PRESIDENT'S REPORT
2019 CEO MESSAGE

Report to Shareholders
3rd Quarter, ending June 30, 2019

The economic wellbeing of Alberta and the rest of Canada has largely been dependent on oil production and our ability to sell our oil at a fair price. For decades, oil production in Canada and Alberta in particular, has been increasing at a swifter pace than our ability to consume it and or to sell it at prices achieved by other oil producing nations. A strong Alberta economy not only depends on a robust world oil price but also the ability to sell and deliver its products anywhere in the world.

Being landlocked and having only one major market for its product can have a detrimental effect the likes of which we've seen in Alberta during the past several decades. A resolution to the landlocked issue has long been debated and the most preferred outcome is the development of pipelines sufficient to carry Alberta oil to tidewater. One such pipeline, the Trans Mountain Pipeline which was originally built in 1953 and continues to operate safely today, would need to be expanded. The expansion is essentially a twinning of this existing 1,150 kilometre pipeline between Strathcona County (Edmonton), Alberta and Burnaby, BC. It will create a pipeline system with the nominal capacity of the system going from 300,000 barrels per day to 890,000 barrels per day.

The simple truth is that Canada's oil will fetch a better price on every barrel of oil that's piped to its west coast compared to those sold to the existing customers in the United States, a differential that exists regardless of the price of oil. The expansion will allow Canadian oil to be delivered to international markets and, as a result, Canada will likely earn approximately $4 billion more per year. Independent estimates conclude oil producer revenues will increase by $73.5 billion over 20 years of operations and Canada will earn around $50 billion in additional taxes and royalties that will flow to federal and provincial governments.

After more than a decade of intense debate in our country, it appears we may now have a consensus to move forward on the expansion of Trans Mountain. After much consultation and court battles the federal government, who now owns the existing Trans Mountain Pipeline, has provided the necessary approvals to complete the project and by all accounts, construction is said to resume in September 2019. Both, the Alberta and Canadian governments appear to be resolute in their resolve to see expansion completed.

With oil sands production expanding in Alberta in the years ahead, new markets and new opportunities are likely to emerge. As countries in Asia Pacific begin to develop the same quality of life we enjoy here in Canada, they need to secure sources of energy. Canada is a natural trading partner for these countries, and with an expanded Trans Mountain Pipeline system, we will be in a position to provide for their growing needs for years to come.

Imperial's property portfolio largely consists of industrial properties many of which are tenanted by corporations deriving their revenues from the oil and gas industry. This industry has been and will likely continue be a lucrative real estate asset class for Imperial. There are many asset classes or sectors of real estate including several industrial subsectors. Diversity within these subsectors will likely bode well for Imperial and for some time now, management has been considering investing in a subsector of industrial real estate through the creation of an agricultural division. Assets in this division would consist of properties that cater to the agricultural industry such as farm implement dealerships, similar to the recent development of our John Deere project in Hanna, Alberta. Diversifying our portfolio can help achieve higher returns and minimize risk on our overall investments, given that we wouldn't be solely dependent on the highs and lows of a single market class. Additionally, Imperial will have the advantage of a greater geographical diversification.

In this Q3, Imperial completed the acquisition of its second farm implement dealership property in Vegreville, Alberta. The property consists of 5.89 acres of serviced industrial land and is situated along 55 Avenue, which provides for easy access to and from 2 major thoroughfares being the Yellowhead Highway and Highway 16A. The large square site is all level, fully fenced and has a completely hard surfaced parking lot. The tenant, Rocky Mountain Equipment (RME) is the largest independent dealer of Case IH and Case Construction equipment in Canada, and the second largest in the world.

There are four buildings on the site totaling 33,295 ft^2 and each serve a specific purpose for the operations of the tenant. The main building is 25,775 ft^2 and serves as a show room, parts room, general offices and a modern service centre, all on one level. A newer 5,440 ft^2 service shop with 10 service bays serve as overflow during the peak farming season. The remaining two buildings on site serve as parts and merchandise storage.

The creation of a new agricultural "AG" division is clearly imminent now and Management has made the strategic decision which is supported by the Board, to begin the process of categorizing and reporting this asset class in segmented information. Imperial's near-term goal is to acquire several more AG properties throughout Alberta and Saskatchewan. A revamp of our website will soon clearly identify this division and will make surfing the Imperial site a breeze.

Imperial's ability to transform a tired run-down property is best demonstrated by the refurbishment of the newly monikered "Sable Building". Imperial acquired the property in Q1 2019 and its tenant vacated several months later. The building required a major overhaul and of course a new tenant. Imperial undertook to completely renovate the property with all new modern components and most prerequisites required to be included in a Leadership in Energy and Environmental Design Standards (LEEDS) certified project. Management began the transformation and within 90 days, the property was ready for occupancy.

The 7,813 ft^2 masonry building now comprises a large office, warehouse/shop, break room, storage room, and a 500 ft^2 mezzanine. The office component features an abundance of built in teak cabinetry with granite tops that are accentuated by the high gloss epoxy finished walkways and carpet tile flooring throughout. The warehouse/shop incudes features such as a large purpose-built wash bay with a retractable curtain system and ample power including 3 phase power. The mechanical systems throughout the building were totally replaced with new state-of-the-art energy efficient components. The entire building now has new LED lighting and is secured with a camera system that covers every part of the interior and the exposed areas of the exterior. The building was a great fit for Imperial's property manger, Sable Realty Management, who signed a new 5 year lease agreement that commenced at the end of this Q3.

Imperial Equities has long been a proponent of greening our properties thus reducing our carbon footprint. Incorporated in the designs of our newly constructed properties are the latest technologies that include new contemporary components along with most prerequisites required to be included in a LEEDS certified project. Incorporating these types of LEEDS prerequisites in existing buildings does create challenges but is not insurmountable.

Throughout the past several years we have embarked on a green plan to convert all electrical and mechanical components to a new and more energy efficient class. During the past several years, new light emitting diodes or LED lamps and fixtures have become far more accessible as well as affordable. These lamps are significantly more efficient than the equivalent incandescent and fluorescent lamps and have a much longer lifespan. The same holds true for heating ventilating and air conditioning (HVAC) units that have traditionally been very expensive to operate and were extremely inefficient, both with natural gas and electricity consumption. Imperial has instituted a program whereby any older HVAC unit requiring significant repair will immediately be replaced with a new energy efficient unit.

Imperial's Green Plan has been very well received by our tenants. There is notable cost savings both in natural gas as well as electricity. Once installed, these components have eliminated close to 90% of all maintenance service requests which has not only reduced service costs to our tenants but also has provided comfortable and uninterrupted occupancy.

Borrowing is an integral part of our business and the cost of borrowing can considerably impact our profitability. In Canada, interest rates are determined by the policy of the Bank of Canada, the demand for loans, the supply of available lending capital, interest rates in the United States, inflation rates and other economic factors. For several decades the Bank of Canada (BOC) has followed a system whereby announcements are made to the official key interest rate it uses to implement monetary policy. These announcements take place at pre-specified dates, eight times per year. As a result, interest rates in Canada have fluctuated dramatically over the past three decades and not surprising, Imperial had taken every advantage presented to it.

During the past 2 years we have experienced a measured but continuous rise in Canadian interest rates. Starting in July of 2017, for the first time in seven years, the BOC raised its key interest rate by 0.25% to 0.75%. During the subsequent ten announcements ending on October

24, 2018, the BOC on 4 different occasions, raised the key interest rate by a further 1% to the current set rate of 1.75%. With every increase announced by the BOC, financial institutions were quick to react and raise their prime lending rates accordingly. It is interesting to note that with every BOC key interest rate announcement since October 24, 2018, rates have remained unchanged. During the past 2 interest rate announcements the BOC has hinted that it may in fact be considering a rate reduction. Also interesting, is that subsequent to this Q3, the Fed in the United States announced its first rate cut since the depression of 2008.

The BOC has been using its key interest rate in an attempt to keep inflation at around 2 percent. Economic growth in Canada has improved throughout much of 2017 and 2018 which in turn has triggered increased inflation. Lower rates that were in place to encourage individuals and companies to borrow more have increased the demand for goods and services which consequently creates higher prices thus increasing the inflation rates. For several decades, the BOC has been following its inflation fighting policies and has recently agreed with Canadians that its one size fits all policy has exposed many problems and a rewriting of the policy may be due. Recently, the BOC announced that it will launch the most sweeping review into alternatives to its current 2 percent inflation policy as it prepares for the expiration of the existing policy in 2021.

As mortgages mature and renewals are negotiated, Imperial has experienced marginal increases in our weighted average interest rates. Despite the five different 25 basis point increases by the BOC we continue to maintain a relatively low weighted average interest rate of 3.35%, a measured increase from our all time low of 3.00%. Management is extremely vigilant and maintains a close watch on fluctuations in interest rates.

Imperial's real estate portfolio remains the cornerstone of the Company. Since its inception, Imperial has been resolute in ensuring the quality of its assets are superior and the scale of its tenant base being primarily international, national or large regional. Our steadfast resolution to stay committed to these principals has certainly allowed us to forge forward on a solid foundation which has, to date, held the Company in good stead. We are proud of the fact that our year to date building occupancy is 96.9%.

Continuing to expand this dynamic portfolio of industrial properties with quality tenants is a priority for Management. Our quest in expanding the portfolio has us exploring throughout Canada.

Management has been very active in searching for revenue producing properties that fit our criteria. Properties in markets throughout Alberta as well as cities in other parts of Canada are constantly being vetted and when an opportunity presents itself, Management will be swift to act upon it. Negotiations are currently underway on several large industrial properties and Management expects a resolution prior to our fiscal year end. We are confident that our growth will continue, and we look forward to increasing our portfolio quite significantly throughout 2019 and 2020.

The ability to gauge the success of a company by comparing it to its rivals is very exciting and also quite motivating. The Globe and Mail publishes the Report on Business magazine that delivers insightful content through stories behind market moves, industry developments and emerging business opportunities. Once a year it also publishes a ranking of Canada's top 1000 public companies according to their after tax profits in their most recent fiscal year. In the case of Imperial Equities, the most recent fiscal year would be September 30, 2018 and we are delighted to report that Imperial Equities is once again included among the top 1000 publicly traded companies in the country. Being included among Canada's most successful corporations is quite an accomplishment and a proud achievement for a relatively young company to realize such a standing!

We remain optimistic about the continued growth of Imperial Equities and as always, we would like to thank our shareholders for their ongoing support and do invite you to contact any of the Directors with comments, concerns or investment opportunities. Additional information on our Company can be viewed on line at our website www.imperialequities.com or www.sedar.com.

Sincerely,

Sine Chadi
Chief Executive Officer and Chairman of the Board