

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Unaudited Consolidated Interim Financial Statements
(In Canadian dollars)

For the three and nine months ended September 30, 2024 and 2023

Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Trust discloses that its auditors have not reviewed these management prepared unaudited consolidated interim financial statements for the nine months ended September 30, 2024.

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Consolidated Interim Statement of Financial Position
(In Canadian dollars)
(Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Investment property (note 4)	\$ 3,400,000	\$ 3,400,000
Other assets	29,651	27,627
Cash	81,386	81,324
Total assets	\$ 3,511,037	\$ 3,508,951
Liabilities and Unitholders' Equity		
Liabilities:		
Amounts payable to a related party (note 8a)	\$ 107,120	\$ 107,120
Accounts payable and accrued liabilities (note 8b)	152,716	185,170
Total Liabilities	259,836	292,290
Unitholders' equity	3,251,201	3,216,661
Total liabilities and unitholders' equity	\$ 3,511,037	\$ 3,508,951

The accompanying notes are integral to the consolidated interim financial statements.

On behalf of the Board:

"Atiq Nakrawala" _____ Trustee

"Andrew Shapack" _____ Trustee

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Consolidated Interim Statements of Income and Comprehensive Income

(In Canadian dollars)

(Unaudited)

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2024	2023	2024	2023
Revenue from investment property (note 7)	\$ 89,499	\$ 86,385	\$ 266,497	\$ 283,066
Operating expenses:				
Property operating costs (note 8b)	24,861	23,293	74,259	77,729
Property taxes	9,194	8,933	27,669	26,800
Utilities	9,193	8,830	27,257	33,991
Total operating expenses	43,248	41,056	129,185	138,520
Net operating income	46,251	45,329	137,312	144,546
General and administrative (note 8b & c)	39,021	29,058	102,772	101,408
Net income before other items	7,230	16,271	34,540	43,138
Other items:				
Fair value adjustment on unit-based compensation (note 5 & 8d)	-	-	-	2,898
Net income and comprehensive Income	\$ 7,230	\$ 16,271	\$ 34,540	\$ 46,036

See accompanying notes to condensed consolidated interim financial statements.

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Consolidated Interim Statements of Changes in Unitholders' Equity
(In Canadian dollars)
(Unaudited)

For the Nine months ended September 30, 2024	Unitholders' capital	Accumulated distributions	Accumulated income	Total
Unitholders' equity, as at January 1, 2024	\$ 3,055,433	\$ (481,556)	\$ 642,784	\$ 3,216,661
Net income	—	—	34,540	34,540
Unitholders' equity, as at September 30, 2024	\$ 3,055,433	\$ (481,556)	\$ 677,324	\$ 3,251,201

For the Nine months ended September 30, 2023	Unitholders' capital	Accumulated distributions	Accumulated income	Total
Unitholders' equity, as at January 1, 2023	\$ 3,055,433	\$ (353,963)	\$ 596,742	\$ 3,298,212
Distributions	—	(95,695)	—	(95,695)
Net income	—	—	46,036	46,036
Unitholders' equity, as at September 30, 2023	\$ 3,055,433	\$ (449,658)	\$ 642,778	\$ 3,248,553

The accompanying notes are integral to the consolidated interim financial statements.

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Consolidated Interim Statements of Cash Flows

(In Canadian dollars)

(Unaudited)

Nine months ended September 30,	2024	2023
Cash provided by (used in):		
Operating activities:		
Net income	\$ 34,540	\$ 46,036
Fair value adjustment on unit-based compensation (note 5)	-	(2,898)
Change in non-cash operating items:		
(Increase) decrease in other assets	(2,024)	(3,022)
(Decrease) in accounts payable and accrued liabilities	(32,454)	(46,766)
Net cash flows from operating activities	62	(6,650)
Financing activities:		
Distributions paid	-	(95,695)
Net cash flows (used in) financing activities	-	(95,695)
(Decrease) increase in cash	62	(102,345)
Cash, beginning of year	81,324	186,067
Cash, end of year	\$ 81,386	\$ 83,722

The accompanying notes are integral to the consolidated interim financial statements.

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Notes to Consolidated Interim Financial Statements
(In Canadian dollars)
Unaudited

Nine months ended September 30, 2024 and 2023

1. Incorporation and operations:

Pine Trail Real Estate Investment Trust (formerly Pine Trail Capital Trust) (the "Trust") was formed by a Declaration of Trust on December 22, 2017. The Declaration of Trust was amended on November 9, 2018 and Pine Trail Capital Trust was renamed to Pine Trail Real Estate Investment Trust.

The Trust has invested in a medical office building located in Picton, Ontario. The Trust Units are listed on the TSXV under the ticker symbol (PINE.UN) (PINE.U). The head office of the Trust is located at 161 Bay Street, 27th Floor, in the City of Toronto in the Province of Ontario, M5J 2S1.

2. Basis of preparation:

These consolidated interim financial statements of the Trust have been prepared by management in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The September 30, 2024 financial information has been derived from the December 31, 2023 annual audited consolidated financial statements.

These unaudited condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT on November 25, 2024.

3. Significant accounting policies:

The accounting policies applied by the Trust in these unaudited consolidated interim financial statements are the same as those applied by the Trust as at and for the year ended December 31, 2023, except for the accounting standard implemented in 2020 as described below: IFRS 3, Business Combinations ("IFRS 3")

The amendments to the definition of a business in IFRS 3 help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test. The amendments are applied prospectively to transactions or other events that occur on or after the date of first application and did not have a significant impact on the Trust's consolidated financial statements.

4. Investment property:

Nine months ended September 30,	2024	2023
Balance, beginning of year	\$ 3,400,000	\$ 3,400,000
Balance, end of year	\$ 3,400,000	\$ 3,400,000

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Notes to Consolidated Interim Financial Statements
(In Canadian dollars)
Unaudited

Nine months ended September 30, 2024 and 2023

4. Investment property (continued):

The fair value of the investment property at September 30, 2024 and December 31, 2023 was determined using a combination of both valuations performed by third-party appraisers and internal valuation models incorporating available market evidence. Estimates and assumptions used in determining the fair value of the investment property include capitalization rates, discount rates, inflation rates, vacancy rates, market rents, property level capital expenditures and net operating income. As the fair value of the investment property is determined with significant unobservable inputs, the investment property is classified as a level 3 asset.

The estimated fair values of the Trust's investment property is based on the direct capitalization method which calculates an estimate of fair value by applying a capitalization rate to future cash flows based on an expectation of stabilized net operating income. The Trust determines the forecasted normalized net operating income for the investment property based on current in-place rents, assumptions regarding occupancy less cash outflows expected to operate and manage the investment property. Capitalization rates used to estimate fair market value take into account many factors including but not limited to: the location of the property, the quality and strength of tenants, whether lease rates are over or under current market rates, demand for the type and use of the property, the age of the building, any special use characteristics of the building or area, and vacancy rates in the area.

As of September 30, 2024, the implicit capitalization rate for the Trust's investment property is 6.75% (December 31, 2023 – 6.75%).

5. Unit-based compensation liabilities:

Unit option plan:

The Trust has adopted an incentive unit option plan which provides that the Trustees of the Trust may from time to time, in their discretion, and in accordance with the TSXV requirements, grant to Trustees, officers, employees and consultants of the Trust, non-transferable options to purchase Trust Units, provided that the number of Trust Units reserved for issuance will not exceed 10% of the issued and outstanding Trust Units.

On April 20, 2018, the Trust granted its officers and Trustees options to purchase an aggregate of 1,137,500 Trust Units at a price of \$0.10 per Trust Unit with an estimated grant date fair value of \$35,623. The options expire five years from the date of the grant and vest one-third per year for a period of three years. These options expired, unexercised during 2023.

PINE TRAIL REAL ESTATE INVESTMENT TRUST

Notes to Consolidated Interim Financial Statements
(In Canadian dollars)
Unaudited

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6. Unitholders' capital:

The Trust is authorized to issue an unlimited number of Class A units. The Class A units issued and outstanding are as follows:

	September 30, 2024		December 31, 2023	
	Units	Amount	Units	Amount
Balance, beginning of year	35,442,657	\$ 3,055,433	35,442,657	\$ 3,055,433
Balance, end of period	35,442,657	\$ 3,055,433	35,442,657	\$ 3,055,433

(a) Redemption of Trust Units:

Trust Units will not be redeemable at the option of the Trust Unitholders if:

- (I) The total amount payable by the Trust in respect of the redemption of Trust Units tendered for redemption in the same calendar month exceeds \$50,000 (the "Monthly Limit"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Trust Units tendered for redemption in any calendar month. Trust Units tendered for redemption in any calendar month in which the total amount payable by the Trust pursuant to the Declaration of Trust exceeds the Monthly Limit will be redeemed for cash on a pro-rata basis up to the Monthly Limit and, unless any applicable regulatory approvals are required, by a distribution in specie pursuant to the Declaration of Trust, on a pro-rata basis, for the balance; or
- (II) after the Trust Units have been listed for trading on any stock exchange, the normal trading of the Trust Units is suspended or halted on any such stock exchange either: (a) on the date that such Trust Units were tendered to the Trust for redemption; or (b) for more than five trading days during the 10-day trading period prior to the date on which such Trust Units were tendered for redemption.

7. Revenue from investment property:

The components of revenue from investment property are as follows:

For the Nine months ended September 30,	2024	2023
Rental income	\$ 158,407	\$ 167,498
Realty tax recoveries	19,298	21,464
Common area maintenance recoveries	88,792	94,104
Total revenue from investment property	\$ 266,497	\$ 283,066

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7. Revenue from investment property (continued):

Under its non-cancellable operating leases, the Trust is entitled to the following minimum future rental payments:

	2024	2023
Within 1 year	\$ 209,414	\$ 209,702
2 years – 5 years	557,510	284,799
Over 5 years	51,009	65,835

8. Related party transactions:

- (a) Mohawk Realty Advisors Inc. and its affiliated entity, Mohawk Medical Management Corp. (collectively "MRA"), provide certain management services to the Trust. MRA is related to the Trust as a result of common management and certain common ownership interest.

As of September 30, 2024, the Trust had an amount payable to MRA of \$107,120 (2023 – \$107,120) from the previous fiscal year and relating to certain cost reimbursements of Trust Unit issuance costs and other costs related to the completion of the Qualifying Transaction. The amounts payable are non-interest bearing and due on demand.

- (b) Fees for asset and property management services provided by MRA during the nine-month period ended September 30, 2024 were \$11,999 (2023 – \$11,999) included in general and administrative expenses and \$15,000 (2023 – \$15,000) included in property operating costs, respectively. On September 30, 2024, the aggregate amount due and payable to MRA for management services of \$94,643 (2023 – \$82,644) has been included in accounts payable and accrued liabilities. This balance payable is unsecured, non-interest bearing and due on demand.
- (c) Key management includes directors and senior officers. The fees paid to key management for professional services as at September 30, 2024 were \$9,600 (2023 - \$12,000), included in general and administrative expenses.
- (d) The Trustees of the Trust beneficially own, directly or indirectly, or have control or direction for 10,000,000 of the issued and outstanding Trust Units.
- (e) The Trustees and key management personnel held options to purchase an aggregate of 1,137,500 Trust Units (2022 – 1,137,500) that expired unexercised during 2023. The unit-based compensation recovery for the nine-month period ended September 30, 2024, amounted to (\$0) (2023 – (\$2,898)).

9. Capital management:

The Trust's capital consists of Unitholders' capital. The Trust's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transactions.

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9. Capital management (continued):

The Trust's capital consists of Unitholders' capital. The Trust's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transactions.

The Trust sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Trust's objectives when managing capital are:

- (a) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- (b) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 9 months. As at September 30, 2024, the Trust may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the direction of the TSXV.

10. Risk management

The Trust, as part of its operations, is exposed to credit risk, liquidity risk and capital availability risk and market risk. It is management's opinion that the Trust is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

- (a) Credit risk:
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Trust believes it has no significant credit risk.
- (b) Liquidity risk and capital availability risk:
The Trust's approach to managing liquidity risk and capital availability risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

	<1 year
Accounts payable and accrued liabilities	\$ 152,716
Amounts payable to a related party	107,120
Total	\$ 259,836

- (c) Market risk:
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Trust has no market risks.

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11. Fair value measurements:

The carrying values of the Trust's financial instruments, which include, cash, other assets, amounts payable to a related party, accounts payables and accrued liabilities and distribution payable approximate their fair value due to their short-term nature.

The table below presents the Trust's asset and liabilities recognized at fair value as of September 30:

2024	Level 1		Level 2		Level 3	Total
Asset						
Investment property	\$	—	\$	—	\$ 3,400,000	\$ 3,400,000

2023	Level 1		Level 2		Level 3	Total
Asset						
Investment property	\$	—	\$	—	\$ 3,400,000	\$ 3,400,000

The Trust determined the estimated fair value the investment property using the direct capitalization method. Note 4 outlines the key assumptions used by the Trust in determining the estimated fair values of its investment property.

The Trust uses significant unobservable inputs to estimate fair value of these assets at each reporting date. Significant unobservable inputs are classified as Level 3 inputs under IFRS, reflecting management's best estimate of what market participants would use in pricing the asset at the measurement date and is dependent on the availability of market-based information.