

PFNRET 2021-1 LIMITED PARTNERSHIP
Financial Statements
One Month Period Ended December 31, 2021

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One Month Period Ended December 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Partners of PFNRET 2021-1 Limited Partnership

We have reviewed the accompanying financial statements of PFNRET 2021-1 Limited Partnership (the partnership) that comprise the balance sheet as at December 31, 2021, and the statements of loss, partners' capital and cash flows for the one month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of PFNRET 2021-1 Limited Partnership as at December 31, 2021, and the results of its operations and its cash flows for the one month period then ended in accordance with ASPE.

 Lazer Grant LLP

Winnipeg, MB
September 13, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

PFNRET 2021-1 LIMITED PARTNERSHIP

Balance Sheet

December 31, 2021

ASSETS

CURRENT

Accounts receivable	\$	1,000
Goods and services tax recoverable		68,284
Property under development (Note 3)		14,021,951

\$ 14,091,235

LIABILITIES AND PARTNERS' CAPITAL

CURRENT

Accounts payable and accrued liabilities	\$	7,183
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LOAN PAYABLE (Note 4) 4,088,052

4,095,235

PARTNERS' CAPITAL 9,996,000

\$ 14,091,235

APPROVED BY THE PARTNERS

_____ Partner

_____ Partner

PFNRET 2021-1 LIMITED PARTNERSHIP

Statement of Loss

One Month Period Ended December 31, 2021

EXPENSES

Professional fees

\$ 5,000

NET LOSS

\$ (5,000)

PFNRET 2021-1 LIMITED PARTNERSHIP

Statement of Partners' Capital

One Month Period Ended December 31, 2021

	<i>December 30</i> 2021		<i>December 31</i> 2021	
	Balance	Net Loss	Contributions	Balance
Peguis First Nation Real Estate Investment Trust	\$ -	\$ (4,999)	\$ 10,000,999	\$ 9,996,000
10089844 Manitoba Inc.	-	(1)	1	-
Partners' total	\$ -	\$ (5,000)	\$ 10,001,000	\$ 9,996,000

PFNRET 2021-1 LIMITED PARTNERSHIP

Statement of Cash Flows

One Month Period Ended December 31, 2021

OPERATING ACTIVITIES

Net loss	\$ (5,000)
Changes in non-cash working capital	<u>(14,084,052)</u>
Cash flow used by operating activities	<u>(14,089,052)</u>

FINANCING ACTIVITIES

Partners' contributions	10,001,000
Proceeds from long term financing	<u>4,088,052</u>
Cash flow from financing activities	<u>14,089,052</u>

INCREASE IN CASH

Cash - beginning of period	-
CASH - END OF PERIOD	\$ -

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

These financial statements reflect the assets, liabilities, revenues and expenses of the partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

The statement of loss does not include any amount for interest on partners' invested capital.

No provisions have been made for income taxes in these financial statements as the income is taxed in the hands of the partners.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Property under development

Land is valued at the lower of cost and net realizable value.

Interest costs incurred during the development of the property are capitalized.

Construction costs, including development and carrying costs, are valued at the lower of cost and net realizable value.

Revenue recognition

Revenue is recognized upon the sale of the property under development.

2. FINANCIAL INSTRUMENTS

The partnership is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks.

3. PROPERTY UNDER DEVELOPMENT

Land cost	\$ 12,265,500
Cost of development	1,649,293
Capitalized interest on long term debt	107,158

\$ 14,021,951

4. LOAN PAYABLE

The loan is payable to 10103553 Manitoba Ltd. and bears interest at 4.75% per annum plus the greater of similar term Government of Canada Bond rate or 1% per annum and matures on January 31, 2023. Payments are interest only, with principal due in full at the end of the term. The loan is secured by a first ranking general security agreement and a guarantee and postponement of claim from 6975373 Manitoba Ltd. (a company under common control).