

Sine of the times

Imperial Equities a bargain—for now



Sine Chadi

Photo by Terry Bourque

By Murray Donaldson

How far is it from the shores of Lac La Biche to the nineteenth floor of Scotia Place, looking south over Edmon-ton's river valley? How do you go from trading furs in Alberta's north to trading political barbs on the floor of the Alberta Legislature?

For the answers, you have to go to the corner office that is home to Sine Chadi, CEO and chairman of Imperial Equities Inc. In piles and rows and hung on walls, various items adorn his office space and it is clear he is a collector of many things. He is a man of desire and attainment. Indeed, the only phone call allowed to interrupt this interview was one from New Brunswick to find out if Chadi had acquired a rare 1935 \$500 bill, one of only eight known. He was eager to add this to his collection of Canadian bank notes, expecting it to cost anywhere from \$30,000 to \$50,000 at auction.

Most notable of his ability to collect—or rather, the major component of his buying and selling habits—is real estate. Chadi has managed to make a successful career out of real estate and is now bringing many others along for the ride with his public company

Imperial Equities Inc.

Chadi learned how to buy and sell the traditional way. He grew up in Lac La Biche and worked in the fur trade, as did his father and grandfather, a Lebanese immigrant. Chadi stayed in the business until about 1975 when the market started to fall out of the fur industry.

"It was truly a fun job, no question about it. I enjoyed it very, very much."

So at the age of 19, Chadi's line of work changed: He began to get involved in the purchase and sale of real estate.

"I did it rather actively. I would buy farms, houses, and raw land, subdivide them, and create country residential acreages and re-sell. I did fairly well leading up to the early '80s," he says. "At that point in time, we truly had a real estate boom in Canada and throughout the western world."

Chadi had dreams of making it big, scaling the financial ladder and looking out from the top rung. "I didn't want to be a kid anymore. I just wanted to get out and do what I knew what I could do... I said I'd be a millionaire before I was 25, and I was."

However, interest rates soon began to rise around the world as governments tried to curb inflation. "Stop buying is what they were trying to say."

That only attracted investment income and, when rates rose above 20 per cent, it wasn't long before the market couldn't cope any more. In 1985, it all crashed. Thousands of people were caught with real estate and there wasn't a lot they could do with it. Banks and lending institutions foreclosed and ended up with a lot of properties.

Although hit hard in the early '80s, Chadi was not down and out. He is glad he was still young enough to get back on his feet. His attention moved from his hometown area toward Edmonton.

"Any time you have a situation like that, there's always an opportunity for somebody to make money as well," Chadi points out. He wanted to be that "somebody".

He began to buy properties at depressed prices with very little money down from lending institutions anxious to liquidate seizures and get out of the real estate business.

Continued on page 6



Phil Stephen of Imperial Equities asset management division with Wendy Fair, controller, and CEO Sine Chadi. The 2004 annual report (inset) was presented to shareholders at the end of March.

Continued from page 5

“So, of course, I took advantage of that situation.”
By the '90s the market began to improve and jobs were abundant; the price of oil rebounded. “We were flying high almost all over again.”

Overlaid with caution, Chadi says between 1990 and 2000, there was a great deal of optimism. The real estate market continued to climb and get back to where it had left off.

Meanwhile, during the same decade, things were turning political in Chadi's life. In 1992, he was asked to seek a seat in the Alberta Legislature for the provincial Liberals. “It was not part of my long term plan but, at the same time, the opportunity arose... I thought it was a great chance to serve people.”

He felt there was a void in terms of local representation, and he wanted to give the people a voice that would be heard in the legislature. He ran and won a seat in Edmonton Castledowns; and even made a bid for the party leadership when Laurence Decore stepped down.

“I was not in it for the money.” Chadi says he spent over and above what was allotted to him to run a constituency office, and basically used the money he earned as an MLA to hire extra people to look after his constituents.

“The province of Alberta was doing very well by the time the four-year term came up and the election was called. I chose not to run again because there was nothing more that I could contribute on the opposition side. So I backed off and let somebody else go for it. But, it was a wonderful experience.”

Chadi explains that as both a politician and a businessman, people from all walks of life felt comfortable approaching him as someone who could open doors for them. To this day, “I never say no. If I can help, I will. If I can't, I'll try and point them in the direction of someone who can.”

Chadi had, of course, kept his personal business interests alive while in politics and returned to real estate full-time. But his experiences helping people had shaped a new outlook in him.

He knew people who were interested in making money in the real estate market. To get started, however, was not so easy. Substantial sums of money were, and are, required to begin doing business in this industry. There was also the matter of having the wherewithal to manage revenue properties.

He thought, “What about the individuals that wanted to participate but didn't have the cash to do it? Was there a way to have them participate without having to go to the bank?”

Chadi, also the founder and principle shareholder of North American Mortgage Corp., realized that the perfect vehicle to enfranchise a large number of individuals would be to create a public company in which they could be shareholders.

In 1999, Imperial Equities started selling shares at 20 cents each.

“We took that company and said to people, ‘If you're interested in joining, buy now. Yes, there's nothing in there, but there will be... and let's get going.’”

Investors anted up the money and he went at it. Eight million shares, sold to an initial 300 partners, netted the company \$1.6 million. It wasn't much, but for a company with no other assets—nothing more than a corporate entity on paper—it was a starting point from which to grow.

Today shares trade on the TSX for between \$1.05 and \$1.20.

“It's six times the money in six years... that's incredible. And we continue to grow. We're growing at a fantastic rate right now.”

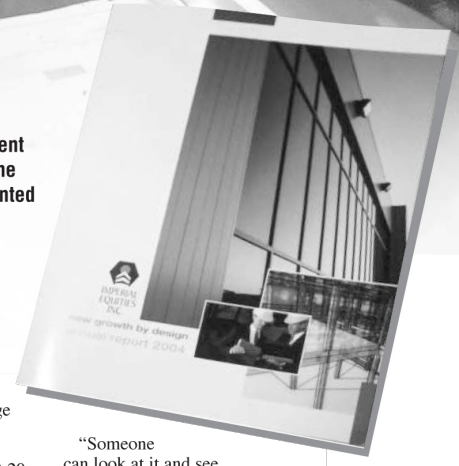
Chadi, a very hands-on CEO who writes all his own quarterly and annual reports, plans to expand across the country this year, beginning in B.C. and then moving east. His main goal, in this 2005 fiscal year, is that Imperial Equities will make acquisitions outside Alberta.

“You could have owned a piece of this company for \$100. To this day, you can buy 500 shares for \$600... Quite frankly, it's still a bargain,” says the CEO who did not pay himself for over four years.

According to the 2004 annual report, Imperial Equities now has a market value of about \$25 million for its holdings, and has started to enter the “will-build-to-suit” market.

Chadi is more than happy at the performance of his company so far, and not necessarily surprised at the success of his upstart company.

He says the hardest part about starting a company is simply starting—to start from zero—when no one will talk to you about finance because you have no assets... when sellers don't want to deal with you because you have no cashflow. He helped create a vehicle for investors in his company and now the door is open for them.



“Someone can look at it and see that it can be daunting and scary for sure, but it's all attitude. And when you go into this thing knowing what you can do, the sky's the limit. I just knew that it could be done so I set out to do it. I never thought of it as scary or daunting, I thought of it as an exciting opportunity for all of us to get involved. I wanted to create, and I still maintain that we can be a billion dollar company in 10 years... within the next three years, we will be a \$100-million company.”

It is part of Chadi's personal philosophy that everyone has what it takes to succeed in life and in anything they choose to do. He admits that it takes perseverance and that obstacles—he calls them “speed bumps”—can get in the way, but not losing sight of the ultimate goal leads to success.

“I want to take a whole lot of people with me all the way to the top, and I think it's going to happen... I'd like to be part of a team that does that.”

Chadi is pensive about our waste of human resources. He is saddened to see people not taking advantage of their talents and, as such, has a high level of community involvement.

“There's a terrific feeling when one is able to help someone else, it's almost like helping yourself. There's a real rush I get in knowing that I've helped someone or I've helped a group.”

Noted as a community leader, Chadi serves on the board of trustees for the Glenrose Rehabilitation Hospital Foundation and also fundraises for the Boys and Girls Clubs as well as Crystal Kids. Wheeling and dealing on a professional level has honed his skills as an amateur auctioneer capable of encouraging patrons to contribute significant sums to these causes.

And what about the rare \$500-banknote?
“My last bid was \$50,000 U.S. The banknote sold to a Texan for \$52,000. I'm just sorry I couldn't bring it home.” ✓