees		36,000		36,000		144,000		156,000
Share-based compensation		125,825		407,201		125,825		407,201
		161,825		443,201		269,825		563,201
Total	**$**	**468,306**	**$**	**1,117,084**	**$**	**895,802**	**$**	**1,474,868**

Transactions with related parties

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

- For the three and twelve months ended December 31, 2023, the Company incurred property management fees and other rental and general operating expenses totalling $786,309 and $3,143,989, respectively, from ARMS and its related companies (three and twelve months ended December 31, 2022 - $744,300 and $2,147,873, respectively) of which $65,432 and $261,728 of key management personnel compensation was included in the table above (December 31, 2022 - $65,432 and $233,916, respectively).

- For the twelve months ended December 31, 2023, $1,297,222 of construction costs incurred through ARMS and its related companies have been capitalized to investment properties (twelve months ended December 31, 2022 - $5,674,227).

- Amounts due to and from ARMS and its related companies at December 31, 2023 includes $953,324 in accounts payable and accrued liabilities (December 31, 2022 - $2,949,331), and $166,838 in accounts receivable (December 31, 2022 - $574,728).

For the three and twelve months ended December 31, 2023, the Company earned $271,094 and $1,157,008, respectively, in investment properties revenues from leases with companies controlled by two directors of the Company (three and twelve months ended December 31, 2022 - $411,388 and $1,283,394, respectively).

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

CONTRACTUAL OBLIGATIONS AND COMMMITMENTS

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. OP Holdings has breached its debt covenants for its borrowings as of December 31, 2023, however the joint venture has received a waiver from its lender. As at December 31, 2023, OP Holdings has greater than $2,000,000 USD in cash and no capital call has been made and no provision has been accrued by the Company with respect to this commitment (December 31, 2022 – $Nil), the Company does not expect an additional contribution will be made.

PROPOSED TRANSACTIONS

In November 2023, the Company announced it has agreed to acquire one investment property from an arm’s length vendor (the “Vendor”) for an aggregate purchase price of $6,300,000, subject to customary adjustments (the “Acquisition”). It is anticipated that the Acquisition will close at the end of the first quarter of 2024. The aggregate purchase price for the arm’s length acquisition is expected to be settled by funds on hand.

The obligations of the Company to complete the Acquisition is subject to conditions including, but not limited to: satisfactory due diligence, and satisfactory environmental site assessment reports. The obligations of both the Company and the Vendor to complete the closing of the acquisition is subject to the satisfaction of other customary closing conditions.

CONTROLS AND PROCEDURES

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

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

Additional information related to the Company is available on SEDAR+ at www.sedarplus.ca.

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SECTION 8 – RISKS AND UNCERTAINTIES

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

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

Current economic environment

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the mortgage market and distressed commercial real estate market have contributed to increased market volatility and a weakened business and consumer confidence. Market uncertainty has also adversely impacted on the ability of the Company's tenants and operators to maintain occupancy rates in properties which could harm the Company's financial condition.

If inflation remains above the central banks' targets or persists for an extended period, the central banks may increase interest rates, which could have a more pronounced negative impact on the Company's variable rate debt and future results. During high inflation periods, annual rent increases may not keep up with inflation, leading to increased costs and potentially affecting tenants' ability to pay rent and the Company's ability to increase rents.

Furthermore, significant inflationary pressures and increased costs could adversely impact the Company's tenants if their operating expenses rise faster than their revenue, potentially affecting the Company's financial condition. Additionally, increased inflation could increase the costs of future development projects, potentially reducing profitability if higher rents cannot be obtained from prospective tenants.

Regarding real estate purchases, the Company faces the risk that if the real estate market fails to attract the same level of capital investment or investors seeking to acquire properties decrease, the value of its investments may not appreciate or may depreciate. Economic slowdowns or downturns could also materially and adversely affect the Company's operations and financial condition.

Future financing, interest rate and access to capital

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

The Company's capacity to enter into or extend financing agreements hinges on its ability to secure terms for interest payments that would undermine the Company's intended profitability, along with amortization schedules that won't restrict the capability to fulfill capital requirements and interest payments on debt. Additionally, there is the potential for future financing agreements with variable interest rates, in addition to the existing variable rate components. The Company may face the risk of ongoing interest rate increases, which could lead to a substantial upswing in its debt servicing obligations. Elevated interest rates typically lead to diminished demand for properties. Moreover, a combination of higher interest rates and more stringent borrowing criteria, whether mandated by legal requirements or imposed by lenders, could significantly impede the Company's ability to divest any of its properties.

Competition

In the real estate business, the Company faces significant competition with developers, managers and owners of investment properties competing to acquire properties and also seek tenants. The Company's competitors may be better capitalized and have stronger financial positions, and hence better able to withstand an economic downturn. The competition could negatively affect the Company's ability to lease space and acquire properties which could adversely affect the Company's financial condition.

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

Investment properties and tenant risks

The Company's investment properties are a portfolio of real estate assets which are subject to various risks including fluctuations in economic condition, market changes, property-specific factors and the changing needs of tenants. Maintaining tenant stability and minimizing vacancies are crucial factors. While leases may stipulate continuous occupancy, there's no guarantee tenants will comply. At lease expiration, tenants may choose not to renew, potentially leading to prolonged vacancies or less favorable lease terms.

Real estate investments come with liquidity challenges, limiting the Company's ability to swiftly adapt to economic shifts. In recessionary times, divesting certain property types may prove difficult. Holding costs, encompassing property taxes, maintenance, and more, persist regardless of vacancies and income generated. Substantial unbudgeted expenses may arise due to unforeseen building issues or code violations. Additionally, acquisitions may carry undisclosed risks, impacting sales proceeds and rental income.

To maintain market competitiveness and revenue generation, the Company must invest in property upkeep and improvements. It's important to acknowledge that some costs may not be passed on to tenants depending on the provisions of the lease. Recognizing the illiquid nature of real estate investments, the Company must carefully navigate market fluctuations. By understanding these risks and implementing prudent management practices, the Company aims to optimize its real estate holdings for long-term success.

Parking operations risks

The Company's parking property are subject to various risks including fluctuations in economic activity, variations in operating costs, changing regulations and local statutes, increased security risks, and vehicle risks including negligent driving which can cause liability and loss. The Company has procured an experienced parking manager and secured insurance to mitigate the risks and maximize the asset for long-term growth.

Geographic

The Company's investment properties are located in Canada. The Company's performance and the value of the investment properties are sensitive to changes in the economic condition and regulatory environment of Canada, and any adverse changes in economic condition or regulatory environment may adversely affect its financial condition.

The Company's parking assets are located in the US. The performance of the joint ventures and the value of the parking assets are sensitive to changes in the economic condition and regulatory environment of the US, and any adverse changes in economic condition or regulatory environment may adversely affect its financial condition.

Future acquisitions

As part of the Company's business strategy, its plans are to grow through identifying acquisition opportunities, pursuing such opportunities, consummating acquisitions, and effectively operating and leasing such properties. If the Company is unable to manage growth effectively, it could adversely impact the financial condition of the Company.

Acquisitions and developments rely on the representations and warranties given by third parties to protect against undisclosed, unknown, or unexpected liabilities which may adversely affect the Company's financial condition. The representations and warranties may not adequately protect against all liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. The acquisitions and developments may not meet the Company's expectation of operational or financial performance due to unexpected costs and other unknown items which is inherent to the any real estate acquisition.

Developments

Development and expansion of properties have significant risks including, but not limited to: contractual risks, construction risks; inflation and cost risks; shortages of experienced labour, trades, and services; and regulation risk associated with entitlements, zoning, and permit approval.

Industry regulation

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

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

The Company has established formal policies and procedures for assessing and overseeing environmental risks. These policies mandate obtaining a Phase I Environmental Site Assessment from an independent and qualified environmental consultant before acquiring any real property or interest therein.

Given the growing industry focus on climate change from governments, investors, and the public, it is crucial to recognize the potential threats from activities like greenhouse gas emissions. The Company is aware of the risk that its properties and tenants could be affected by government initiatives, leading to operational constraints and financial costs. Non-compliance may result in fines and impact the Company's reputation and operations. Additionally, the Company's properties and tenants may face challenges from climate change-related events, potentially disrupting operations and incurring additional expenses such as higher insurance costs.

Cybersecurity risk

Cybersecurity is an increasing area of focus as the Company relies on digital technologies in its operations. The introduction of work-from-home, reliance on computers, digital devices, digital storage, banking and other services increases the exposure to cyber-related risks. Cyberattacks can include but are not limited to phishing, virus, cyber extortion, social media fraud, financial theft, identity theft and attacks on personal and sensitive data. The Company has programs, systems and processes to protect against cyberattacks, but the results of successful attacks could have an adverse impact on the Company's financial condition.

The Company is continuing to evolve its security protocols and has engaged technology vendors concerning data security, access controls and other programs.

Joint venture agreements and contractual arrangements

The Company engages in different joint venture agreements and contractual arrangements from time to time. These relationships come with certain risks, including:

(i) The potential that these third parties may, at any point, have economic or business interests or objectives that conflict with the Company. The joint venture partners may also take actions contrary to the Company's instructions, requests, policies, or goals regarding its real estate investments.

(ii) The risk that these third parties could face financial challenges or seek legal protection through bankruptcy, insolvency, or other laws. This could lead to additional financial obligations on the Company's part to maintain and manage these properties or to repay the third parties' portion of property debt guaranteed by us. It may also result in delays, expenses, and other complications associated with obtaining court approval for the joint venture.

(iii) The risk that these third parties, through their activities on behalf of, or in the name of the joint ventures, may expose us to legal liability.

(iv) The necessity to obtain consent from third parties for certain major decisions, including regarding the distribution of cash generated from these properties or the refinancing or sale of a property. Additionally, the sale or transfer of interests in some of these joint ventures may be subject to rights of first refusal or first offer. Some of the joint venture and partnership agreements may include buy-sell or similar arrangements. These rights may be triggered at a time when we may not wish to sell, but circumstances may force us to do so because we lack the necessary funds to purchase the other party's interests. Such rights may also impede the Company's ability to sell an interest in a property or joint venture within the desired timeframe or on the terms we prefer.

General insured and uninsured risks and potential litigation

The operations of the Company have inherent liability risks. The Company may be the subject of complaints and litigation from tenants, employees or third parties. The damages claimed could be substantial.

The Company carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with standard policy specifications, limits and deductibles. There can be no assurance that all claims will be covered by the insurance coverage. A successful claim against the Company could materially affect the financial condition of the Company.

Conflicts of interest

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

Dependence on, and protection of, key personnel

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

Currency fluctuations

The Company's revenue and operating expenses are incurred in Canadian and US dollars. Fluctuations in the exchange rate between the Canadian and US dollar may have a material adverse effect on the Company's business, financial condition, and operating results.

Tax considerations

Tax considerations are a critical aspect of the Company's operations. The Company has significant tax losses which are expected to lower corporate taxes in future periods. The Company's revenues stem from investments in Canada and the United States, exposing the Company to specific legal and political risks in those countries. Despite the Company's structure to optimize its tax assets, tax charges and withholding taxes in various jurisdictions, the Company's tax exposure is subject to changes to the tax system which it operates.

Internal controls and procedures

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

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under

securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's accounting principles.

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

Credit risk

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

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

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages maturities of its debts, monitors the repayment dates, and maintains adequate cash on hand to ensure it has sufficient capital to cover its obligations. The Company expects to fund its operations and liabilities through existing cash resources, revenues generated from operations, and additional debt and equity financings.

Based on the funds on hand 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.

Environmental risk

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

Market risk

a) Interest rate risk

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

Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate debt. The Company will manage interest rate risk by utilizing fixed interest rates on its mortgages where possible, entering into interest rate swap contracts, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding. The Company currently has mainly fixed rate debt or debt hedged with an interest rate swap, with minor exposure to fluctuations on interest rates on its variable rate credit facility.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term receivable, debt, accounts payable and accrued liabilities, and debt denominated in USD. A 1% fluctuation in the USD against the CAD would affect net income for the year by $30,000.

The Company's main foreign currency risk comes from its investment and associated financing for the joint venture and its parking properties 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.