IMPERIAL EQUITIES INC.

3rd Quarter Report 2022

Ending June 30, 2022

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IMPERIAL EQUITIES INC.

PRESIDENT'S REPORT

3rd Quarter

June 30, 2022

Report to Shareholders

I am pleased to present our Q3 2022 results and to report on the progress of our Company. Although we've faced a capricious couple of years, we stayed the course, kept the faith and came out stronger than ever before.

Economic forecasts now have Alberta and Saskatchewan at the top of the leaderboard for this year. Alberta is likely to lead the way as the steep climb in crude oil, natural gas and agricultural prices lift incomes in the province. There is no question this will be a busy year for Imperial as we see strong economic growth return. Although exciting news for us, we are mindful that this could potentially be offset by some challenging external conditions, principally inflation and slow supply chains – and the impacts of war on both factors. For us, growth and stability continue to be our main goals, so we monitor our external market, and apply steady management across all activities. As of Q3 2022, we can report on another Quarter of success with our portfolio gaining value ahead of last year's pace and our bottom line remaining profitable.

Strong results never just happen; challenges always arise. For us, the primary challenge is keeping our buildings fully occupied, and therefore performing at their best possible rate of return. While we have close to 15% of our portfolio up for renewal this year, we are making strong progress in both securing renewals and marketing our properties where required.

Historically we've done extremely well here, averaging less than 5% vacancy. We do this first through tenant retention, but vacancies do occur, including one during this Quarter leaving a 34,404 square foot building and yard available for lease. We moved quickly to both prepare the property for a new tenant and to get the word out in the marketplace. We don't like vacancy, so we move quickly to solve it, and our success here, is probably the greatest part of our success over time. Subsequent to this Q3, we were able to complete a long-term lease arrangement with a large national rail company.

Construction to build an additional 33,200 square feet at one of our Fort McMurray, Alberta properties has now begun in earnest. The permitting process along with seasonal challenges caused an eight-month delay in starting the project but I'm pleased to report that that's all behind us now! The new construction will add approximately 8,000 additional square feet to the existing building which will be completed by November 2022 and a new 25,200 square foot independent industrial building to be completed by Q2 2023. This undertaking will now more than double the leasable space at this site.

With new construction underway, we are extremely mindful of the potential impacts of slow supply chains and increased costs. We've worked with our contractor in Fort McMurray to manage the challenges as effectively as possible, by pre-purchasing materials where we were able, and by managing the project timeline to ensure completion of the expansion to the existing building first so our tenant can begin to use this space, while the balance of construction is completed. At this point we are able to manage this expansion project with existing cash, but we are mindful that we will need to consider long-term financing as we near completion so as to free up cash for new investment. For this project and for all our investments, we will continue to monitor the interest rate environment to ensure our best position.

The risk of high inflation in Canada is always on the Bank of Canada's (BOC) radar. The BOC has long taken the position that the optimum consumer inflation rate is between one and three percent using two percent as an average. Consumer inflation is measured by the change in the cost of a representative sample of retail goods and services. This year the rate of year over year consumer inflation continued to rise reaching 7.7% in May and followed by 8.1% in June. The increase was the largest yearly change since January 1983. The BOC has always used interest rates to combat inflation and early on this year the BOC began raising its overnight interest rate.

After slashing its rate to record lows at the start of the pandemic, the BOC has now raised its rate four times since March as part of an aggressive campaign to fight inflation, which has risen to its highest level in 40 years and by most accounts it is expected that in September the BOC will raise its rate by a further three-quarters of a percentage point. The BOC must find a "delicate balance" or a "soft landing" as it tries to bring inflation back down without slowing the economy too much and triggering a recession.

And while interest rates, recessionary fears and managing supply chains are key issues for us, perhaps one of the biggest inflationary impacts we are seeing is on the costs of utilities that have spiked across the board and are especially pronounced for our industrial tenant base who conduct energy intensive work. These costs are recoverable for us so they don't outright impact our bottom line, but as they impact our tenants' cash flows, they may impact the potential to achieve lease escalations, or tenant-funded property improvements. Most importantly these escalations provide a strong impetus to accelerate our energy efficiency projects to offset some of the direct costs to our tenants, as well as improve our emissions profile.

Earlier this year we announced the acquisition of two properties in the Coppertone Industrial Common development area. The purchase price was $2.25M. One of the properties is a 1-acre lot with excellent exposure and development potential. The other property contained a vacant 5,840 square foot building situated on 0.72 acres. In this quarter we accepted an unsolicited offer to sell the building for $1.675M and will land bank the 1-acre site for future development.

Imperial's Coppertone Industrial Common now include a total of nine properties and more than 200,000 square feet of industrial space. It has become a preferred industrial area located in Edmonton's central west industrial district.

We continue to look for opportunities to expand in a market that is growing more competitive and seeing significant price escalations. We remain committed to making prudent investments that will build our portfolio by bringing in properties where we can realize strong consistent returns.

We remain confident in our overall position and strong balance sheet. Reflecting our strong long-term optimism about our company, our Board declared a quarterly dividend of $0.02 per share. This dividend was paid on July 29, 2022.

Strong economic indicators and a low-vacancy industrial market are positives for our Company as we seek to close off key lease transactions this year. We are optimistic that we will be successful in managing lease renewals, securing new leases, and making our next investments. A strong market requires careful assessment of opportunity – both in terms of additions and potential timely divestments – but we are excited as we look ahead.

Sincerely,

Sine Chadi
President & CEO

MD &A

MANAGEMENT'S DISCUSSION & ANALYSIS

for the third quarter ending June 30, 2022

IMPERIAL EQUITIES INC. MD&A AS AT AUGUST 17 2022

The following Management's Discussion and Analysis ("MD&A") is intended to provide readers with an explanation of the performance of Imperial Equities Inc. ("Imperial" or "Imperial Equities" or the "Company") and its subsidiaries. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended June 30, 2022, and the related notes. Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol "IEI". Additional information on the Company may be obtained by visiting www.sedar.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in the MD&A and is also responsible to ensure that appropriate procedures and controls exist internally that will provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with International Financial Reporting Standards ("IFRS"). In addition, the Company's Audit Committee and Board of Directors provide an oversight role for all public financial disclosures by the Company and have reviewed and approved this MD&A and the accompanying consolidated financial statements.

FORWARD-LOOKING INFORMATION

In our report to shareholders, Management may talk about the current economy and express opinions on future market conditions. This forward-looking information is based on Management's current assessments made based on internal expertise as well as the opinions of other professionals in this industry. While Management may consider these statements to be reasonably optimistic and favourable, the opinions and estimates of future trends are subject to risk and uncertainties. Readers are encouraged to read the risk factors identified in Note 20 of the audited consolidated financial statements and Management's Discussion and Analysis for the fiscal year ending September 30, 2021. Any forward-looking statements in this report should not be relied upon as facts, as actual results may differ from estimates.

ADDITIONAL NON-IFRS MEASURES

Debt, unencumbered properties, operating expense recoveries, and debt to asset ratios are non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar calculations reported by other Canadian issuers.

Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies.

BUSINESS OVERVIEW

Based in Edmonton, Alberta, Imperial Equities is a publicly-traded company anchored by industrial, agricultural, and commercial properties in its targeted markets throughout Western Canada.

Annually, since operations began in 1998, Imperial Equities has achieved solid growth. The Board of Directors along with corporate Management are all vigorously and enthusiastically committed to the continued growth of the Company.

STRATEGIC DIRECTION

Imperial's team of professionals is dedicated to continuing to grow its real estate portfolio and earn value for its shareholders. The Company is focused in the real estate market throughout western Canada and is committed to continue building a strong portfolio of investment properties, through careful, strategic movement. The Company is diligent in working to towards meeting its strategic goals and objectives. For details on the Company's strategic goals and objectives, refer to Management's Discussion & Analysis for the fiscal year ended September 30, 2021.

KEY PERFORMANCE DRIVERS

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee business activities. There is a strong Board of Directors with significant real estate experience to guide and assess the Company's strategy and investment decisions. The dedication and professional experience of Imperial's Management team has helped the Company achieve positive earnings every year the Company has been in business.

Management continues to monitor the success of Imperial by measuring how well the Company delivers on its strategies and executes due diligence. This assessment includes the size of the tenant, the length of time they have been in business, their operations, and exposure to the industry in which they operate. All the performance drivers used by the Company are consistent with those outlined in Management's Discussion & Analysis for the year ended September 30, 2021.

KEY PERFORMANCE INDICATORS

Investment Properties	Period Ending June 30, 2022	Year Ending September 30, 2021
Total number of investment properties	42	40
Property acquisitions during the period	2	3
Property dispositions during the period	-	-
Raw land properties held for future development	10	9
Raw land properties under lease with tenants	4	5
Gross leasable area (GLA) in square feet	1,089,843	1,084,003
Leasing Activities by Gross Leasable Area (GLA)		
Lease retention	56,519	180,317
New tenant leases	5,093	151,110
GLA of leases expiring within twelve months	107,013	170,048
Space available for lease	51,670	9,264
Average lease term to maturity in years	4.82	4.73
Building occupancy	95.3%	99.1%
Property Operations		
% operating expense recoveries	78%	82%
Income from operations	$ 10,062,973	$ 13,138,345
Investment property improvements	$ 2,014,253	$ 1,973,550
Financing		
Debt to total assets ratio	52%	54%
Weighted average interest rates on mortgages	3.19%	3.15%

During the past twelve months, several properties held by the Company have been remeasured and certified to BOMA standards, hence updating the gross leasable area in the current & previous fiscal years.

INVESTMENT PROPERTIES

Raw land properties held for future development

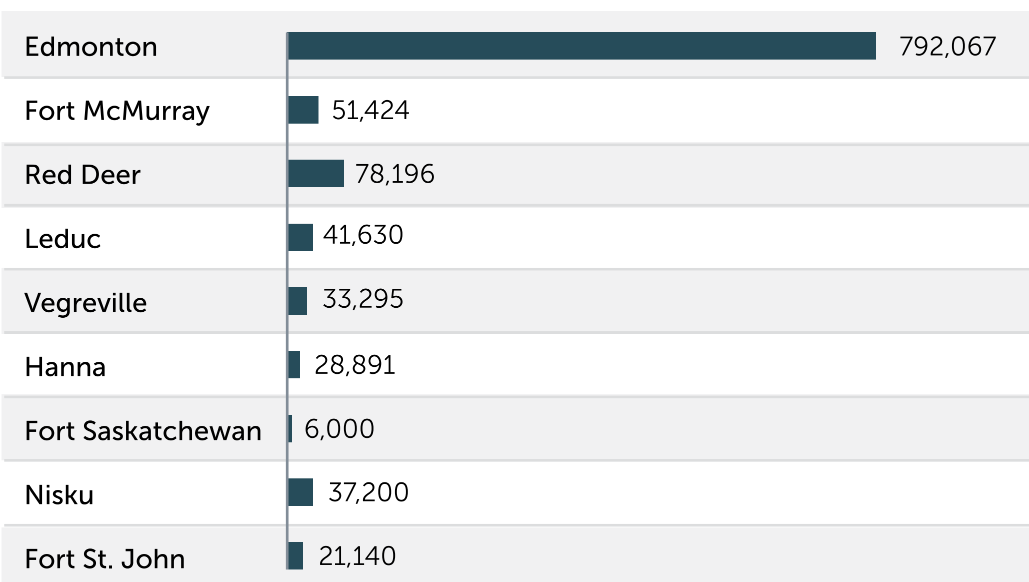
- 12.9 acres in Strathcona County, AB
- 2.24 acres in NW Edmonton, AB
- 49.42 acres in Hanna, AB
- 3 acres in NW Edmonton, AB
- 1.7 acres in SE Edmonton, AB
- 1.71 acres in SE Edmonton, AB

Raw land properties held for future development and leased with tenants in place

- 1.49 acres in SE Edmonton, AB, under a lease with an existing tenant
- 2 acres in NW Edmonton, AB, under a lease with an existing tenant
- 3 acres in NW Edmonton, AB, under individual leases with five tenants
- 0.91 acres in NW Edmonton, AB, under individual lease with a tenant

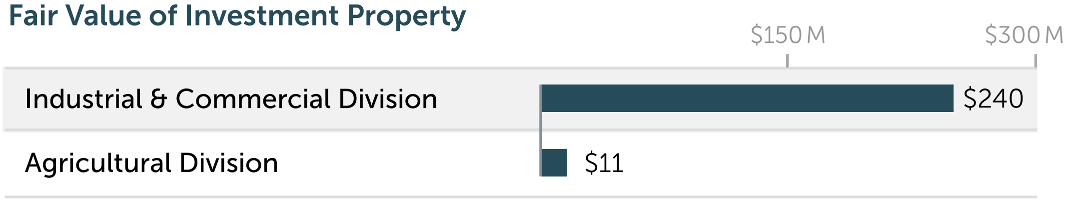
Gross leasable area (GLA) – totalling 1,089,843 ft^2 increased by net 5,840 ft^2 since September 30, 2021 as a result of two acquisitions during the period.

PROPERTY PORTFOLIO - GLA BY MUNICIPALITY



INVESTMENT PROPERTY DIVERSIFICATION

Fair Value of Investment Property



Total Square Feet

The total combined rental revenue for the agricultural division for the nine-month period ending June 30, 2022 is $670,000 (June 30, 2021 - $668,048).

LEASING ACTIVITIES

NEW TENANT LEASES
during the current period

Location	GLA	Rate/PSF*	Lease Term
Edmonton, Alberta*	1,996	$ 12.00	60
Edmonton, Alberta**	3,097	$ 11.60	Month to Month
	5,093		

** Triple Net lease*

*** Gross lease*

GLA of leases expiring in the next twelve months

As at June 30, 2022, there are five leases that are expiring within the next 12 months with a combined total of 107,013 ft^2. There is a formal lease renewal process for each lease that will commence according to the provisions of the respective lease agreements.

Space available for lease

- 4,160 ft^2 in a multi-tenant mixed-use building
- 34,404 ft^2 in a single tenant industrial building
- 5,840 ft^2 in a single tenant industrial building
- 7,266 ft^2 in a single tenant industrial building

LEASE TERMS

at June 30, 2022

SINGLE-TENANT BUILDINGS

Square Feet	Maturity Year
3,097	Month to Month
95,515	2022
75,151	2023
119,830	2024
33,295	2025
76,400	2026
91,498	2027
116,630	2028
62,224	2029
41,054	2030
118,305	2031
34,800	2034
28,891	2038
896,690	

MULTI-TENANT BUILDINGS

Square Feet	Maturity Year
3,000	2022
2,498	2023
21,127	2024
62,903	2025
1,996	2027
11,944	2030
38,015	2031
141,483	

Total GLA of in-place leases: 1,038,173

GLA available for lease: 51,670

Total GLA at June 30, 2022: 1,089,843

Total average lease term to maturity

4.82 years

At June 30, 2022, the 12-month occupancy rate is 95.3% (September 30, 2021 – 99.1%). This is as a result of two single-tenant buildings becoming vacant during the period with a leasable area of 41,670 ft^2 as their leases expired. Additionally, the investment property purchased during the period with 5,840 sf^2 is currently vacant, which contributes to the decrease in occupancy rate from the year ended September 30, 2021. All vacant spaces continue to be actively marketed for lease.

The risk to the Company when a tenant does not renew a lease is that the Company has to absorb the ongoing operating costs of vacant space. These costs include property taxes, insurance, utilities, and any maintenance items. If a single-tenant building becomes vacant, additional vacancy costs could include mortgage payments, if applicable. Management works closely with tenants to maintain high retention rates, primarily through responsive and pro-active property management, which ensures their leased space in the building, sand the exterior parking lot and landscaping, are all well maintained.

This work helps the Company meet its main goal: to maximize the revenue of each asset in its region.

AVERAGE ANNUAL LEASE RATES

per City, per square foot at June 30

	2022	2021
Edmonton, Alberta	$ 9.93	$ 10.48
Red Deer, Alberta*	$ 22.75	$ 24.11
Fort Saskatchewan, Alberta*	$ 38.32	$ 36.83
Fort McMurray, Alberta	$ 44.31	$ 43.95
Leduc, Alberta	$ 17.66	$ 15.70
Hanna, Alberta	$ 19.55	$ 19.36
Nisku, Alberta	$ 13.26	$ 13.13
Vegreville, Alberta	$ 7.18	$ 7.18
Fort St. John, British Columbia	$ 14.75	$ -

** Leases include a large land component which skews the average rate per square foot*

PROPERTY OPERATIONS

	Nine months ending **June 30, 2022**	Year ending **September 30, 2021**
Property tax and insurance recoveries	$ 2,146,691	$ 2,728,491
Operating expense recoveries	1,161,064	1,346,245
	$ 3,307,755	**$ 4,074,736**
Total property operating expenses	$ 4,232,120	$ 4,971,156
% of property operating expense recoveries	**78%**	**82%**

During the current nine-month period, the recovery percentage was reduced to 78%. Management expended $175,720 relating to deferred maintenance on a building which was acquired in the prior fiscal year, additionally, the Company expended a further $139,680 on repairs to two of its existing properties. These expenditures were not recovered as part of the occupancy cost recoveries but will be recovered by the Company as additional rent over the term of their respected leases.

Recovery percentages may vary each quarter depending on property taxes, utilities, snow removal, lawn care, and other seasonal expenditures. Management ensures operating expense recoveries are accurately recorded, recovered, and budgeted for the subsequent year.

Income from operations is a measure of funds available to service the debt repayments on financing, provide cash for capital expenditures on the properties, and fund further growth.

	Nine months ending **June 30, 2022**	Year ending **September 30, 2021**
Income from operations	**$ 10,062,972**	**$ 13,138,345**
Less: Interest on financing*	3,143,652	4,344,996
Less: Principal instalments on mortgages	5,420,437	6,976,104
Funds available for property improvements & growth	**$ 1,498,883**	**$ 1,817,245**

**Interest on financing includes capitalized interest and excludes interest income and amortization of deferred finance fees.*

INVESTMENT ON PROPERTY IMPROVEMENTS

	Nine months ending **June 30, 2022**	Year ending **September 30, 2021**
Total property improvements	**$ 2,014,253**	**$ 1,973,550**

As at June 30, 2022, the Company entered into a construction contract to build an additional 33,200 ft^2 of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is $8,600,000. As of this Q3 2022, construction is 23% complete, therefore the Company has paid approximately 23% of the contract price.

During the prior year, the Company made improvements to two large yards by installing geotechnical fabric and resurfacing with recycled crushed concrete. Work also commenced and was completed on another building that had extensive renovations to its exterior as well as a new showroom and service center. Property improvements additionally included design fees for new projects and continued interior and exterior maintenance on the buildings.

FINANCING

Debt, and unencumbered properties, are non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar calculations reported by other Canadian issuers.

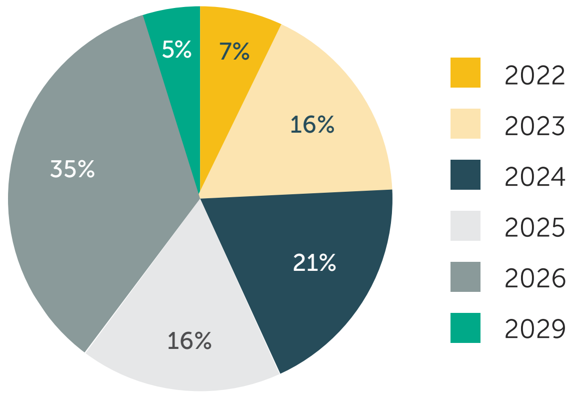
Management considers the ratio of debt to assets to be useful for evaluating the leverage the Company may have on its investment properties to assess its debt position and to consider additional financing opportunities if any.

	Nine months ending **June 30, 2022**	Year ending **September 30, 2021**
Investment properties	**$ 250,792,503**	**$ 244,943,895**
Mortgages excluding transaction fees	110,120,819	108,736,618
Other financing	1,900,000	3,800,000
Bank operating facilities	19,317,892	20,360,492
Debt	**$ 131,338,711**	**$ 132,897,110**
Ratio of debt to assets	**52%**	**54%**

The Company continues to enjoy a good relationship with its lenders and has been able to renew mortgages as they come due and place new conventional financing on acquisitions. Unencumbered properties at June 30, 2022, have fair values of $24,813,517 (September 30, 2021 - $21,816,843).

Weighted average interest rates on the mortgages have increased to 3.19% at June 30, 2022 from 3.15% at September 30, 2021, as three mortgages totalling $16,196,345 were renewed during the period at interest rates ranging between 2.930-3.310%; higher than the average interest rates for mortgages renewed during fiscal 2021.

MORTGAGE MATURITIES
(Calendar Years)



The following table details the mortgage activities during the current nine-month period.

Maturity Date	Rate	Principal Balance Sep. 30'21	Mortgages Advanced/ Assumed	Y-T-D Principal Payments	Principal Paid on Maturity	Principal Balance Mar 31'22
01-Sep-21	3.000%	$ 2,500,000	-	$ -	$ 2,500,000	$ -
01-July-22	2.730%	1,802,612	-	158,363	-	1,644,249
01-Dec-22	3.670%	3,274,254	-	179,098	-	3,095,156
01-Dec-22	3.671%	2,974,825	-	162,711	-	2,812,115
01-Feb-23	3.750%	1,800,247	-	96,286	-	1,703,961
01-Apr-23	1.860%	3,478,861	-	156,742	-	3,322,119
01-Oct-23	3.950%	270,036	-	94,688	-	175,348
01-Oct-23	4.090%	5,354,849	-	261,623	-	5,093,225
01-Nov-23	4.330%	3,684,371	-	175,860	-	3,508,510
01-Dec-23	4.648%	4,407,669	-	204,501	-	4,203,168
01-Jan-24	4.300%	2,057,447	-	136,844	-	1,920,603
01-Jan-24	4.300%	1,632,895	-	108,606	-	1,524,288
01-Apr-24	2.110%	4,035,050	-	178,493	-	3,856,557
01-Aug-24	3.300%	9,064,479	-	428,116	-	8,636,363
01-Nov-24	3.555%	8,038,382	-	364,644	-	7,673,738
01-Feb-25	3.310%	5,000,983	-	307,715	-	4,693,268
01-Feb-25	3.420%	4,586,347	-	205,061	-	4,381,286
01-Apr-25	2.310%	4,874,751	-	231,339	-	4,643,412
01-Aug-25	2.837%	3,764,283	-	167,454	-	3,596,829
01-Apr-26	2.675%	2,622,407	-	162,546	-	2,459,861
01-Jul-26	2.710%	11,173,373	-	463,039	-	10,710,334
01-Jul-26	2.710%	5,846,820	-	242,300	-	5,604,521
01-Oct-26	2.940%	6,335,332	9,500,000	339,817	6,335,332	9,160,183
01-Nov-26	2.930%	4,860,030	11,000,000	344,132	4,860,030	10,655,868
11-Jun-29	3.480%	5,296,315	-	250,458	-	5,045,857
		$ 108,736,617	**$ 20,500,000**	**$ 5,420,436**	**$ 13,695,362**	**$ 110,120,819**

All mortgages are secured by a first charge over the related investment property and a general assignment of rents, insurance, and site-specific goods and chattel paper.

The Company's two bank operating facilities are secured with specific revenue-producing properties.

ACTIVITY DURING THE PERIOD

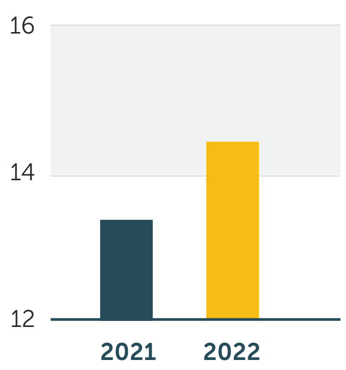
During the nine-month period ended June 30, 2022, the Company **acquired** two investment properties in Edmonton, Alberta for a purchase price of $2,250,000 comprising of two contiguous parcels of land. Once parcel is 0.72 acres with a 5,840 ft^2 industrial building, and the second parcel is a vacant 0.91 acre lot.

The Company's **leasing activities** resulted in new leases for 5,093 ft^2 of previously vacant space noted in the prior fiscal year.

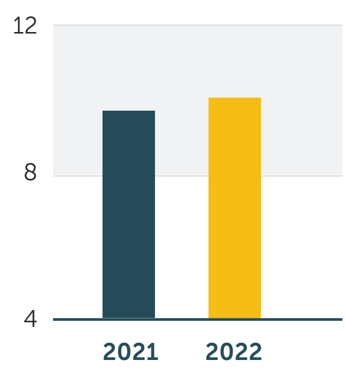
Due to the low interest rate environment in late 2021, the Company focused on using proceeds generated from mortgage refinancing at lower interest rates to **repay higher interest debt** (such as its operating facilities and other financing). The balances outstanding on operating have decreased in the current period by $1,042,600. As at June 30, 2022, the Company has Other Financing debt amounting to $1,900,000 due to related parties.

PERFORMANCE RESULTS

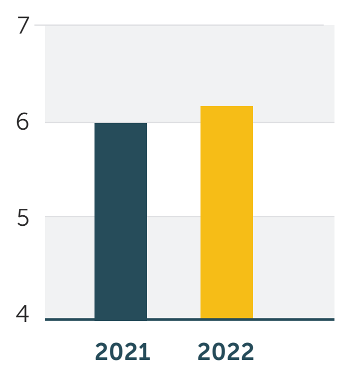
RENTAL REVENUE
(Millions)



INCOME FROM OPERATIONS
(Millions)



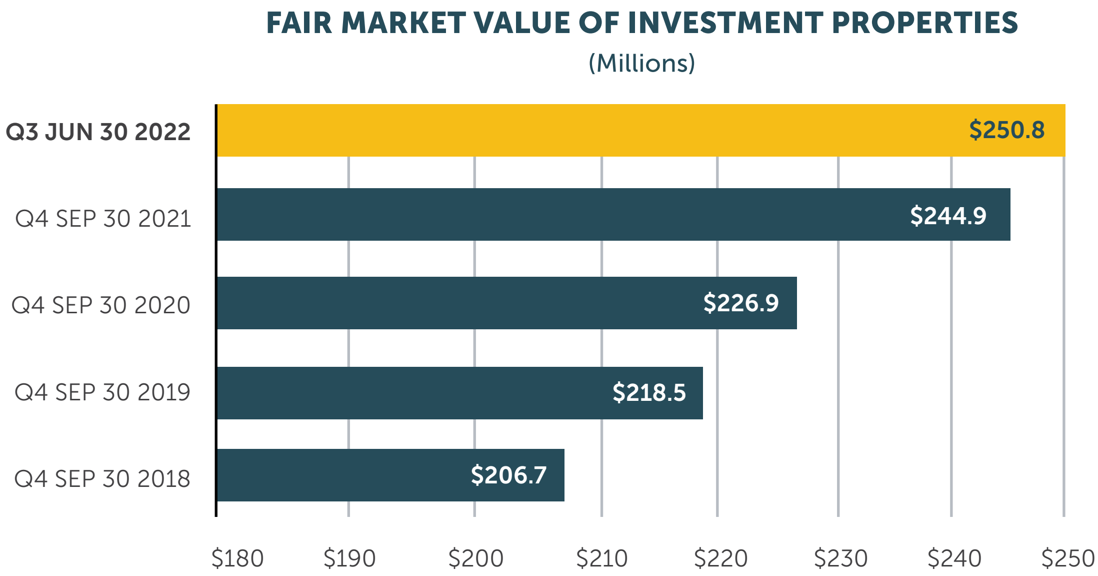
NET INCOME
(Millions)



Rental revenue is higher during the current nine-month period in comparison with the comparative period of Q3 2021 a result of revenue from new leases on three additional properties purchased since Q3 2021.

The increase in income from operations is correlated to the increase in rental revenue during the current period.

Net income is higher during this nine-month period in comparison to the nine months ended June 30, 2022. This is as a result of a lower income tax expense during the current period by $432,891 compared to Q3 of 2021.



Increase in fair value of investment properties from Q4 2021, is as a result of property acquisitions during the period amounting to $2,250,000 in addition to valuation gains of $1,840,431.

Valuation net gains from investment property are the result of valuing the properties at current fair market values at each reporting date. Values are determined by Management using the actual annual contracted subsequent year's revenue stream, less a vacancy, and structural reserve allowance, applying a capitalization rate to this normalized income, and deriving a fair value. Capitalization rates are used to estimate fair market value and consider many factors, including but not limited to: location, size of land, site coverage, strength of the tenant, term of the lease, lease rate, age of the building, size of the building, construction of the building and any unique features of the building. Given that not all industrial properties are the same, Management will apply these factors to each property in determining a capitalization rate. If a property has all favorable factors, the valuation will likely be calculated using the low end of the capitalization rate range.

Lower capitalization rates are applied to the Company's Class A buildings that have strong tenants, long-term leases and are typically newer construction. Higher capitalization rates apply to the Company's older buildings and take into consideration whether the property is multi-tenanted, the condition of the building, the strength of the tenants, the site coverage, and the location of the property.

At each reporting date, this calculation method is performed on all the investment properties except for vacant land, and land under lease. Vacant land held for development is valued using Management's research of similar vacant lands that have been sold recently or are available for sale. Land under lease with tenants is valued at the fair value of similar vacant land in the area.

The Company continues to increase its investment property portfolio each year by acquiring properties with a view towards capital appreciation. Affecting operations for each quarter are the fair valuations of investment properties.

Net valuation gains (losses) per quarter:

2022 Q3	2022 Q2	2022 Q1	2021 Q4	**2021 Q3**	2021 Q2	2021 Q1	2020 Q4
$ 866,337	$ 379,994	$ 594,100	$ (714,103)	**$ 2,399,494**	$ 152,745	$ (152,233)	$ (74,228)

When valuing the investment properties at fair value, all other inputs being equal, an increase inproperty revenue for the ensuing twelve months will have a positive impact on the fair values and a decrease in revenue will have a negative impact. When interest rates are low, investors are more likely to expand their portfolios, creating a healthy, competitive environment in which to acquire property, which will keep the cap rates very competitive. Management marginally increases the cap rates on some of the properties where the Company believes property values and lease rates have decreased as a result of a lower demand and owners eager to lease up vacant buildings. Some properties' cap rates were increased to maintain existing values, despite increased contracted revenue streams which would otherwise drive the value upwards.

INVESTMENT PROPERTY CAP RATES

	June 30, 2022			September 30, 2021	
Location	**Total GLA sf**	**Range Cap Rates**	**Rate Change**	**Total GLA sf**	**Range Cap Rates**
Edmonton, Alberta	740,397	4.27 - 7.00%	↔	776,963	4.27 - 7.00%
Red Deer, Alberta	78,196	6.10 - 6.55%	↑	78,196	6.10% - 6.52%
Fort Saskatchewan, Alberta	6,000	6.51%	↑	6,000	6.44%
Fort McMurray, Alberta	51,424	6.14 - 6.67%	↑	51,424	6.14 - 6.60%
Leduc, Alberta	41,630	6.50%	↔	41,630	6.50%
Vegreville, Alberta	33,295	8.00%	↔	33,295	8.00%
Nisku, Alberta	37,200	6.50%	↔	37,200	6.50%
Hanna, Alberta	28,891	7.00%	↔	28,891	7.00%
Fort St. John, British Columbia	21,140	8.50%	↓	21,140	9.34%
	1,038,173			1,074,739	
Available for lease, Edmonton, AB	51,670			9,264	
Total GLA square feet	**1,089,843**			**1,084,003**	

Some of the leases have rental rate escalations throughout their terms and the Company has increased the cap rates on those properties to keep the value of the properties at current market rates, despite the increase in rent. Cap rates in Fort St. John have decreased as a result of repairs and improvements the Company has made to its property since it was acquired. Cap rates continue to be evaluated on a property-by-property basis to ensure values reflect current market conditions.

During the current period, increases in the fair value of properties reflect increases in income generated by the properties that were previously vacant and leased as of September 30, 2021. The Company acquired a bulk purchase of 2 separate contiguous parcels of land. The Company valued each parcel separately resulting in valuation gains of $399,153.

Income from operations is higher in the nine months ended June 30, 2022 than June 30, 2021 as a result of increased revenues directly stemming from the increased number of investment properties that the Company owns.

Property operating expenses have increased in this nine-month period in correlation with the increase in investment properties.

Finance costs include interest on financing and amortization of deferred finance fees and are net of interest income.

CHANGES IN CASH FLOWS

Cash provided by operating activities was $8,014,560 at Q3 2022 (Q3 2021 – $6,971,232). The Company continues to generate positive cash from operations each quarter to cover day-to-day expenditures and provide reserves for future opportunities. The increase in the current period can be attributed to increased rental revenue and operating income.

Cash used in investing activities was $961,323 at Q3 2022 (Q3 2021 – $3,418,523) as the Company acquired investment properties in both periods. During the current period, cash used in purchase of investment properties was offset by proceeds received of $2,500,000 relating to a mortgage receivable.

Net cash used in financing activities was $5,617,410 at Q3 2022 (Q3 2021 –$3,298,324). During the current nine-month period, the Company used proceeds to from renewed mortgages as well as cash provided by investing activities to reduce high interest debt. The Company repaid $1,900,000 of its debt from Other Financing, and bank operating facilities have been reduced by $1,042,600. Additionally, the Company repaid a $2,500,000 vendor take back mortgage on a property it purchased in Red Deer in the prior fiscal year that matured in the current period.

At June 30, 2022, there was a **net increase in cash** of $1,435,828.

CHANGES IN FINANCIAL POSITION

Investment properties include the fair value of the properties at the reporting date as valued by Management, including the unamortized balance of straight-line rent receivables, the unamortized balance of deferred leasing costs and the unamortized balance of tenant inducements if any. Changes since the fiscal year-end of September 30, 2021, are detailed below.

	Income Producing Properties	Properties Under Development	Held for Development	Total Investment Properties
Opening Balance at September 30, 2021	**$ 232,421,152**	**$ 120,751**	**$ 12,401,992**	**$ 244,943,895**
Additions:				
Property improvements and additions	59,195	1,955,058	-	2,014,253
Capitalized property taxes and other	-	-	128,889	128,889
Leasing commissions	68,627	-	-	68,627
Property acquisitions	2,276,912	-	-	2,276,912
Amortization of tenant inducements	(49,651)	-	-	(49,651)
Change in straight-line rental revenue	(169,088)	-	-	(169,088)
Revaluation gains (losses), net	1,969,320	-	(128,889)	1,840,431
Amortization of deferred leasing commissions	(261,765)	-	-	(261,765)
Ending balance at June 30, 2022	**$ 236,314,702**	**$ 2,075,809**	**$ 12,401,992**	**$ 250,792,503**

Property improvements and additions include the structural improvements, and additions to the Company's property under development. Leasing commissions were paid for lease renewals during the period.

Prepaid expenses and deposits have a balance at Q3 2022 of $2,040,161 (September 30, 2021 - $905,449) relating mainly to insurance, and security deposits with municipalities. Property taxes and insurance were fully paid as of June 30, 2022, resulting in the increase in the balance from September 30, 2021.

Mortgages at Q3 2022 have a balance of $109,890,777 (September 30, 2021 - $108,736,618). The increase in mortgages is as a result of additional mortgage proceeds received on maturity of two existing mortgages.

Other financing at Q3 2022 is $1,900,000 (September 30, 2021 – $ 3,800,000).

Bank operating facilities at June 30, 2022 have a balance of $19,317,892 with two of the Company's major lenders (September 30, 2021 - $20,360,492). The limit on one of the facilities was reduced as proceeds received on mortgage renewals were used to reduce existing facility balances.

BANK OPERATING FACILITIES

	June 30, 2022	September 30, 2021
Bank credit facilities	$ 19,500,000	$ 20,500,000
Amounts drawn on facilities	(19,317,892)	(20,360,492)
Available credit facilities	**$ 182,108**	**$ 139,508**

The Company has two credit facilities with two of its lenders with credit limits of $13,500,000 and $6,000,000 respectively. As of June 30, 2022, the Company was in compliance with all loan covenants and requirements. Further details on the terms of the facilities are disclosed in Note 6 of the condensed consolidated interim financial statements.

Lease liability is the result of the adoption of IFRS 16 "Leases" at October 1, 2019. The Company has recorded a lease liability at the present value of the remaining lease payments for its head office leased space. The lease payments were discounted using the Company's incremental borrowing rate of 4.95% at October 1, 2019. Previously these payments were expensed as rent. A corresponding entry was made to a right-of-use asset which is amortized on a straight-line basis over the term of the lease.

Payables and accruals are $2,889,808 at June 30, 2022 (September 30, 2021 – $1,701,278). The balance includes accrued interest on financing, prepaid rents from tenants, trade payables, and accrued amounts payable on the construction of the investment property in Fort McMurray. Additionally, there is a tenant inducement payable to one of the tenants amounting to $200,000 (2021 - $200,000).

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	**2021 Q3**	2021 Q2	2021 Q1	2020 Q4
Revenue	**4,758,558**	4,653,262	4,883,273	4,860,652	**4,540,224**	4,430,598	4,278,027	3,754,671
Total Comprehensive Income	**2,298,469**	1,910,112	1,996,828	870,558	**3,359,351**	1,230,561	1,381,850	870,508
EPS-Basic	**0.24**	0.20	0.15	0.21	**0.35**	0.13	0.15	0.09
EPS-Diluted	**0.24**	0.20	0.15	0.21	**0.35**	0.13	0.15	0.09

QUARTERLY CHANGES IN REVENUE

The increase in revenue in Q3 2022 reflects additional revenue from new tenant leases in the new properties acquired during the prior fiscal year. Revenue is recorded on a straight-line basis over the terms of the leases so there are not typically large swings quarter to quarter.

QUARTERLY CHANGES IN TOTAL COMPREHENSIVE INCOME AND EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)

The significant fluctuations in total comprehensive income are largely caused by the revaluations of the investment properties.

Net valuation gains (losses) per quarter:

2022 Q3	2022 Q2	2022 Q1	2021 Q4	**2021 Q3**	2021 Q2	2021 Q1	2020 Q4
$ 866,337	$ 379,994	$ 594,100	$ (714,103)	**$ 2,399,494**	$ 152,745	$ (152,233)	$ (74,228)

During the current period ending June 30, 2022, there was a gain on valuation of investment properties amounting to $1,840,431. This was mainly attributed to increased income from existing leases as well as a decrease in cap rate on the property located in Fort. St John, British Columbia as the Company expended $175,720 on the property. Additionally, the Company separately valued two contiguous parcels of land, that were purchased in bulk, resulting in a valuation gain of $399,153 during the nine-month period.

The overall decrease in valuations in Q4 of 2021 resulted from write downs of two properties where existing tenants renewed their leases at lower lease rates. The write-downs amounted to an aggregate of $1.1M.

During Q3 2021, increases in the fair value of properties amounting to $2.4M reflected increases in income generated by the properties that had previously been vacant and leased as of June 30, 2021. Additionally, the Company invested a significant amount of funds in one of its properties to improve its exterior as well as interior design and added a new showroom to the property. The investment in the improvements have increased the value of the building by $1.3M in the quarter.

The fair value net losses in Q1 2021 reflect reduced income from leases that were renewed in Q1 for lower lease rates, thus reducing the fair value of the properties.

While a considerable number of properties had increases in the contracted revenue stream, which increases the value when applying a capitalization ("cap") rate, the Company has chosen to keep the values the same on some of the properties by adjusting the cap rates upward. Most of the values are adjusted slightly upward to offset the amortization of deferred charges, which includes straight-line rent, leasing fees, and tenant inducements if any.

The fluctuations in earnings per share figures are directly related to the operational activities described herein. There have been no significant changes to the outstanding shares in the last eight quarters.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Total issued and outstanding shares at June 30, 2022 is 9,451,242 (September 30, 2021 was 9,451,242).

There are currently no options outstanding.

DIVIDENDS

Dividend distribution is determined by the Board of Directors after evaluating the earnings of the Company and the overall outlook for the economy. Dividends are declared and paid based on the common shares owned at the record date. Shareholders are cautioned that past issuance of dividends by the Company does not guarantee that future dividends will be issued.

The Company paid $472,562 in dividends to its shareholders during the current nine-month period. Subsequent to the nine months ending June 30, 2022, the Company issued a press release on July 6, 2022 announcing the declaration of a quarterly dividend of $.02 per share payable on July 29, 2022 (Q3 2022) to shareholders of record effective July 18, 2022.

RELATED PARTY TRANSACTIONS

Paid to companies owned or controlled by a director, majority shareholder, and officer

Property management and maintenance fees for the nine months ended June 30, 2022 of $952,846 (June 30, 2021 - $885,389) were paid to Sable Realty & Management Ltd. ("Sable"), a company controlled by Sine Chadi, a director and officer of the Company.

Leasing fees in Q3 2022 of $22,500 (Q3 2021 – $107,100) were paid to North American Realty Corp. ("NARC"), a company controlled by Sine Chadi.

Leased office space and parking costs were paid to Sable during the nine-month period amounting to $135,000 (Q3 2021 - $136,675). Imperial Equities shares its head office space with the Sable head office.

Consulting fees during Q3 2022 of $1,800 (Q3 2021 – $48,501) were paid to Sable for the services provided by the Company's Financial Advisor (formerly the CFO) who is not paid directly by the Company.

Rent collected from Sable for commercial lease space was $71,190 (Q3 2021 – $66,885). Sable leases a 7,871 ft^2 building in Edmonton, Alberta from the Company.

Contracts with Sable and NARC have been in place since 1999 with no changes to the terms. They can be viewed on-line at <www.sedar.com>. These contracts and the associated fees and rates are reviewed quarterly by the Company's Board of Directors.

The above transactions took place at amounts which, in Management's opinion, approximate normal commercial rates and terms and occurred in the normal course of operations. The transactions have been recorded at the exchange amount.

Paid to directors

Directors' fees paid for attending directors' meetings during the nine-month period were $35,500 (Q3 2021- $42,500). Fees per director per meeting are $2,500, unchanged from the prior year. The fees paid are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations.

Compensation to key Management personnel

The Company's key Management personnel include President Sine Chadi, who is also a director and significant shareholder of the Company. The total compensation paid to Mr. Chadi during the period was $225,000 (Q3 2021 - $225,000). The Company's COO, Patricia Misutka was paid $135,000 in the current period (Q3 2021 – $135,000). The Company's CFO, Azza Osman was paid $133,750 during the current period (Q3 2021 - $123,750).

Unsecured financing from directors and shareholders

As of the period ending June 30, 2022, unsecured financing from directors and shareholders amounts to $1,900,000 with interest expenses of $5,049. As of September 30, 2021, $3,800,000 remained outstanding bearing interest at an annual rate of 6% with accrued interest amounting to $251,838.

LIQUIDITY, CAPITAL RESOURCES, AND SOLVENCY

Income from operations or cash flows from operating activities is the primary source of liquidity measures to service debt and fund planned expenditures for maintenance and capital improvements on the investment properties. Net income is not used as a liquidity measure, as it includes non-cash fair value changes on investment properties and fluctuations on mark-to-market short-term investments.

	June 30, 2022	June 30, 2021
Income from operations	$ 10,062,973	$ 9,685,945
Cash provided by operating activities	$ 8,014,561	$ 6,971,232

The Company continues to generate cash from operating activities to meet the requirements of ongoing property maintenance including capital improvements and to meet its debt financing requirements. The Company relies on the existing credit facilities to assist with short-term borrowing needs including funding a portion of property acquisitions. The Company has not breached any debt covenants and maintains a healthy relationship with its current lenders.

The Company primarily relies on its lenders to finance the majority cost of property acquisitions through conventional mortgage financing. Any further cash shortfalls are covered through related-party financing, or current cashflows. The Company has been very successful to date with financing its acquisitions and does not foresee any long-term impediments to obtaining the required financing to continue growth and to satisfy short-term borrowing needs and obligations.

Investment properties unencumbered with debt are valued at $24,813,517 (September 30, 2021 - $21,816,843). Overall, the ratio of debt to assets is 52% (September 30, 2021 - 54%), providing possible leverage opportunities in the future.

At June 30, 2022, five mortgages are due in the next twelve months with combined principal balances of $12,577,599 and are shown as current liabilities. When mortgages are renewed, the Company may have the option of increasing the debt on a particular property, subject to the lender's approval, to provide increased capital. There is a risk to the Company that mortgages that are up for renewal may not be renewed or may not be renewed at the same rates and therefore the monthly principal and interest may change.

The Company has no other contractual commitments to purchase or sell assets, other than as disclosed above, and as disclosed in Note 14 of the condensed consolidated interim financial statements.

CRITICAL ESTIMATES OF THE CURRENT ECONOMIC ENVIRONMENT AND OUTLOOK

The economic environment in which Imperial operates could be adversely affected market risks such as product and service supply shortages, utility price increases, and property tax increases. These risk factors have a direct impact on the Company's costs, however they are mitigated through the Company's lease term structures which recover the majority of these costs from the respective tenants. An additional risk is the tenants' exposure to these risks and their impact on their economic performance; however, the Company's strong tenant portfolio and continuous communication with its tenants helps the Company in managing and mitigating these risks.

Vacancies as at Q3 2022 are 51,670 ft^2, up from the previous fiscal year ending September 30, 2021 (9,264 ft^2). The Company continues to actively market current vacancies and is optimistic in leasing prospects.

The Company has been successful in obtaining financing and renewing its mortgages. To date, the Company has been very successful with its financing requirements and diligently monitors risk factors when considering strategic plans.

RISKS AND RISK MANAGEMENT

Imperial Equities Inc., like most other entities in the real estate industry, is exposed to a variety of risk areas which are summarized in its Management Discussion and Analysis for the year ended September 30, 2021.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Note 2 of the Consolidated Financial Statements for the year ended September 30, 2021. Updates related to the Condensed Consolidated Interim Financial Statements are disclosed in Note 2.

MEASURES NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Throughout the MD&A, Management will use measures that will include debt and unencumbered investment properties. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations presented by other issuers. Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one year to another. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies.

DISCLOSURE CONTROLS AND PROCEDURES

Risks Associated with Disclosure Controls and Procedures & Internal Control over Financial Reporting

During the quarter ended June 30, 2022, there were no changes in the Company's disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements to report.

FINANCIAL STATEMENTS

for the third quarter ending June 30, 2022

IMPERIAL EQUITIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	(Unaudited) June 30, 2022	(Audited) September 30, 2021
Assets			
Investment properties	3	250,792,503	244,943,895
Right-of-use asset		550,149	662,679
Total non-current assets		**251,342,652**	**245,606,574**
Mortgage receivable	3	-	2,500,000
Receivables		144,330	279,750
Prepaid expenses and deposits	4	2,040,161	905,499
Cash and cash equivalents		1,631,942	196,114
Total current assets		**3,816,433**	**3,881,363**
Total Assets		**255,159,085**	**249,487,937**
Liabilities			
Mortgages	5	90,724,307	82,293,558
Lease liability	7	450,612	564,738
Security deposits		763,276	748,608
Deferred taxes	9	14,633,406	14,272,154
Total non-current liabilities		**106,571,601**	**97,879,058**
Current portion of mortgages	5	19,166,470	26,216,379
Current portion of lease liability	7	153,634	148,046
Other financing	17	1,900,000	3,800,000
Bank operating facilities	6	19,317,892	20,360,492
Payables and accruals		2,889,808	1,701,278
Income taxes payable		748,083	703,934
Total current liabilities		**44,175,887**	**52,930,129**
Total Liabilities		**150,747,488**	**150,809,187**
Equity			
Issued share capital		5,947,346	5,947,346
Retained earnings		98,464,251	92,731,404
Total Equity		**104,411,597**	**98,678,750**
Total Equity and Liabilities		**255,159,085**	**249,487,937**

Guarantees, contingencies, and commitments (Note 14)
Post-reporting date events (Note 18)

See accompanying notes to the condensed consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
Nine months ending June 30,

	Notes	Current Quarter 2022	Prior Year Quarter 2021	9 Months June 2022	9 Months June 2021
Rental revenue	11,13	4,758,558	4,540,224	14,295,093	13,248,849
Property operating expenses	11	(1,402,726)	(1,284,518)	(4,232,120)	(3,562,904)
Income from operations		3,355,831	3,255,706	10,062,973	9,685,945
Finance costs	8	(1,116,258)	(1,141,451)	(3,213,772)	(3,229,364)
Administration expenses		(342,236)	(455,678)	(1,094,940)	(1,106,021)
Amortization of deferred leasing		(90,167)	(74,068)	(261,765)	(218,395)
Amortization of right-of-use asset		(37,510)	(37,510)	(112,530)	(112,530)
Valuation net gains from investment property	3	866,337	2,399,494	1,840,431	2,400,006
Income before income tax		2,635,997	3,946,493	7,220,397	7,419,641
Income tax expense	9	(337,528)	(587,142)	(1,014,988)	(1,447,879)
Net income and total comprehensive income for the period		2,298,469	3,359,351	6,205,409	5,971,762
Earnings per share, basic and diluted	12	0.24	0.35	0.66	0.63

See accompanying notes to the condensed consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Number of shares	Capital stock	Retained earnings	Total
October 1, 2021	9,451,242	$ 5,947,346	$ 92,731,404	$ 98,678,750
Dividends paid	-	-	(472,562)	(472,562)
Net earnings	-	-	6,205,409	6,205,409
Balance June 30, 2022	9,451,242	$ 5,947,346	$98,464,251	$104,411,597

	Number of shares	Capital stock	Retained earnings	Total
October 1, 2020	9,460,442	$ 5,925,098	$ 86,336,638	$ 92,261,736
Shares held in treasury	-	28,044	-	28,044
Shares cancelled during the year	(9,200)	(5,796)	(22,248)	(28,044)
Dividends paid	-	-	(425,306)	(425,306)
Net earnings	-	-	6,842,320	6,842,320
Balance Sept 30, 2021	9,451,242	$ 5,947,346	$ 92,731,404	$ 98,678,750

See accompanying notes to the condensed consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Nine months ending June 30,

	Notes	Current Quarter 2022	Prior Year Quarter 2021	9 Months June 30 2022	9 Months June 30 2021
Operating activities					
Net income and total comprehensive income		2,298,469	3,359,352	6,205,409	5,971,762
Finance costs		1,116,258	1,141,451	3,213,772	3,229,364
Items not affecting cash:					
Amortization of right-of-use asset		37,510	37,510	112,530	112,530
Amortization of tenant inducements		16,550	11,447	49,651	26,726
Amortization of deferred leasing commissions		90,167	74,067	261,765	218,395
Fair value changes on investment properties		(866,337)	(2,399,494)	(1,840,431)	(2,400,006)
Straight-line rental revenue		27,849	187,483	169,088	134,949
Deferred income taxes		177,909	434,690	361,252	439,757
Leasing commissions		-	(50,580)	(68,627)	(445,360)
Net change in operating working capital	10	(2,702,938)	(2,407,613)	(449,849)	(316,885)
Cash provided by operating activities		195,437	388,313	8,014,560	6,971,232
Investing activities					
Purchase of investment properties		(1,065)	(918,517)	(2,276,912)	(7,823,517)
Improvements and additions to investment properties		(1,619,612)	(497,162)	(2,143,142)	(1,061,256)
Proceeds from loan receivable		-	5,500,000	2,500,000	5,500,000
Net change in investing working capital	10	1,167,334	(92,341)	958,731	(33,750)
Cash received (used in) investing activities		(453,343)	3,991,980	(961,323)	(3,418,523)
Financing activities					
Proceeds from new mortgages		-	17,175,000	20,500,000	30,332,722
Repayment of mortgages on maturity		2,500,000	(9,527,333)	(11,195,362)	(13,939,298)
Repayment of mortgages through principal instalments		(4,367,162)	(1,777,518)	(7,920,437)	(5,205,446)
Amortization of deferred finance fees		25,661	24,200	76,983	69,280
Fees associated with new or renewed mortgages		-	(30,938)	(80,343)	(62,371)
Repayment of other financing		-	(2,300,000)	(3,800,000)	(2,300,000)
Principal repayments on lease liability		(36,179)	(34,341)	(108,538)	(104,697)
Finance costs		(1,116,258)	(1,141,451)	(3,213,772)	(3,229,364)
Dividends paid		(189,025)	(141,768)	(472,562)	(283,537)
Net advances (proceeds from) bank operating facilities		2,491,027	(6,750,756)	(1,042,600)	(8,870,960)
Net change in financing working capital	10	(4,204)	127,392	(260,779)	245,347
Cash (used in) provided by financing activities		1,203,860	(4,327,513)	(5,617,410)	(3,298,324)
Increase in cash and cash equivalents		945,954	52,780	1,435,827	254,385
Cash and cash equivalents, beginning of period		685,987	325,224	196,114	123,619
Cash and cash equivalents, end of period		1,631,941	378,004	1,631,941	378,004

See accompanying notes to the condensed consolidated interim financial statements

1. Description of the Company

Imperial Equities Inc. (“the Company”) was incorporated in Edmonton, Alberta, Canada. The registered and operating office of the Company is 2151, 10060 Jasper Avenue, Edmonton, Alberta T5J 3R8. The Company’s operations consist of the acquisition, development, and redevelopment of industrial, agricultural, and commercial properties primarily in Edmonton and throughout Alberta. All the operations of Imperial Equities Inc. are conducted in Canadian funds. The Company’s common shares trade on the TSX Venture Exchange (TSXV) under the symbol “IEI”. These consolidated financial statements include the Company and its wholly-owned subsidiaries, Imperial Equities Properties Ltd. (“IEPL”), Imperial One Limited, Imperial Two Limited, Imperial Three Limited, Imperial Four Limited, Imperial Five Limited, Imperial Six Limited, Imperial Seven Limited, and Imperial Eight Limited.

2. Significant accounting policies

a) Statement of compliance, the basis of presentation and consolidation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Standards (“IAS”) 34 – Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual September 30, 2021 consolidated financial statements.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended September 30, 2021. The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value, as explained in the accounting policies of the Company’s annual September 30, 2021, consolidated financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for assets. These condensed consolidated interim financial statements were prepared on a going concern basis and have been presented in Canadian dollars. The accounting policies set out below have been applied consistently in all material respects.

c) Significant accounting judgements, estimates, and assumptions

The preparation of the Company’s June 30, 2022 condensed consolidated interim financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, profit (loss), and related disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are deemed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are consistent with those disclosed in the Company’s September 30, 2021 annual consolidated financial statements.

3. Investment properties

	Income Producing Properties	Properties Under Development	Held For Development	Total Investment Properties
Opening balance at September 30, 2021	$ 232,421,152	$ 120,751	$ 12,401,992	**$ 244,943,895**
Additions:				
Property improvements and additions	59,195	1,955,058	-	**2,014,253**
Capitalized property taxes and other	-	-	128,889	**128,889**
Leasing commissions	68,627	-	-	**68,627**
Property acquisitions	2,276,912	-	-	**2,276,912**
Amortization of tenant inducements	(49,651)	-	-	**(49,651)**
Change in straight-line rental revenue	(169,088)	-	-	**(169,088)**
Revaluation gains (losses), net	1,969,320	-	(128,889)	**1,840,431**
Amortization of deferred leasing commissions	(261,765)	-	-	**(261,765)**
Ending balance at June 30, 2022	**$ 236,314,702**	**$ 2,075,809**	**$ 12,401,992**	**$ 250,792,503**

	Income Producing Properties	Properties Under Development	Held For Development	Total Investment Properties
Opening balance at September 30, 2020	$ 214,542,476	$ -	$ 12,401,992	**$ 226,944,468**
Additions:				
Property improvements and additions	1,852,799	120,751	-	**1,973,550**
Capitalized property taxes and other	-	-	144,605	**144,605**
Tenant inducements	386,881			**386,881**
Leasing commissions	764,652	-	-	**764,652**
Property acquisitions	13,643,005	-	-	**13,643,005**
Amortization of tenant inducements	(43,414)	-	-	**(43,414)**
Change in straight-line rental revenue	(248,646)	-	-	**(248,646)**
Revaluation gains (losses), net	1,830,508	-	(144,605)	**1,685,903**
Amortization of deferred leasing commissions	(307,109)	-	-	**(307,109)**
Ending balance at September 30, 2021	**$ 232,421,152**	**$ 120,751**	**$ 12,401,992**	**$ 244,943,895**

On March 1, 2022, the Company acquired two investment properties in Edmonton, Alberta for a purchase price of $2,250,000 comprising of two contiguous parcels of land. One parcel is 0.72 acres with a 5,840 sf^2 industrial building, and the second parcel is a vacant 0.91 acre lot.

Valuation methodology and processes

The fair value of investment properties at each reporting period is determined internally by management using assumptions and market information obtained from industry professionals and qualified external appraisers. Management uses inputs from external appraisers as additional sources of information when recording property-specific attributes. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, the investment properties are typically classified as Level 3 assets. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Management's primary internal valuation model is based on a capitalization of the forecasted normalized net operating income approach. The Company determines the forecasted normalized net operating income using a one-year income forecast for each property based on current in-place rents and assumptions about occupancy, structural and vacancy reserves, less cash outflows expected to operate and manage each property within the portfolio. Capitalization rates used to estimate fair market value consider many factors including but not limited to; the location of the property, the size of the land parcel, site coverage, 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, whether it is single-tenant or multi-tenanted and vacancy rates in the area. Market information related to the external sale of similar buildings within a similar geographic location is also taken into consideration.

Land held for development is valued based on sale data within the market area.

The Company's executive management team is responsible for determining fair value measurements including verifying all major inputs included in the valuation. Management, along with the Audit Committee, discusses the valuation process and key inputs every quarter.

The key level 3 valuation metrics for the investment properties are set out below.

	June 30, 2022	September 30, 2021
Range of capitalization rates applied to investment properties	4.27% - 8.50%	4.27% - 9.35%
Fair values of properties where cap rates were applied	$ 231,420,498	$ 228,631,148
Weighted average cap rates	6.35%	6.35%
Fair value impact of increasing average cap rate by 0.25%	$ (8,774,097)	$ (8,664,623)
Fair value impact of a 1% decrease in net operating income	$ (2,317,008)	$ (2,289,113)
Land held for development		
Average price per acre of land	$ 157,274	$ 157,274
Number of acres	64.55	64.55
Total fair values	$ 10,152,036	$ 10,152,036
Impact of a 10% change in average price per acre	$ (1,015,204)	$ (1,015,204)
Land under lease agreements with tenants		
Number of acres leased	8.90	7.90
Average price per acre	$ 804,574	$ 779,837
Total fair values of leased land	$ 7,160,710	$ 6,160,710
Impact of a 10% change in average price per acre	$ (716,071)	$ (616,071)

Included in the carrying amount of investment properties are the following:

	June 30, 2022	September 30, 2021
Straight line rent receivable	$ 1,968,150	$ 2,137,238
Tenant inducements	399,283	448,934
Leasing commissions	1,712,361	1,905,499
	$ 4,079,794	$ 4,491,671

All the above are amortized over the terms of the respective leases.

Mortgage receivable

During Q4 2020, the Company completed the sale of an investment property for total sale proceeds of $9,350,000 and agreed to a vendor take back ("VTB") mortgage in the amount of $8,000,000. The VTB bore interest at an annual rate of 2.5% with monthly interest payments, and a maturity date of July 21, 2021. The VTB could be prepaid in whole or in part without penalty. The purchaser had an option to extend the mortgage for a further year.

On May 7, 2021, the Company agreed to amend the terms of the VTB and received $5,500,000 with the balance of $2,500,000 to be received on or before August 15, 2021 (the "Maturity Date"). The balance of the VTB bore interest at an annual rate of 6%. If payment of the principal amount and accrued interest did not occur by the maturity date, then the whole of the principal amount plus accrued interest shall become immediately due and payable upon demand. The VTB was carried at amortized cost.

The principal amount and accrued interest were received after the maturity date but prior to demand being made. The full balance was received on October 29, 2021.

4. Prepaid expenses and deposits

	June 30, 2022	September 30, 2021
Prepaid operating expenses *	$ 2,013,142	$ 878,480
Security deposits with municipalities	27,019	27,019
Total prepaid expenses and deposits	**$ 2,040,161**	**$ 905,499**

* Prepaid operating expenses are insurance and property taxes which have been fully paid during the quarter ending June 30, 2022.

5. Mortgages

Maturity	Rate	June 30, 2022	September 30, 2021
On Demand	3.000%	$ -	$ 2,500,000
July 1, 2022	2.730%	1,644,249	1,802,612
December 1, 2022	3.670%	3,095,156	3,274,254
December 1, 2022	3.671%	2,812,115	2,974,825
February 1, 2023	3.750%	1,703,961	1,800,247
April 1, 2023	1.860%	3,322,119	3,478,861
October 1, 2023	3.950%	175,348	270,036
October 1, 2023	4.090%	5,093,225	5,354,849
November 1, 2023	4.330%	3,508,510	3,684,371
December 1, 2023	4.648%	4,203,168	4,407,669
January 1, 2024	4.300%	1,920,603	2,057,447
January 1, 2024	4.300%	1,524,288	1,632,895
April 1, 2024	2.110%	3,856,557	4,035,050
August 1, 2024	3.300%	8,636,363	9,064,479
November 1, 2024	3.555%	7,673,738	8,038,382
February 1, 2025	3.420%	4,381,286	4,586,347
February 1, 2025	3.310%	4,693,268	5,000,983
April 1, 2025	2.310%	4,643,412	4,874,751
August 1, 2025	2.837%	3,596,829	3,764,283
July 1, 2026	2.710%	5,604,521	5,846,820
July 1, 2026	2.710%	10,710,334	11,173,373
April 1, 2026	2.675%	2,459,861	2,622,407
November 1, 2026	2.930%	10,655,868	4,860,030
October 1, 2026	2.940%	9,160,183	6,335,332
June 11, 2029	3.480%	5,045,856	5,296,315
Total mortgages		$ 110,120,819	$ 108,736,618
Less: current portion of principal payments		(19,166,470)	(26,216,379)
Less: balance of unamortized finance fees		(230,042)	(226,681)
		$ 90,724,307	**$ 82,293,558**
Weighted average rate		**3.19%**	**3.15%**

All mortgages are repayable in blended monthly payments of interest and principal. The security pledged for each mortgage is limited to the related investment property.

6. Bank operating facilities

	June 30, 2022	September 30, 2021
Bank operating facilities	**$ 19,317,892**	**$ 20,360,492**

The Company has two credit facilities set out as follows:

1) One operating Line of Credit (LOC) with a limit of $13,500,000 (September 30, 2021 - a limit of $13,500,000).

   This LOC is used to assist with property acquisitions and general operations and has a balance at June 30, 2022, of $13,465,198 (September 30, 2021 - $13,476,456). The credit facility bears interest at prime plus 1% per annum (September 30, 2021 – prime plus 1% per annum) and is secured by specific revenue-producing properties with combined fair values of $36,338,761 (September 30, 2021- $ 36,338,761). In Q4 2021, the standby fee provisions were deleted and no longer in effect (September 30, 2021 - .25% per annum).

   On February 2, 2022, the Company has entered into an amending agreement with the lender to designate $8,000,000 from the operating line as a fixed rate fixed term component with blended principal and interest monthly payments. The rate fix term is 3 years with a 25-year amortization. The interest rate on the component is the lender's cost of funds plus 1.10% per annum. The lender may, on demand, require immediate payment of all amounts outstanding or accrued in connection with this component and the facility as a whole. The remaining $5,500,000 of the operating line will remain as revolver, with interest only payments. The limit of the operating line in aggregate will remain at $13,500,000.

   Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings. As at June 30, 2022, the Company was in compliance with all covenants.

2) A second operating LOC with a limit of $6,000,000 (September 30, 2021 – a limit of $7,000,000).

   The decrease in the limit from the prior year is a result of increased mortgage amounts upon maturity of existing mortgages. During the current nine-month period, proceeds from the increases in mortgage amounts were used to reduce the limit on the facility by $1,000,000.

   This credit facility bears interest at prime plus .95% per annum (unchanged from September 30, 2021) and is secured by specific revenue-producing properties with combined fair values at June 30, 2022, of $72,343,334 (September 30, 2021 - $72,210,516).

   There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at June 30, 2022 is $5,852,694 (September 30, 2021 - $6,884,036).

7. Lease liability

The adoption of IFRS 16- Leases on October 1, 2019, resulted in the initial recognition of a right-of-use asset amounting to $812,719 and a corresponding lease liability of $861,322 having a weighted average borrowing rate of 4.95%.

The following table presents the change in the balance of the Company's lease liability:

	June 30, 2022	**September 30, 2021**
Opening balance	$ 712,784	$ 861,322
Lease payments	(135,000)	(181,675)
Interest	26,462	33,137
Balance, end of period	**$ 604,246**	**$ 712,784**

	June 30, 2022	**September 30, 2021**
Current portion	$ 153,634	$ 148,046
Non-current portion	450,612	564,738
	$ 604,246	**$ 712,784**
Incremental borrowing rate	**4.95**%	**4.95**%

Estimated future principal payments required to meet the lease liability as at June 30, 2022, are as follows:

12 months ending June 30, 2023	$ 153,634
12 months ending June 30, 2024	161,414
12 months ending June 30, 2025	169,587
12 months ending June 30, 2026	119,611
Total	**$ 604,246**

8. Finance costs

The components of finance costs are as follows:

	June 30, 2022	June 30, 2021
Interest on mortgages	$ 2,671,397	$ 2,419,501
Interest on bank operating facilities	440,746	636,919
Interest on other unsecured financing	5,048	213,981
Interest on lease obligations	26,462	31,976
Amortization of deferred finance fees	76,983	69,280
Interest income	(6,864)	(142,293)
	$ 3,213,772	**$ 3,229,364**

9. Income taxes

Components of income tax expense

	June 30, 2022	June 30, 2021
Current tax expense	$ 653,735	$ 1,008,122
Deferred tax expense	361,253	439,757
	$ 1,014,988	**$ 1,447,879**

Current tax expense in the comparative period included tax on a capital gain in 2021 relating to disposition of an investment property which took place during the fiscal year ending September 30, 2020.

10. Supplemental consolidated cash flow information

Net change in operating working capital	June 30, 2022	June 30, 2021
Net change in receivables	$ 135,420	$ 224,947
Net change in prepaid expenses and deposits	(1,134,551)	(863,954)
Net change in payables and accruals	490,576	(214,537)
Net change in income taxes payable	44,037	455,617
Net change in security deposits	14,669	81,042
	$ (449,849)	**$ (316,885)**

Net change in investing working capital		
Net change in deposits in trust for property acquisitions	$ -	$ 9,360
Net change in payables and accruals	958,731	(49,110)
	$ 958,731	**$ (33,750)**

Net change in financing working capital		
Net change in accrued interest payable	**$ (260,779)**	**$ 245,347**

Interest paid	$ 2,832,821	$ 3,129,542
Income taxes paid (received)	$ 685,760	$ 634,313

11. Segmented Information

IFRS 8, Operating Segments requires reportable segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources to segments. The CODM has determined there are two reportable segments in the current fiscal year, based on the different economic environments they operate in. The following summary presents segmented financial information by industry divisions.

	Agricultural Division				Industrial & Retail Division				Corporate				CONSOLIDATED			
June 30, 2022 and 2021	**Current 3 Months**	**Current 9 Months**	Prior Yr. 3 Months	Prior Yr. 9 Months	**Current 3 Months**	**Current 9 Months**	Prior Yr. 3 Months	Prior Yr. 9 Months	**Current 3 Months**	**Current 9 Months**	Prior Yr. 3 Months	Prior Yr. 9 Months	**Current 3 Months**	**Current 9 Months**	Prior Yr. 3 Months	Prior Yr. 9 Months
Rental revenue, contractual amount	**$ 201,028**	**$ 602,151**	$ 199,626	$ 597,965	**$ 3,394,632**	**$ 10,603,926**	$ 3,511,644	$ 9,909,884	**$ -**	**$ -**	$ -	$ -	**$ 3,595,660**	**$ 11,206,077**	$ 3,711,271	$ 10,507,850
Property tax and insurance recoveries	**21,722**	**66,389**	20,224	60,673	**692,962**	**2,080,302**	688,072	1,947,681	**-**	**-**	-	-	**714,684**	**2,146,691**	708,296	2,008,354
Operating expense recoveries	**2,820**	**8,460**	2,672	9,410	**489,792**	**1,152,604**	316,915	884,514	**-**	**-**	-	-	**492,612**	**1,161,064**	319,587	893,924
Government Subsidy	**-**	**-**	-	-			-		**-**	**-**	-	396	**-**	**-**	-	396
Accelerated rent adjustment	**-**	**-**	-	-			-	-	**-**	**-**	-	-	**-**	**-**	-	-
Amortization of tenant inducements	**-**	**-**	-	-	**(16,550)**	**(49,651)**	(11,447)	(26,726)	**-**	**-**	-	-	**(16,550)**	**(49,651)**	(11,447)	(26,726)
Straight-line rental revenue	**-**	**-**	-	-	**(27,849)**	**(169,088)**	(187,483)	(134,949)	**-**	**-**	-	-	**(27,849)**	**(169,088)**	(187,483)	(134,949)
Rental revenue	**225,570**	**677,000**	222,522	668,048	**4,532,987**	**13,618,093**	4,317,701	12,580,404	**-**	**-**	-	396	**4,758,557**	**14,295,093**	4,540,224	13,248,849
Property operating expenses																
Property taxes and insurance	**(22,379)**	**(67,615)**	(24,009)	(66,079)	**(806,715)**	**(2,328,042)**	(729,214)	(2,109,014)	**-**	**-**	-	-	**(829,094)**	**(2,395,657)**	(753,223)	(2,175,093)
Operating expenses:															-	-
Repairs and maintenance	**(2,307)**	**(2,307)**	(90,403)	(90,403)	**(258,448)**	**(937,447)**	(199,831)	(566,690)	**-**	**-**	-	-	**(260,755)**	**(939,754)**	(290,234)	(657,093)
Management fees	**(8,984)**	**(26,905)**	(8,901)	(26,648)	**(179,694)**	**(549,601)**	(180,004)	(506,524)	**-**	**-**	-	-	**(188,678)**	**(576,506)**	(188,905)	(533,172)
Utilities	**-**	**(478)**	-	-	**(124,199)**	**(319,725)**	(52,156)	(197,546)	**-**	**-**	-	-	**(124,199)**	**(320,203)**	(52,156)	(197,546)
subtotals	**(33,670)**	**(97,305)**	(123,313)	(183,130)	**(1,369,056)**	**(4,134,815)**	(1,161,205)	(3,379,774)	**-**	**-**	-	-	**(1,402,726)**	**(4,232,120)**	(1,284,518)	(3,562,904)
Income from operations	**191,900**	**579,695**	99,209	484,918	**3,163,931**	**9,483,278**	3,156,497	9,200,630	**-**	**-**	-	396	**3,355,831**	**10,062,973**	3,255,706	9,685,945
Finance costs:																
Interest on mortgages	**(48,904)**	**(149,067)**	(52,001)	(158,250)	**(875,316)**	**(2,522,330)**	(814,823)	(2,261,252)	**-**	**-**	-	-	**(924,220)**	**(2,671,397)**	(866,824)	(2,419,501)
Interest on bank operating facilities	**-**		-	-			-	-	**(156,752)**	**(440,746)**	(196,647)	(636,919)	**(156,752)**	**(440,746)**	(196,647)	(636,919)
Interest on other unsecured financing	**-**		-	-			-	-	**(805)**	**(5,049)**	(85,407)	(213,979)	**(805)**	**(5,049)**	(85,407)	(213,979)
Interest on lease obligations	**-**		-	-			-	-	**(8,821)**	**(26,462)**	(10,659)	(31,977)	**(8,821)**	**(26,462)**	(10,659)	(31,977)
Amortization of deferred finance fees	**(1,809)**	**(5,427)**	(1,809)	(5,427)	**(23,851)**	**(71,555)**	(22,391)	(63,853)	**-**		-	-	**(25,660)**	**(76,982)**	(24,200)	(69,280)
Interest income	**-**		-	-			-	-	**-**	**6,864**	42,286	142,293	**-**	**6,864**	42,286	142,293
subtotals	**(50,713)**	**(154,494)**	(53,810)	(163,677)	**(899,167)**	**(2,593,885)**	(837,214)	(2,325,105)	**(166,378)**	**(465,393)**	(250,427)	(740,582)	**(1,116,259)**	**(3,213,772)**	(1,141,451)	(3,229,364)
Administration expenses	**-**	**-**	-	-			-	-	**(342,237)**	**(1,094,940)**	(455,679)	(1,106,020)	**(342,237)**	**(1,094,940)**	(455,678)	(1,106,021)
Amortization of deferred leasing	**(5,004)**	**(15,011)**	(3,210)	(12,320)	**(85,163)**	**(246,754)**	(70,858)	(206,075)			-	-	**(90,167)**	**(261,765)**	(74,068)	(218,395)
Amortization of right-of-use asset	**-**		-	-			-	-	**(37,510)**	**(112,530)**	(37,510)	(112,530)	**(37,510)**	**(112,530)**	(37,510)	(112,530)
Unrealized gains (losses) on short-term investments	**-**		-	-			-	-	**-**	**-**	-	-	**-**	**-**	-	-
Valuation net gains (losses) from investment properties	**15,458**	**45,311**	13,415	3,308	**850,879**	**1,795,120**	2,386,079	2,396,698	**-**	**-**	-	-	**866,337**	**1,840,431**	2,399,494	2,400,006
Income (loss) before income tax	**151,641**	**455,501**	55,604	312,229	**3,030,480**	**8,437,759**	4,634,504	9,066,148	**(546,125)**	**(1,672,863)**	(743,616)	(1,958,736)	**2,635,996**	**7,220,397**	3,946,493	7,419,641
Income tax (expense) recovery	**(34,877)**	**(104,765)**	(12,789)	(71,813)	**(697,010)**	**(1,940,685)**	(1,065,936)	(2,085,214)	**394,360**	**1,030,462**	491,583	709,147	**(337,527)**	**(1,014,988)**	(587,142)	(1,447,879)
Net income (loss) and total comprehensive income (loss) for the period	**$ 116,764**	**$ 350,736**	$ 42,815	$ 240,416	**$ 2,333,470**	**$ 6,497,074**	$ 3,568,568	$ 6,980,934	**$ (151,766)**	**$ (642,401)**	$ (252,033)	$ (1,249,589)	**$ 2,298,468**	**$ 6,205,409**	$ 3,359,351	$ 5,971,762
Investment properties		**$ 10,865,862**		$ 10,617,849		**$ 239,926,641**		$ 230,176,689						**$ 250,792,503**		$ 240,794,538
Mortgages		**$ 4,203,168**		$ 4,474,285		**$ 105,917,651**		$ 106,033,872						**$ 110,120,819**		$ 110,508,157
Additions to investment properties		**$ -**		$ -		**$ 4,420,054**		$ 11,384,773						**$ 4,420,054**		$ 11,384,773

12. Earnings per share

The following are the weighted average number of shares outstanding:

	June 30, 2022	June 30, 2021
Net income and comprehensive income	$ 6,205,409	$ 5,971,762
Weighted average shares outstanding – basic and diluted	9,451,242	9,451,242
Earnings per share – basic and diluted	**$ .66**	**$ .63**

13. Rental revenue

The Company leases its commercial properties under operating leases with current terms ranging between 1 and 16 years. Some leases have options to extend for further five-year terms and several leases are month to month.

a) Rental revenue

	June 30, 2022	June 30, 2021
Rental revenue, contractual amount	$ 11,206,077	$ 10,507,850
Property tax and insurance recoveries	2,146,691	2,008,354
Government Subsidy	-	396
Operating expense recoveries	1,161,064	893,924
Amortization of tenant inducements	(49,651)	(26,726)
Straight-line rental revenue	(169,088)	(134,949)
Rental revenue on statements of comprehensive income	**$ 14,295,093**	**$ 13,248,849**

Future contracted minimum rent receivable from non-cancellable tenant operating leases is as follows:

	June 30, 2022	June 30, 2021
No later than one year	$ 8,224,558	$ 11,338,442
2 – 5 years	44,617,869	43,005,933
Over 5 years	27,089,331	32,360,185
	$ 79,940,758	**$ 86,704,560**

The month-to-month tenant revenue is not included in the above figures. The future contracted minimum rent receivable could be negatively impacted by a tenant having financial difficulties and being unable to meet their rent obligations. The future rent receivable assumes all tenants will honor the financial obligations of their leases, to the terms of their leases, with no defaults or variations in the contracted amounts.

14. Guarantees, contingencies, and commitments

a) In the normal course of operations, the Company and its subsidiaries may execute agreements that provide for indemnification and guarantees to third parties, such as engagement letters with advisors and consultants, and service agreements. The Company has also agreed to indemnify its directors and certain of its officers and employees in accordance with the Company's bylaws. Certain agreements may not contain any limits on the Company's liability and, therefore, it is not possible to estimate the Company's potential liability under these indemnities, and as such, no provision has been included in these financial statements. Further, the Company maintains insurance policies that may provide coverage against certain claims under these indemnities.

b) The Company maintains insurance on its properties. The all-risk property insurance includes replacement cost and rental value coverage (including coverage for the perils of flood and earthquake).

c) The Company has contracts in place with related parties to provide property management and asset management. Both contracts have been in place since 1999 and have been renewed on an annual basis with no changes to the terms. Further information can be found in the Related Party Transactions in Note 17.

d) As at June 30, 2022, the Company entered into a construction contract to build an additional 33,200 ft^2 of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is $8,600,000.

15. Capital risk management

The Company defines capital that it manages as the aggregate of its equity and interest-bearing debt. The Company's objectives when managing capital are to ensure that the Company will continue as a going concern so that it can sustain daily operations and provide adequate returns to its shareholders. The Company is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced, or may not be refinanced on as favorable terms or with interest rates as favorable as those of the existing debt. The Company mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, enhance the value of its real estate properties, and maintain high occupancy levels. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	June 30, 2022	September 30, 2021
Mortgages	$ 109,890,777	$ 108,509,937
Lease liability	604,246	712,784
Bank operating facilities	19,317,892	20,360,492
Other financing	1,900,000	3,800,000
Total debt financing	131,712,915	133,383,213
Equity	104,411,597	98,678,750
Total capital	**$ 236,124,512**	**$ 232,061,963**

16. Financial instruments

	June 30, 2022	September 30, 2021
Financial assets		
Cash and cash equivalents	$ 1,631,942	$ 196,114
Receivables, net of provisions	144,330	279,750
Mortgage receivable	-	2,500,000
	$ 1,776,272	**$ 2,975,864**
Financial liabilities		
Bank operating facilities	$ 19,317,892	$ 20,360,492
Payables and accruals	2,889,808	1,701,278
Other financing	1,900,000	3,800,000
Lease liability	604,246	712,784
Security deposits	804,085	896,654
Mortgages	109,890,777	108,509,937
	$ 135,406,808	**$ 135,981,145**

The carrying value of cash and cash equivalents, receivables, mortgage receivable, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the near-term maturity of those instruments. The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at June 30, 2022 is $109,586,657 (September 30, 2021 - $109,317,430). These estimates are subjective as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for this calculation is 3.31% (September 30, 2021 – 2.94%).

The Company's activities expose it to risks arising from financial instruments including credit risk, interest rate risk, and liquidity risk, and most recently, the risk associated with the coronavirus. Management reviews these risks on an ongoing basis to ensure that the risks are appropriately managed.

Credit risk

The Company is exposed to credit risk equivalent to the balance of its tenant receivables of $144,330 at June 30, 2022 (September 30, 2021 - $279,750), and cash and cash equivalents of $1,631,942 (September 30, 2021 - $196,114). Credit risk on tenant receivables arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. For tenant accounts receivable, the Company applies the general approach to recognize expected credit losses ("ECL") in the next twelve months. Management uses historical credit losses adjusted for current and forward-looking information which may affect the ability of the customers to settle receivables. Historically the Company has very little credit losses as most tenants have been able to meet their financial obligations. At June 30, 2022 there is no loss provision for tenant receivables (September 30, 2021 - $nil).

Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions.

Interest rate risk

The Company's exposure to interest rate risk relates to its short-term floating interest rates on bank operating facilities. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance on the bank operating facilities at June 30, 2022 is $19,317,892 (September 30, 2021 - $20,360,492). Under the assumption any balance of the debt is outstanding for a further one year; a 1% increase in the prime rate would have a negative impact on the future annual earnings of the Company of $193,179 (September 30, 2021 - $203,605). The Company minimizes its exposure to interest rate risk to the extent that all mortgages have fixed rates with terms of 2-5 years.

Liquidity risk

Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they become due. The Company's objective related to liquidity risk is to effectively manage cash flows to minimize the exposure that the Company will not be able to meet its obligations associated with financial liabilities. The Company actively monitors its financing obligations and cash and cash equivalents to ensure that it has enough available funds to meet current and foreseeable future financial requirements at a reasonable cost. Management manages its liquidity risk with the use of the lines of credit available to the Company as well as short term financing from related parties and private parties. Management estimates that cash flows from operating activities will provide enough cash requirements to cover normal operating and budgeted expenditures.

During the current period, the Company renewed three mortgages. The mortgages were renewed for a further 3-5 years at fixed rates. Upon renewal, the Company received $11,144,252 in cash proceeds and assumed additional debt.

Contractual obligations at June 30, 2022

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 22,378,332	$ 56,609,361	$ 36,428,330	$ 5,295,204	$ 120,711,227
Payables and accruals	2,889,808	-	-	-	2,889,808
Lease liability	153,634	331,001	119,611	-	604,246
Security deposits	40,810	55,894	28,951	678,430	804,085
	25,462,584	56,996,256	36,576,892	5,973,634	$ 125,009,366
Operating facilities	19,317,892	-	-	-	19,317,892
	$ 44,780,476	**56,996,256**	**$ 36,576,892**	**$ 5,973,634**	**$ 144,327,258**

Contractual obligations at September 30, 2021

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 29,147,767	$ 48,884,829	$35,291,074	$ 4,587,053	$ 117,910,723
Payables and accruals	1,701,278	-	-	-	1,701,278
Lease liability	148,046	318,961	245,777	-	712,784
Security deposits	151,973	38,410	107,583	602,614	900,580
	31,149,064	49,242,200	35,644,434	5,189,667	$ 121,225,365
Other financing	3,800,000	-	-	-	3,800,000
Operating facilities	20,360,492	-	-	-	20,360,492
	$ 55,309,556	**$ 49,242,200**	**$ 35,644,434**	**$ 5,189,667**	**$ 145,385,857**

Market risk

Market risk is the risk that the Company could be adversely affected due to product and service supply shortages, utility price increases, and property tax increases. These risk factors have a direct impact on the Company's costs, however they are mitigated through the Company's lease term structures which recover the majority of these costs from the respective tenants.

17. Related party transactions

The following are the related party transactions of the Company.

a) *Management agreements*

Sable Realty & Management Ltd. provides property management services to Imperial Equities Inc. The company is controlled by the President and CEO of the Company, Sine Chadi. North American Realty Corp. is also controlled by Mr. Chadi and provides asset management services to the Company.

Refer to the September 30, 2021 audited consolidated financial statements for the property management, maintenance, and project fee structures.

Payments for the period ending June 30,	**2022**	**2021**
Property management and maintenance fees	$ 952,846	$ 885,389
Large-scale renovations	-	278,264
Acquisition fees	22,500	107,100
Leasing fees	68,627	347,208
Total payments	**$ 1,043,973**	**$ 1,617,961**

b) *Other related party transactions*

i) Payments made to (received from) Sable Realty & Management Ltd.

Period ending June 30,	**2022**	**2021**
Leased office space and parking	$135,000	$ 136,675
Fees for Accounting/Consulting Services	1,800	48,501
Rent at Sable Centre	(71,190)	(66,885)
Net payments for the period	**$ 65,610**	**$ 118,291**

ii) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the nine-month period were $35,000 (2021 – $42,500).

ii) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company's key management personnel include President Sine Chadi, who is also a director of the Company, the Chief Operating Officer, Patricia Misutka, and the Chief Financial Officer, Azza Osman.

Period ending June 30,	**2022**	**2021**
Sine Chadi	$ 225,000	$ 225,000
Patricia Misutka	135,000	135,000
Azza Osman	133,750	123,750
	$ 493,750	**$ 483,750**

vi) Other financing, unsecured

Related Parties		Balance 1-Oct-21		Advances		Repayments		Balance 30-Jun-22
Jamel Chadi, Shareholder[1]	$	2,100,000	$	1,200,000	$	(2,100,000)	$	1,200,000
Sine Chadi, Shareholder[1]	$	700,000		-		(700,000)		-
Diane Buchanan, Shareholder[1]	$	1,000,000		700,000		(1,000,000)	$	700,000
Total	**$**	**3,800,000**	**$**	**1,900,000**	**$**	**(3,800,000)**	**$**	**1,900,000**

Related Parties		Balance 1-Oct-20		Advances		Repayments		Balance 30-Sep-21
Jamel Chadi, Shareholder[1]	$	2,000,000	$	1,200,000	$	(1,100,000)	$	2,100,000
Sine Chadi, Shareholder[1]	$	1,550,000		750,000		(1,600,000)		700,000
NAMC[2]	$	-		225,000		(225,000)		-
Diane Buchanan, Shareholder[1]	$	1,500,000		-		(500,000)		1,000,000
Total	**$**	**5,050,000**	**$**	**2,175,000**	**$**	**(3,425,000)**	**$**	**3,800,000**

1. Loans received from shareholders bear interest at an annual rate of 6%. Total interest expense during the period was $5,049 (June 30, 2021 -$213,979).

2. North American Mortgage Corp. ("NAMC") is controlled by Mr. Sine Chadi, President of the Company. No interest was paid in the current period or the comparative period for the nine months ended June 30, 2022.

All related party financing is unsecured with no specified dates of repayment and therefore are due on demand. The fair value of the related party loans at the reporting dates approximates their carrying value as the amounts are due on demand.

18. Post-reporting date events

Subsequent to the period ending, the Company has declared a quarterly dividend of $0.02 per share totalling $189,025 paid on July 29, 2022, to shareholders of record effective July 18, 2022.

Subsequent to the period ending, on August 1, 2022, the Company completed the sale of an investment property for total sale proceeds of $1,675,000 and agreed to a vendor take back ("VTB") mortgage in the amount of $1,475,000. The term of the VTB will be two years commencing August 1, 2022, bearing interest at an annual rate of 4.5% with monthly principal and interest payments and a maturity date of July 31, 2024.

19. Authorization of the consolidated financial statements

The condensed consolidated interim financial statements for the nine-month period ending June 30, 2022 (including comparatives) were authorized for issue by the Board of Directors on August 17, 2022.

Signed "Sine Chadi", Director *Signed "Kevin Lynch",* Director

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