



**PARKIT ENTERPRISE INC.**

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024  
(UNAUDITED)**

## **Notice of No Auditor Review of Interim Financial Statements**

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

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

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

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

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Investment properties revenue	\$ 6,700,904	\$ 5,671,599	\$ 19,091,687	\$ 14,900,662
Investment properties expenses	(2,161,317)	(1,844,984)	(6,264,919)	(5,432,530)
<b>Net rental income</b>	<b>4,539,587</b>	<b>3,826,615</b>	<b>12,826,768</b>	<b>9,468,132</b>
Parking properties revenue	971,041	914,200	2,600,743	1,591,723
Parking properties expenses	(722,106)	(608,857)	(1,951,412)	(1,061,902)
Share of (loss) income from equity- accounted investees (note 5)	(406,557)	59,951	(485,361)	1,968,995
<b>Net parking (loss) income</b>	<b>(157,622)</b>	<b>365,294</b>	<b>163,970</b>	<b>2,498,816</b>
<b>Other expenses</b>				
General and administrative expenses and other income (note 12)	574,612	790,325	1,857,730	1,658,416
Depreciation (note 3, 4)	2,191,960	2,028,486	6,505,432	5,592,203
Unrealized loss on derivative financial instruments (note 9)	1,407,304	-	96,678	-
Finance costs (note 13)	2,327,686	2,167,037	6,931,516	5,564,463
	6,501,562	4,985,848	15,391,356	12,815,082
<b>Loss before tax</b>	<b>(2,119,597)</b>	<b>(793,939)</b>	<b>(2,400,618)</b>	<b>(848,134)</b>
Income tax expense	-	-	-	(336)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (2,119,597)</b>	<b>\$ (793,939)</b>	<b>\$ (2,400,618)</b>	<b>\$ (848,470)</b>
Loss per share attributable to shareholders of the Company:				
Basic	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding:				
Basic	223,417,732	231,247,787	225,733,306	233,020,800
Diluted	223,417,732	231,247,787	225,733,306	233,020,800

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

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

	<b>For the nine months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2023</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (2,400,618)	\$ (848,470)
Items not affecting cash:		
Share of loss (income) from joint venture (note 5)	485,361	(1,968,995)
Unrealized foreign exchange (note 12)	41,324	(44,854)
Unrealized change in fair value of derivative liabilities (note 9)	96,678	-
Depreciation (note 3, 4)	6,505,432	5,592,203
Finance costs (note 13)	6,931,516	5,564,463
Changes in non-cash working capital items:		
Accounts receivable	(795,465)	(865,755)
Prepaid expenses and deposits	927,981	2,054,246
Accounts payable and other liabilities	872,713	1,276,177
Cash flows from operating activities	12,664,922	10,759,015
<b>INVESTING ACTIVITIES</b>		
Acquisition of investment properties (note 3)	(6,577,167)	(94,655,634)
Investment in building improvement and development (note 3)	(1,002,408)	-
Distributions from joint venture (note 5)	-	2,424,999
Acquisition of parking properties (note 4)	(2,261,509)	(9,813,092)
Cash flows used in investing activities	(9,841,084)	(102,043,727)
<b>FINANCING ACTIVITIES</b>		
Proceeds from debt issuance (note 8)	3,304,298	88,105,352
Debt issuance costs (note 8)	(469)	(476,517)
Repayment of debt (note 8)	(771,092)	(765,202)
Interest paid	(5,639,256)	(6,005,789)
Share buy-backs	(2,592,978)	(4,034,902)
Cash flows (used in) from financing activities	(5,699,497)	76,822,942
<b>Change in cash during the period</b>	<b>(2,875,659)</b>	<b>(14,461,770)</b>
<b>Effect of exchange rate changes on cash</b>	<b>71,953</b>	<b>215,309</b>
<b>Cash, beginning of period</b>	<b>10,556,555</b>	<b>19,471,763</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 7,752,849</b>	<b>\$ 5,225,302</b>

Supplemental information with respect to cash flows (note 16)

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

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

	Share capital		Contributed surplus	Deficit	Total
	Number	Amount			
<b>Balance, December 31, 2022</b>	<b>234,050,662</b>	<b>172,901,571</b>	<b>4,371,218</b>	<b>(19,118,949)</b>	<b>158,153,840</b>
Purchase and cancellation of common shares under NCIB (note 11(a))	(5,623,000)	(4,153,911)	-	119,009	(4,034,902)
Net loss for the period	-	-	-	(848,470)	(848,470)
<b>Balance, September 30, 2023</b>	<b>228,427,662</b>	<b>\$ 168,747,660</b>	<b>\$ 4,371,218</b>	<b>\$ (19,848,410)</b>	<b>\$ 153,270,468</b>
Purchase and cancellation of common shares under NCIB (note 11(a))	(536,000)	(395,962)	-	100,571	(295,391)
Share-based compensation (note 11(b))	-	-	455,936	-	455,936
Net loss for the period	-	-	-	(4,243,583)	(4,243,583)
<b>Balance, December 31, 2023</b>	<b>227,891,662</b>	<b>\$ 168,351,698</b>	<b>\$ 4,827,154</b>	<b>\$ (23,991,422)</b>	<b>\$ 149,187,430</b>
Purchase and cancellation of common shares under NCIB (note 11(a))	(4,474,930)	\$ (3,357,650)	-	764,672	(2,592,978)
Net loss for the period	-	-	-	(2,400,618)	(2,400,618)
<b>Balance, September 30, 2024</b>	<b>223,416,732</b>	<b>\$ 164,994,048</b>	<b>\$ 4,827,154</b>	<b>\$ (25,627,368)</b>	<b>\$ 144,193,834</b>

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

## **1. NATURE OF OPERATIONS**

Parkit Enterprise Inc. (“Parkit” or the “Company”) is incorporated under the laws of the Province of Ontario, the Company’s head office and principal address is 100 Canadian Road, Toronto, Ontario, Canada, M1R 4Z5. Parkit’s common shares are listed on TSX Venture Exchange (“TSX-V”) (Symbol: PKT).

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

## **2. BASIS OF PRESENTATION**

### *Basis of preparation and statement of compliance*

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

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent fiscal year-end consolidated financial statement and should be read in conjunction with the Company’s consolidated financial statements as of December 31, 2023, which were prepared in accordance with IFRS as issued by the IASB. The accounting policies set out in Note 3 of the Company’s audited financial statements as at December 31, 2023 have been applied in preparing these condensed interim consolidated financial statements.

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

### *Use of estimates and judgments*

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

A full list of the key sources of estimation uncertainty can be found in the Company’s audited consolidated financial statements as of December 31, 2023.

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**3. INVESTMENT PROPERTIES**

The following table provides a continuity of total investment properties for the nine months ended September 30, 2024.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Balance at beginning of period</b>	\$ 288,363,032	201,371,966
Additions:		
Direct acquisitions	6,300,000	90,250,000
Building improvements	679,035	3,702,291
Transaction costs and land transfer taxes	277,168	637,055
<b>Total additions to investment properties</b>	<b>7,256,203</b>	<b>94,589,346</b>
Changes included in net loss:		
Depreciation	(6,379,537)	(7,598,280)
<b>Balance at end of period <sup>(i)(ii)</sup></b>	<b>\$ 289,239,698</b>	<b>288,363,032</b>

- i. At September 30, 2024 and December 31, 2023, certain investment properties are held as security for debt (note 8).
- ii. See note 17 for additional disclosure on the estimated fair value of the investment properties.

**Investment properties**

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

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

**Investment properties acquisitions**

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of the investment properties for the nine months ended September 30, 2024, and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset.

The Company's investment property acquisition for the nine months ended September 30, 2024, is detailed below.

	<b>Purchase price</b>	<b>Date acquired</b>
961-975 Sherwin Road, Winnipeg, Manitoba	6,300,000	April 2, 2024
<b>Total direct acquisition of investment properties</b>	<b>\$ 6,300,000</b>	

Consideration for the \$6,300,000 in direct acquisitions of the Sherwin property, was satisfied from cash on hand, of which \$500,000 was paid from funds held in trust as of March 31, 2024.



**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**3. INVESTMENT PROPERTIES (continued)**

The Company's investment property acquisitions for the year ended December 31, 2023, are detailed below.

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

Consideration for the \$90,250,000 in direct acquisitions for the year ended December 31, 2023, was satisfied by first mortgage financing of \$70,000,000 (note 8) and by the remaining \$20,250,000 from cash on hand, of which \$3,000,000 was paid from funds held in trust as of December 31, 2022.

**4. PARKING PROPERTIES**

The following table provides a continuity of total parking properties for the nine months ended September 30, 2024 and the year ended on December 31, 2023.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Balance at beginning of year</b>	\$ 9,736,467	\$ -
Additions:		
Direct acquisitions	2,173,940	9,694,592
Transaction costs and land transfer taxes	87,569	118,500
Parking lot improvements	-	33,822
<b>Total additions to parking properties</b>	<b>2,261,509</b>	<b>9,846,914</b>
Changes included in net (loss):		
Depreciation	(125,895)	(110,447)
<b>Total changes included in net (loss)</b>	<b>(125,895)</b>	<b>(110,447)</b>
<b>Balance at end of period</b>	<b>\$ 11,872,081</b>	<b>\$ 9,736,467</b>

**Parking properties**

Parking properties include assets that are used in the ordinary course of business relating to parking operations.

In April 2023, the Company acquired certain business assets and the real property of Fly Away Parking, Nashville for a total cost of \$9,813,092, inclusive of acquisition costs. Prior to the acquisition, these assets were held within the Company's joint venture (note 5).

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**4. PARKING PROPERTIES (continued)**

In September 2024, the Company acquired certain business assets and the real property of Z Parking, Connecticut for a total cost of \$2,261,509, inclusive of acquisition costs. Prior to the acquisition, these assets were held within the Company's joint venture (note 5).

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

**5. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEs AND LONG-TERM RECEIVABLE**

	September 30, 2024	December 31, 2023
Investment in joint venture	\$ 9,044,806	\$ 9,530,167
Investment in associate	620,344	620,344
Long-term receivable	1,295,904	1,269,696
<b>Balance at end of period</b>	<b>\$ 10,961,054</b>	<b>\$ 11,420,207</b>

***Investment in joint venture***

***Carrying amounts of joint venture***

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

	September 30, 2024	December 31, 2023
Balance at beginning of period	\$ 9,530,167	\$ 11,159,718
Distributions	-	(2,424,998)
Equity (expense) pick-up from joint venture	(485,361)	795,447
<b>Balance at end of period</b>	<b>\$ 9,044,806</b>	<b>\$ 9,530,167</b>

***Interests in joint venture***

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

Name of joint venture	Place of incorporation	Percentage ownership September 30, 2024	Percentage ownership December 31, 2023	Principal activity	Functional currency
PAVe Admin, LLC	Delaware, USA	50%	50%	Member/Manager of Parking Acquisition Ventures LLC	USD

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**5. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES AND LONG-TERM RECEIVABLE (continued)**

*Interests in joint venture - (continued)*

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

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

The Company is entitled to an 82.83% (December 31, 2023 – 82.83%) pro-rata allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (December 31, 2023 – 29.45%) equity member of OP Holdings with PAVe LLC accounting for OP Holdings as an investment in associate. OP Holdings holds a portfolio of U.S. based parking facilities, including Canopy Airport Parking (“Canopy”), previously held by the Company’s associate Green Park Denver, LLC (“Green Park Denver”).

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

**Commitments**

Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, the Company has a commitment to contribute up to 5% of any capital call made by the OP Holdings. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require working capital. No provision has been accrued by the Company as at September 30, 2024 (December 31, 2023 – \$Nil) with respect to its commitments.

**Summarized financial information of joint venture**

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>		
Other current assets	\$ 12,379	\$ 12,128
Interest in associate	13,859,217	14,148,931
	<b>13,871,596</b>	<b>14,161,059</b>
<b>Liabilities</b>		
Accounts payable	19,928	19,525
<b>Net assets of joint venture</b>	<b>13,851,668</b>	<b>14,141,534</b>
<b>Net assets attributable to the Company</b> <sup>(i) (ii)</sup>	<b>\$ 11,506,228</b>	<b>\$ 11,745,653</b>
<b>Investment in joint venture</b> <sup>(iii)</sup>	<b>\$ 9,044,806</b>	<b>\$ 9,530,167</b>

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**5. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEs AND LONG-TERM RECEIVABLE (continued)**

*Summarized financial information of joint venture (continued)*

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

	<b>For the three months ended September 30, 2024</b>	<b>For the three months ended September 30, 2023</b>	<b>For the nine months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2023</b>
Parking properties revenue	\$ -	\$ -	\$ -	\$ 990,079
Parking properties expenses	-	-	-	(777,549)
Net parking property income	-	-	-	212,530
Gain on sale of property	-	-	-	2,496,929
Depreciation expense	-	-	-	(92,551)
Mortgage interest expense	-	(3,735)	-	(219,339)
(Loss) income from parking operations	-	(3,735)	-	2,397,569
(Loss) income from associate	(489,507)	75,007	(586,204)	112,655
Net (loss) income	\$ (489,507)	\$ 71,272	\$ (586,204)	\$ 2,510,224
<b>Share of (loss) income from joint venture <sup>(iv)</sup></b>	<b>\$ (406,557)</b>	<b>\$ 59,951</b>	<b>\$ (485,361)</b>	<b>\$ 1,968,995</b>

- 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. The Company, based on its membership in the OP Holdings and Fly Away Parking, 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.
- ii. The functional currency of the joint venture is the United States dollar. The net assets of the joint venture and the net assets attributable to the Company in the above table were translated using the period end exchange rates.
- iii. In accordance with the Company's accounting policy, the carrying value of the investment in the joint venture on the consolidated statements of financial position is translated into Canadian dollars at historical cost. The difference in the translation method results in the difference between "Net assets attributable to the Company" and "Investment in joint venture" in the above table.
- iv. Parking properties revenues and expenses for the three and nine months ended September 30, 2024 are consolidated in the Statement of Operations and Comprehensive Loss. Prior to April 2023, the Company held Fly Away Parking in its joint venture. The joint venture sold its interest in Z-Park, Connecticut in September 2024.

**5. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES AND LONG-TERM RECEIVABLE (continued)**

*Summarized financial information of joint venture (continued)*

**Investment in associate**

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

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

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

There was no activity for the three and nine months ended September 30, 2024.

**Long-term receivable**

At the inception of the joint ventures, the Company advanced funds to Parking Real Estate, LLC ("PRE"), a joint venture partner, for the purpose of PRE funding investments in income-producing properties and related costs of acquisition. As at September 30, 2024, the balance of the advance to PRE was \$1,295,904 (\$960,000 USD) which is to be repaid upon disposition of certain investments or parking assets. As at December 31, 2023, the balance of the advance to PRE was \$1,269,696 (\$960,000 USD).

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**6. PREPAID EXPENSES AND OTHER ASSETS**

	September 30, 2024	December 31, 2023
Prepaid expenses and deposits	\$ 2,154,491	\$ 1,268,951
Funds held in trust <sup>(i)</sup>	-	500,000
Prepaid interest	-	669,665
<b>Balance at end of period</b>	<b>\$ 2,154,491</b>	<b>\$ 2,438,616</b>

- i. As at December 31, 2023, the Company paid \$500,000 in trust which was applied against the final purchase price of investment property acquisitions completed on April 2, 2024.

**7. ACCOUNTS RECEIVABLE**

	September 30, 2024	December 31, 2023
<b>Current:</b>		
Rent receivable on investment properties	\$ 25,334	\$ 28,838
Accrued tax, maintenance and insurance recoveries	157,750	289,924
Management fees	211,934	109,445
Other receivables	478,753	205,316
	873,771	633,523
<b>Non-current:</b>		
Straight-line rent adjustments	1,941,771	1,384,591
<b>Balance at end of period</b>	<b>\$ 2,815,542</b>	<b>\$ 2,018,114</b>

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**8. DEBT**

The following table summarizes the debt as of September 30, 2024 and December 31, 2023.

	September 30, 2024			December 31, 2023		
	Rate range	Weighted average	Balance	Rate range	Weighted average	Balance
<b>Mortgages:</b>						
At amortized cost - fixed <sup>(i)</sup>	2.31% to 6.87%	5.10%	\$ 26,079,916	2.31% to 6.87%	5.08%	\$ 26,416,958
	<i>Maturity: Dec 2025 to Dec 2030</i>			<i>Maturity: Dec 2025 to Dec 2030</i>		
At FVTPL - Mortgage			12,710,606			13,402,311
- Fixed via interest rate swap <sup>(ii)</sup>			<u>(422,472)</u>			<u>(797,718)</u>
		3.56%	<u>12,288,134</u>		3.56%	<u>12,604,593</u>
	<i>Maturity: May 2025 to Nov 2029</i>			<i>Maturity: May 2025 to Nov 2029</i>		
<b>Credit facilities:</b>						
At FVTPL - Credit facilities <sup>(iii, iv)</sup>		6.87%	8,944,929		7.45%	5,640,634
At FVTPL - Credit facilities <sup>(iii)</sup>			124,677,485			126,535,849
- Fixed via interest rate swap <sup>(v)</sup>			<u>(177,485)</u>			<u>(2,035,849)</u>
		5.49%	<u>124,500,000</u>		5.49%	<u>124,500,000</u>
	<i>Maturity: Jan 2025 to Mar 2026</i>			<i>Maturity: Jan 2025 to Mar 2026</i>		
<b>Total principal <sup>(vi)</sup></b>		<b>5.37%</b>	<b>171,812,979</b>		<b>5.35%</b>	<b>169,162,185</b>
Financing costs, net <sup>(vii)</sup>			(471,870)			(726,664)
<b>Total debt <sup>(viii)</sup></b>			<b>\$ 171,341,109</b>			<b>\$ 168,435,521</b>

- i. As at September 30, 2024, included in these figures is a mortgage payable, with a USD equivalent balance of \$4,200,683 (December 31, 2023 – \$4,250,000 USD) 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 September 30, 2024, the interest rate swap on mortgages (note 9) was in a net asset position of \$422,472 (December 31, 2023 – asset position \$797,718).
- iii. Included in the credit facilities is a revolving line of credit of \$55,000,000 of which \$43,444,929 has been drawn upon as at September 30, 2024 (December 31, 2023 – \$55,000,000 line of credit with \$40,140,634 drawn), resulting in a remaining line of credit available of \$11,555,071 (December 31, 2023 – \$14,859,366). 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 \$700,000 (\$944,929 CAD) as at September 30, 2024 (December 31, 2023 – USD balance of \$3,501,969 (\$4,640,634 CAD)).
- v. The Company has entered into a series of swap agreements to fix the interest rate of between 5.10% to 5.66% on the \$124,500,000 combined revolving and non-revolving lines 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 September 30, 2024, the interest rate swap on mortgages was in a financial asset position amounting to \$177,485 (December 31, 2023 – financial asset position of \$2,035,849). The unrealized fair value of the swap position after loan maturity is detailed in note 9 below.

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**8. DEBT (continued)**

- vi. The mortgages are collateralized by first charges on specific investment properties (note 3) and parking properties (note 4).
- vii. The deferred financing costs consist of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization of \$673,630 as at September 30, 2024 (December 31, 2023 – \$415,443).
- viii. See note 17 for additional disclosure on the estimated fair value of the debt.

The following table provides a continuity of total debt for the nine months ended September 30, 2024 and December 31, 2023.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Balance at beginning of period	\$ 168,435,521	\$ 76,353,308
Debt issuance <sup>(i)</sup>	3,304,298	101,224,337
Debt issuance costs	(469)	(702,580)
Debt repayment <sup>(i)</sup>	(771,092)	(8,765,885)
Change in fair value of mortgage payable measured at FVTPL	(2,233,609)	1,085,735
Change in fair value of interest rate swap	2,233,609	(1,085,735)
Amortization of debt issuance costs	258,187	278,157
Unrealized foreign exchange	114,664	48,184
<b>Balance at end of period</b>	<b>\$ 171,341,109</b>	<b>\$ 168,435,521</b>

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

Principal repayments on mortgages are estimated as follows:

	<b>Total</b>
2024	\$ 284,704
2025 <sup>(i)</sup>	78,422,282
2026 <sup>(i)</sup>	70,598,555
2027	628,937
2028 <sup>(i)</sup>	5,882,158
Thereafter <sup>(i)</sup>	15,996,343
	<b>\$ 171,812,979</b>

- i. Includes debt balance due at maturity.

**9. UNREALIZED FAIR VALUE OF DERIVATIVE LIABILITIES**

The Company has entered into swap agreements with its lenders for its variable debt outlined in note 8, 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 September 30, 2024 is an unrealized derivative liability of \$2,062,385 (December 31, 2023 – derivative liability of \$1,965,707). As at September 30, 2024, the overall swap positions, up until its final maturity for all of the Company's swaps, are a financial liability of \$1,462,427 (December 31, 2023 – financial asset of \$867,860).



**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**9. UNREALIZED FAIR VALUE OF DERIVATIVE LIABILITIES (continued)**

	September 30, 2024	December 31, 2023
Fair value of swap to maturity – financial liability (asset) <sup>(i)</sup>	\$ 1,462,427	\$ (867,860)
Fair value of swap offset against mortgages (note 8) <sup>(ii)</sup>	422,473	797,718
Fair value of swap offset against credit facilities (note 8) <sup>(ii)</sup>	177,485	2,035,849
<b>Unrealized fair value of derivative liabilities <sup>(iii, iv)</sup></b>	<b>\$ 2,062,385</b>	<b>\$ 1,965,707</b>

- 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.
- iv. See note 17 for additional disclosure on the estimated fair value of the derivative liabilities.

**10. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

	September 30, 2024	December 31, 2023
<b>Current:</b>		
Accounts payable and accrued liabilities	\$ 3,372,144	\$ 2,985,025
Rents received in advance	277,482	366,292
Accrued interest on debt (note 8)	1,754,027	54,443
	5,403,653	3,405,760
<b>Non-current:</b>		
Tenant deposits	1,794,734	1,538,573
<b>Balance at end of period</b>	<b>\$ 7,198,387</b>	<b>\$ 4,944,333</b>

**11. EQUITY**

**a) Authorized**

Unlimited common shares, without par value.

*Normal Course Issuer Bid Program*

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 was renewed for a further 12-month period starting March 28, 2024, where the Company can purchase up to 11,394,158 of the outstanding common shares of the Company. The program will end on March 27, 2025. The price paid for the common shares is, subject to NCIB pricing rules contained in securities laws, the prevailing market price of such common shares on the TSX Venture Exchange at the time of such purchase.

During nine months ended September 30, 2024, the Company purchased and cancelled 4,474,930 (December 31, 2023 – 6,159,000) common shares pursuant to its NCIB for a total of \$2,592,978 (December 31, 2023 – \$4,330,293) at an average price of \$0.58 (December 31, 2023 – \$0.70) per share. The Company's share capital was reduced by \$3,357,650 (December 31, 2023 – \$4,549,873) for the value of the shares purchased for cancellation with the excess of \$764,672 paid under the value recognized as a reduction in deficit (December 31, 2023 – the excess of \$219,580 under the value recognized as an increase in the deficit).

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**11. EQUITY (continued)**

**b) Stock options**

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at December 31, 2023	13,153,500	\$ 1.23
Granted	-	-
Expired	(550,000)	1.36
<b>Balance at end of period</b>	<b>12,603,500</b>	<b>\$1.23</b>

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

As at December 29, 2023, the Company approved and granted 2,228,500 stock options to directors, officers, employees and consultants of the Company, for a total expense of \$455,936. The stock options were fully vested on the grant date, have a 10-year term and are exercisable at a price of \$0.63 per share.

As at September 30, 2024, 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	2,178,500	2,178,500	9.25
\$1.05	3,455,000	3,455,000	8.31
\$1.50	6,970,000	6,970,000	6.98
	<b>12,603,500</b>	<b>12,603,500</b>	<b>7.74</b>

The following table provides a continuity of total contributed surplus for the period ended September 30, 2024 and December 31, 2023.

	Contributed surplus
<b>Balance as at December 31, 2022</b>	<b>\$ 4,371,218</b>
Share-based compensation	455,936
<b>Balance as at December 31, 2023</b>	<b>4,827,154</b>
<b>Balance as at September 30, 2024</b>	<b>\$ 4,827,154</b>

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**12. GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER INCOME**

	<b>For the three months ended September 30, 2024</b>	<b>For the three months ended September 30, 2023</b>	<b>For the nine months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2023</b>
Management salaries and fees (note 14)	\$ 230,900	\$ 314,980	\$ 642,249	\$ 719,876
Director fees (note 14)	36,000	36,000	108,000	108,000
Professional fees	338,666	354,888	991,232	1,052,714
Other administrative expenses	95,207	63,581	294,688	202,388
<b>Total general and administrative expenses</b>	<b>700,773</b>	<b>769,449</b>	<b>2,036,169</b>	<b>2,082,978</b>
Asset management income	(33,762)	(33,200)	(100,995)	(99,912)
Finance income	(45,219)	(35,495)	(118,768)	(275,379)
Foreign exchange (gain) loss	(47,180)	89,571	41,324	(49,271)
<b>Total general and administrative expenses and other income</b>	<b>\$ 574,612</b>	<b>\$ 790,325</b>	<b>\$ 1,857,730</b>	<b>\$ 1,658,416</b>

**13. FINANCE COSTS**

	<b>For the three months ended September 30, 2024</b>	<b>For the three months ended September 30, 2023</b>	<b>For the nine months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2023</b>
Interest expense on debt (note 8)	\$ 2,241,998	\$ 2,087,458	\$ 6,673,329	\$ 5,365,249
Amortization of debt issuance costs (note 8)	85,688	79,579	258,187	199,214
Unrealized change in fair value on mortgage payable (note 8)	(1,936,892)	2,724,604	(2,233,609)	6,369,253
Unrealized change in fair value interest rate swap (note 8)	1,936,892	(2,724,604)	2,233,609	(6,369,253)
<b>Total</b>	<b>\$ 2,327,686</b>	<b>\$ 2,167,037</b>	<b>\$ 6,931,516</b>	<b>\$ 5,564,463</b>

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**14. RELATED PARTY TRANSACTIONS**

*Compensation of key management personnel*

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

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Total for all senior management				
Salaries, fees, and benefits (note 12)	\$ 94,213	\$ 142,432	\$ 253,858	\$ 319,496
Total for all directors				
Director fees (note 12)	36,000	36,000	108,000	108,000
Property and other general operating expenses				
Investment properties expenses	379,635	540,195	1,009,963	1,012,496
Other administrative expenses	464,885	455,064	1,330,466	1,264,707
Finance costs	11,916	33,318	55,473	80,477
	856,436	1,028,577	2,395,902	2,357,680
<b>Total</b>	<b>\$ 986,649</b>	<b>\$ 1,207,009</b>	<b>\$ 2,757,760</b>	<b>\$ 2,785,176</b>

*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 receives invoices from ARMS and its related companies for construction, maintenance and other services related to the day-to-day operations, including accounting, financial, property and executive management.

- For the three and nine months ended September 30, 2024, the Company incurred property management fees and other rental and general operating expenses totalling \$856,436 and \$2,395,902, respectively, from ARMS and its related companies (three and nine months ended September 30, 2023 – \$1,028,577 and \$2,357,680, respectively), of which \$94,213 and \$253,858 of key management personnel compensation was included in the table above (September 30, 2023 – \$65,432 and \$196,296, respectively).
- For the nine months ended September 30, 2024, construction costs of \$309,145 incurred through ARMS and its related companies have been capitalized to investment properties (nine months ended September 30, 2023 – \$1,388,790).
- Amounts due to and from ARMS and its related companies at September 30, 2024 includes \$1,002,170 in accounts payable and accrued liabilities (December 31, 2023 – \$953,324) and \$299,940 is included in accounts receivable (December 31, 2023 – \$166,838).

For the three and nine months ended September 30, 2024, the Company earned \$217,495 and \$ 1,211,967 in investment properties revenues from leases with companies controlled by two directors of the Company (three and nine months ended September 30, 2023 – \$231,742 and \$885,914, respectively).

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**15. SEGMENTED INFORMATION**

The Company operates in two reportable business segments:

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

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

<b>For the three months ended September 30, 2024</b>	<b>Investment properties</b>	<b>Parking properties</b>	<b>Corporate</b>	<b>Total</b>
Investment properties revenue	\$ 6,700,904	\$ -	\$ -	\$ 6,700,904
Investment properties expenses	(2,161,317)	-	-	(2,161,317)
<b>Net rental income</b>	<b>4,539,587</b>	<b>-</b>	<b>-</b>	<b>4,539,587</b>
Parking properties revenue	-	971,041	-	971,041
Parking properties expenses	-	(722,106)	-	(722,106)
Share of loss from equity-accounted investees	-	(406,557)	-	(406,557)
<b>Net parking (loss)</b>	<b>-</b>	<b>(157,622)</b>	<b>-</b>	<b>(157,622)</b>
<b>Other (income) expenses</b>				
General and administrative expenses and other income	-	(33,762)	608,374	574,612
Unrealized loss on derivative financial instruments	-	-	1,407,304	1,407,304
Depreciation	-	-	2,191,960	2,191,960
Finance costs	-	-	2,327,686	2,327,686
	<b>-</b>	<b>(33,762)</b>	<b>6,535,324</b>	<b>6,501,562</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 4,539,587</b>	<b>\$ (123,860)</b>	<b>\$ (6,535,324)</b>	<b>\$ (2,119,597)</b>
Additions:				
Investment properties (note 3)	\$ 168,614	\$ -	-	\$ 168,614
Parking properties (note 4)	\$ -	\$ 2,173,940	-	\$ 2,173,940

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**15. SEGMENTED INFORMATION (continued)**

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

  

<b>For the nine months ended September 30, 2024</b>	<b>Investment Properties</b>	<b>Parking Properties</b>	<b>Corporate</b>	<b>Total</b>
Investment properties revenue	\$ 19,091,687	\$ -	\$ -	\$ 19,091,687
Investment properties expenses	(6,264,919)	-	-	(6,264,919)
<b>Net rental income</b>	<b>12,826,768</b>	<b>-</b>	<b>-</b>	<b>12,826,768</b>
Parking properties revenue	-	2,600,743	-	2,600,743
Parking properties expenses	-	(1,951,412)	-	(1,951,412)
Share of loss from equity-accounted investees	-	(485,361)	-	(485,361)
<b>Net parking income</b>	<b>-</b>	<b>163,970</b>	<b>-</b>	<b>163,970</b>
<b>Other (income) expenses</b>				
General and administrative expenses and other income	-	(100,995)	1,958,725	1,857,730
Unrealized loss on derivative financial instruments	-	-	96,678	96,678
Depreciation	-	-	6,505,432	6,505,432
Finance costs	-	-	6,931,516	6,931,516
	<b>-</b>	<b>(100,995)</b>	<b>15,492,351</b>	<b>15,391,356</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 12,826,768</b>	<b>\$ 264,965</b>	<b>\$ (15,492,351)</b>	<b>\$ (2,400,618)</b>
Additions:				
Investment properties (note 3)	\$ 6,979,035	\$ -	\$ -	\$ 6,979,035
Parking properties (note 4)	\$ -	\$ 2,173,940	\$ -	\$ 2,173,940

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**15. SEGMENTED INFORMATION (continued)**

<b>For the nine months ended September 30, 2023</b>	<b>Investment Properties</b>	<b>Parking Properties</b>	<b>Corporate</b>	<b>Total</b>
Investment properties revenue	\$ 14,900,662	\$ -	\$ -	\$ 14,900,662
Investment properties expenses	(5,432,530)	-	-	(5,432,530)
<b>Net rental income</b>	<b>9,468,132</b>	<b>-</b>	<b>-</b>	<b>9,468,132</b>
Parking properties revenue	-	1,591,723	-	1,591,723
Parking properties expenses	-	(1,061,902)	-	(1,061,902)
Share of profit from equity-accounted investees	-	1,968,995	-	1,968,995
<b>Net parking income</b>	<b>-</b>	<b>2,498,816</b>	<b>-</b>	<b>2,498,816</b>
<b>Other (income) expenses</b>				
General and administrative expenses and other income	-	(99,912)	1,758,328	1,658,416
Depreciation	-	-	5,592,203	5,592,203
Finance costs	-	-	5,564,463	5,564,463
	-	(99,912)	12,914,994	12,815,082
<b>Income (loss) before tax</b>	<b>9,468,132</b>	<b>2,598,728</b>	<b>(12,914,994)</b>	<b>(848,134)</b>
Income tax expense	-	-	(336)	(336)
<b>NET INCOME (LOSS)</b>	<b>\$ 9,468,132</b>	<b>\$ 2,598,728</b>	<b>\$ (12,915,330)</b>	<b>\$ (848,470)</b>
Additions:				
Investment properties (note 3)	\$ 93,483,490	\$ -	\$ -	\$ 93,483,490
Parking properties (note 4)	\$ -	\$ 9,813,092	\$ -	\$ 9,813,092

**16. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS**

	<b>For the nine months ended September 30, 2024</b>	<b>For the nine months September 30, 2023</b>
<b>Cash paid for taxes:</b>	\$ -	\$ 336
<b>Non-cash transactions:</b>		
<i>Amounts included in accounts payable and other liabilities</i>		
Additions to investment properties	177,255	782,927
<i>Amounts included in prepaid expenses and other assets</i>		
Interest paid	(643,856)	(644,761)

**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

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**17. FAIR VALUE MEASUREMENTS**

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

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

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

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

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

	<b>Fair Value hierarchy</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets measured at fair value:</b>			
Cash	Level 1	\$ 7,752,849	\$ 7,752,849
<b>Non-financial assets for which fair value is disclosed:</b>			
Investment properties – cost model	Level 3	289,239,698	365,641,751
<b>Financial liabilities measured at fair value:</b>			
Debt at FVTPL – mortgages and credit facilities	Level 2	(146,333,020)	(146,333,020)
Interest rate swaps	Level 2	599,957	599,957
Unrealized fair value of derivative liabilities	Level 2	(2,062,385)	(2,062,385)
<b>Financial liabilities for which fair value is disclosed:</b>			
Debt at amortized cost - mortgages	Level 3	(26,079,916)	(26,528,779)

***Valuation processes for investment property***

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

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



**PARKIT ENTERPRISE INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian Dollars)**  
**September 30, 2024**

**17. FAIR VALUE MEASUREMENTS (continued)**

*Valuation processes for investment property (continued)*

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

The Company's management team is responsible for determining the fair value measurements on a quarterly basis, including verifying all major inputs included in the valuation and reviewing the results. The Company's management, along with its Audit Committee, discuss the valuation process and key inputs on a quarterly basis. At September 30, 2024, a weighted average of 20% of the fair market value of the investment properties were appraised within the last year by qualified external valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The fair value of the remaining portfolio of investment properties was determined internally by the Company's management team by individuals who are knowledgeable and have specialized industry experience in real estate valuations, with support from external valuation professionals, using similar assumptions and valuation principles as used by external appraisers.

The significant and unobservable level 3 valuations metrics used in the methods as at September 30, 2024 are set out in the table below for investment properties consisting of land and building:

	Range (%)	Weighted Average (%)
<b>Income capitalization method</b>		
Stabilized capitalization rate	5.25-7.00	6.15
<b>Discounted cash flow method</b>		
Terminal capitalization rate	5.50-8.25	6.40
Discount rate	6.00-9.00	7.04

*Sensitivities on assumptions:*

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

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

Changes in the capitalization rates and discount rates would result in a change to the fair value of the investment properties as set out below as at September 30, 2024:

	(Decrease) increase
<b>Income capitalization method:</b>	
<b>Weighted average stabilized capitalization rate:</b>	
25-basis point increase	\$ (4,364,605)
25-basis point decrease	4,738,840
<b>Discounted cash flow method:</b>	
<b>Weighted average terminal capitalization rate:</b>	
25-basis point increase	(5,177,783)
25-basis point decrease	5,617,450
<b>Weighted average discount rate:</b>	
25-basis point increase	(4,299,079)
25-basis point decrease	4,402,052

**17. FAIR VALUE MEASUREMENTS (continued)**

*Valuation processes for financial liabilities measured at FVTPL*

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

The fair value of the unrealized derivative liability is the value of the swap relating to the period after the maturity of the underlying debt to the derivative liabilities' maturity.

*Valuation processes for financial liabilities measured at amortized cost*

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