2017 ANNUAL REPORT

BUILDING IN MOTION

IMPERIAL EQUITIES INC.

CONTENTS






2017 PRESIDENT'S REPORT

SINE CHADI
CEO AND CHAIRMAN OF THE BOARD

IT'S BEEN NINETEEN YEARS SINCE IMPERIAL EQUITIES INC. (IMPERIAL) BEGAN IN ITS PURSUIT TO CREATE A SUCCESSFUL PUBLICLY TRADED CANADIAN BASED CORPORATION.

Our objective was to assemble an industrial real estate portfolio starting in Alberta and spread throughout the country. During these nineteen years of operations, Imperial has grown into a very well recognized corporate entity throughout Alberta and western Canada. Imperial has been resolute in ensuring the quality of its assets are superior and the scale of its tenant base being primarily multinational, national or large regional. Our steadfast resolution to stay committed to these principles has certainly allowed us to forge forward on a solid foundation. Year after year we have continually increased our assets to a respectable $190 million and with the current contractual transactions in place, we will surpass the $200 million mark by Q2 2018. Imperial's path to achieving its goals can best be described as **Building in Motion.**

Imperial now has a dynamic portfolio of industrial properties and our quest in expanding the portfolio has us exploring throughout Canada. Management has been very active in searching for revenue producing properties that fit our criteria. Properties in markets throughout Alberta as well as cities in other parts of Canada are constantly being vetted and when an opportunity presents itself, Management will be swift to act upon it.

At present, our real estate assets are all situated in Alberta and primarily in the Edmonton market area where the economy remains comparatively strong and vibrant. The degree of occupancy within our portfolio continues to be 100%. The Imperial philosophy of building and maintaining relationships with its tenants has been fundamental to our growth. By continuously developing new relationships and strengthening existing ones with a business ethic that has come to be known and trusted is largely why our industrial real estate portfolio is 100% occupied, an impressive record by all accounts.

It is also interesting to note that throughout the past several years while Alberta's oil and gas sector was in a state of flux, there was no evidence of a buyer's market as one might expect should be the case. In Edmonton, asking prices and sales statistics relating to industrial properties would indicate that prices continue to hold firm. The same holds true for industrial lease rates in Edmonton where they have traditionally been high compared to most markets across Canada and they continue, for the most part, to hold firm.

Imperial has long concentrated on the Edmonton marketplace and its industrial real estate in particular. Remarkably, industrial lease rates in Imperial's portfolio of Class A industrial properties in Edmonton have not waned and in fact have remained constant. Lease renewals over the past 24 months have yielded rates and terms that are equal or higher than the previous leases.

> “IN THE PAST FISCAL YEAR ALONE, WE’VE GROWN OUR ASSET BASE WITH **$18 MILLION** IN NEW ACQUISITIONS AND CURRENTLY HAVE OVER **$13 MILLION** UNDER CONTRACT”

Current lease values as well as the supply and demand for Edmonton’s industrial properties can best be demonstrated by the lease renewals within our own portfolio. In Edmonton Imperial had two large leases that were due at the end of Q3, 2017. Proposals to renew or extend each of the leases for a further 5 year term were offered to the tenants at the same rate as the final year of the previous lease period. Negotiations to renew the leases began in early 2017 and were prolonged for several months while the tenants had undergone exhaustive searches to validate the landlord’s proposed lease rates. In one instance where the tenant, an eastern Canadian based multinational, had their search extended to within several weeks of the lease expiry before agreeing to the landlord’s proposal. This clearly demonstrates that industrial lease rates in Edmonton have held firm.

The majority of Imperial’s properties fall into a category considered Class “A” industrial. Demand for this type of product is very high, resulting in a very competitive process to acquire such property. It is now rare to see a fixed asking price for a property but rather a process whereby potential buyers are asked to place a bid prior to a fixed date and time. Due to the competitive nature of the process, prices tend to weigh in on the high side yielding the appearance of a seller’s market. Despite the highly competitive nature of these innovative sales techniques, Imperial can confess to several successes. From its inception, Imperial has experienced uninterrupted organic growth and our latest acquisitions can clearly demonstrate our claim as well as our ability to make strategic purchases and or develop our raw lands. In the past fiscal year alone, we’ve grown our asset base with $18 million in new acquisitions and currently have over $13 million under contract.

The Coppertone Industrial Common (Coppertone) is an industrial section within the Mitchell Industrial district, a most desirable industrial area within Edmonton. Imperial created Coppertone which has long been a source of pride and expanding its footprint is a priority. The common theme among the recently constructed buildings is the copper cladding and curtain wall finishes that make these industrial buildings superior to anything else in the area. The development of Coppertone I and Coppertone II have been completed and are fully occupied with international tenants. The planning stages of Coppertone III have been completed and a development permit has been obtained. Construction of a new copper cladded structure has begun and expected to be completed in Q3, 2018. This 12,000 ft2 structure will be built on a 1.25 acre site adjacent to our Coppertone II property. Although we have seldom constructed buildings without a prearranged tenant, this one will likely be spoken for prior to its completion. Its size, appearance, layout & location is still the most desirable type of property in Edmonton!

“ WE ARE DELIGHTED TO REPORT THAT IMPERIAL EQUITIES IS ONCE AGAIN INCLUDED AMONG THE TOP PUBLIC COMPANIES IN THE COUNTRY ”

Management is always vigilant in identifying potential acquisitions of properties within the Coppertone expanse. In this fiscal year, we finalized the purchase of two properties in close proximity to Coppertone and have now incorporated them into the fold.

The first such property is a large multi-tenant building adjacent to Coppertone’s eastern boundary. The building is situated on 2.82 acres of prime commercial/industrial real estate with considerable frontage along the highly utilized 149 Street in northwest Edmonton. Built in 1999, the 47,652 ft2 building is an aesthetically pleasing multi-tenant building which is fully occupied with long term tenants including the Government of Canada. It has excellent curb appeal and superb exposure to one of Edmonton’s most travelled thoroughfares. After completing a rigorous due diligence process, Management finalized an agreement and completed the purchase. The property is a very appealing addition to Coppertone and to Imperial’s growing real estate portfolio. The property has been renamed to Coppertone VII.

The second property consists of a smaller building which is not necessarily a typical acquisition for Imperial but because of its location and land size, incorporating this property into Coppertone was essential. The building is a relatively new 7,266 ft2 metal structure on 1.84 acres of fully serviced land. The building has a generous amount of energized parking stalls as well as a completely paved and fenced yard. Imperial deviated from its usual mandate and completed the purchase of this property with the building being vacant. Upon closing, Management began the process of seeking out a suitable tenant that would lease the property and in relative short order completed a long term lease agreement with a large national distributor of plumbing and heating components. This acquisition is a good addition to the collection of land, buildings and property we already own in the area and has now been named Coppertone VIII.

Southeast Edmonton has long been another desired location for industrial development that has gained the attention of industrial consumers as well as investors. It is a large industrial area that has been developed to accommodate almost every discipline within this sector of real estate including several oil refineries. Arterial roadways have been designed to allow for an easy flow of truck traffic through the city and onto major Alberta highways. Imperial has several large properties in the area already and is always pursuing opportunities to acquire more.

In Q1, 2017 we were introduced to an opportunity to acquire five separate contiguous industrial properties, two of which had large buildings situated on them. During this fiscal year we completed the purchase of one of the five properties and signed contractual commitments to purchase the four remaining properties. The first of the five properties was the acquisition of a 34,404 ft2 industrial building situated on 3.76 acres of prime industrial land located along the highly utilized 34 Street corridor. The building is comprised of 11,016 ft2 of office space and 23,388 ft2 of shop space which features 5 independent cranes and a fully functional truck wash bay. Imperial completed a new long term lease agreement with a large regional company involved in the waste disposal and hydrovac business. Originally constructed in 1993, the building has recently undergone extensive renovations that will suit the existing tenant. The acquisition details of the remaining four transactions will be reported in Q1 & Q2, 2018.

Interest rates in Canada have fluctuated dramatically over the past three decades and for the past several years, borrowing costs have been at the lowest levels our Company has ever experienced. The benchmark interest rate established by the Bank of Canada, which has traditionally been tied to the rate of inflation, has been set at 0.5% since July 2015. This low interest rate environment gave way for Imperial to finance new acquisitions or renew its existing financing at interest rates never before achieved. Borrowing is an integral component to our industry and for years Imperial has taken every advantage available to it. This is demonstrated by the monitoring of our weighted average rates which have gradually decreased in the past five years from 4.34% in 2012 to an incredible 3.00% today.

It’s been quite evident that Canadian interest rates will have to succumb to rising inflation and during this fiscal year the Bank of Canada (BOC) signaled that inflation had reached the lower end of its inflation target range of 2% and that a rate hike was imminent. On July 15, 2017 the Bank of Canada raised its benchmark interest rate for the first time in 7 years. The rate was increased by 25 basis points (.25%) to 0.75% and signaled further rate increases were imminent. On September 6, 2017 the BOC further raised its benchmark interest rate by another 25 basis points to 1%. It now appears that interest rates have bottomed out and are clearly on the rise. Prior to the BOC announcements, Imperial did take every advantage of the lower interest rates by placing longer terms on any new mortgages as well as any mortgages that matured in this fiscal year.

Although access to funds is rather straightforward and the cost of borrowing funds is relatively low, Imperial Equities has remained steadfast in its principle to keep its debt ratio low. A Debt Ratio is one type of financial leverage ratios used to measure a company's financial stability and ability to handle its obligations. It is defined as the ratio of the total liabilities including mortgage and other financing debt to the total value of all assets and is expressed as a decimal or percentage. Essentially, it is the proportion of a company's assets that are financed by debt. Imperial's assets are predominantly real estate properties and its debt is mainly conventional mortgages. In our experience, most commercial lenders will finance properties to a maximum of 75% and most borrowers try to maximize their loan amounts. Although Imperial does in some instances maximize its loan values on specific properties, overall, we currently hold an impressive debt ratio of 49%.

The ability to gauge the success of a company by comparing it to its rivals is very exciting and also quite motivating. The Globe and Mail publishes the Report on Business magazine that delivers insightful content through stories behind market moves, industry developments and emerging business opportunities. Once a year it also publishes a ranking of Canada's top 1000 public companies according to their after tax profits in their most recent fiscal year. In the case of Imperial Equities, the most recent fiscal year would be September 30, 2016 and we are delighted to report that Imperial Equities is once again included among the top public companies in the country. Being included among Canada's most successful corporations is in itself quite an accomplishment and a proud achievement for a relatively young company to realize such a standing!

From its inception Imperial Equities has been a caring corporate citizen. Backed by a strong belief in supporting the community through health care, sports, arts and general people initiatives, Imperial has become a leader in charitable giving. Throughout this year, we donated more than $100,000 to 16 different charities in Alberta. With so many organizations doing so much great work, determining to who, where and when to place our support has become increasingly difficult. Placing an emphasis on "people wellness" has certainly been a path we've followed and will continue to do so.

Imperial's real estate portfolio remains the cornerstone of the Company. Our industrial real estate portfolio now consists of hundreds of thousands of leasable square feet and maintaining a standard worthy of being included in the portfolio requires continuous care and upkeep of each property. Our asset managers as well as our property management team are continually vigilant of potential maintenance problems and recommend the appropriate corrective actions when identified. This process serves to ensure that our properties remain in good condition with contented tenants. Ensuring that our properties are fully leased and generating revenue is paramount.

We are proud of the fact that our entire portfolio remains 100% occupied and that in some cases our tenants are asking for expanded space which we will gladly oblige. Continuing to expand our real estate portfolio with quality tenants is a priority for Management. Our growth will not abate and is expected to increase throughout 2018.

As we look ahead to 2018 we are encouraged by the possibilities that may exist for Imperial Equities. The Conference Board of Canada recently stated that "Alberta's economy is recovering, so much so that it is the fastest growing province this year" and may very well lead the nation in 2018. By all accounts Alberta's economic outlook is quite exciting and we are eagerly looking forward to 2018 with vigor and optimism.

The enthusiasm and determination within management and staff at Imperial Equities will continue to drive revenues up quarter after quarter and propel our Company to greater heights. We remain focused at the task at hand and as always, we would like to thank our shareholders for their ongoing support and do invite you to contact any of the directors with comments, concerns or investment opportunities. Additional information on our Company can be viewed on line at our website www.imperialequities.com or www.sedar.com.

Sincerely,

Sine Chadi
Chief Executive Officer and Chairman of the Board

MD&A

MANAGEMENT'S DISCUSSION & ANALYSIS

for the year
ending September 30, 2017

AS AT NOVEMBER 30, 2017

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 the "Company" or "Imperial Equities") and its subsidiaries. This MD&A should be read in conjunction with the consolidated financial statements for the year ended September 30, 2017 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. In addition, the Company's Audit Committee and Board of Directors provide an oversight role with respect to 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 interest rates and capitalization rates that we might experience or speculate on future market conditions. This forward-looking information is based on Management's current assessment of market conditions based on their expertise as well as the opinions of other professionals in this industry. While Management may consider these statements to be reasonably optimistic and favorable, the opinions and estimates of future trends are subject to risk and uncertainties. Readers are encouraged to read the risk factors identified in Note 19 of our 2017 consolidated financial statements and this MD&A. Any forward-looking statements in our report should not be relied upon as facts, as actual results may differ from estimates.

ADDITIONAL NON-IFRS MEASURES

Throughout the MD&A, management will use measures that may include Adjusted EBITDA (net income from continuing operations before interest, taxes, depreciation and amortization, valuation gains, straight-line rental revenue and other non-recurring items) and NOI (net operating income from properties which includes property revenue less direct property operating expenses and excludes non-cash and extraordinary items, administrative expenses, amortization, valuation gains or losses, gains or losses on sales of investment property, stock based compensation, interest and income taxes). Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one period to another period. 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. Management believes its use of Adjusted EBITDA and NOI provides the shareholders and prospective investors with an additional performance measure to show the cash flow from operations that is available to finance debt and further growth of the Company. A detail of the calculation and a further description can be found in this MD&A.

BUSINESS OVERVIEW

Imperial Equities Inc. ("Imperial" or "the Company") is an Edmonton, Alberta based business with a focus on the acquisition, development, and redevelopment of commercial and industrial properties in its targeted Edmonton and Alberta markets. The Company's common shares are traded on the TSX Venture Exchange under the symbol "IEI".

Since operations began in 1998, Imperial Equities has achieved solid growth quarter after quarter for the past 19 years. In 2006 Imperial acquired a pharmaceutical distribution business which it renamed Imperial Distributors Canada Inc. This business acquisition diversified Imperial's operating activities and split the focus of the Company into two very different business environments. After ten years of building this division and achieving record sales each quarter, the Board of Imperial accepted an offer to sell the pharmaceutical company to a British Columbia pharmaceutical distributor looking to expand. The sale was completed in Q1, 2016 and the results of operations to the date of disposal of December 31, 2015, are shown in these consolidated financial statements.

DISCONTINUED OPERATIONS MATERIAL CHANGE

PHARMACEUTICALS

Imperial Distributors Canada Inc. (“IDCI”)

At December 31, 2015, Imperial Equities Inc. sold its interest in Imperial Distributors Canada Inc. The discontinued operations at December 31, 2015 consist of the operations of IDCI which was previously considered an identifiable operating segment of the Company. IDCI was a wholly owned subsidiary that allowed the Company to diversify its core business to include the sale and distribution of pharmaceuticals to institutional and retail customers throughout Canada. The Company acquired IDCI in 2006 which at the time had total annual sales of $1.1 million. With a trained and cohesive team of management and operations personnel, IDCI positioned itself as a valued member of the pharmaceutical supply chain, building its customer base throughout Canada. Management grew the business year over year and by September 30, 2015 had achieved annual sales of $74 million.

Over the past several years, competition for market share within the pharmaceutical distribution industry has been fierce which has created a downward effect on profit margins. There has been a considerable amount of consolidation within the industry to counter the effects of lower margins and to remain competitive. The purchaser is affiliated with a Vancouver based pharmaceutical distribution company servicing the British Columbia market and the acquisition of IDCI will greatly enhance their ability to service an expanded customer base throughout western Canada.

At December 31, 2015, the Company closed the sale agreement for a transaction value of approximately $10,000,000 which included $1,500,000 for all the issued and outstanding shares of IDCI and the assumption of all IDCI’s liabilities which were paid out within 90 days of the closing date. The IDCI liabilities include all trade payables, bank lines of credit and the Company shareholder loan in the amount of $2,761,212. The shareholder loan amount was received in Q2 2016 and the line of credit was paid out in Q3 2016. At December 31, 2016, the Company received the first of two $500,000 instalment payments due from the purchaser. The Company is carrying the balance; a non-interesting bearing loan receivable of $500,000 less the unamortized discount of $3,586 at September 30, 2017. After the year end, the Company agreed to a payment of $100,000 due December 31, 2017. The balance of $400,000 will earn interest at an annual rate of 6.5% beginning January 1, 2018 and will be paid by six monthly instalments of $67,919, commencing February 1, 2018. The sale is subject to certain escrow conditions and contemplates all aspects of the operations of IDCI to remain as a going concern.

STRATEGIC DIRECTION

Imperial's Board of Directors along with Management are focused on the real estate market throughout Alberta and Canada and are committed to continue building a strong portfolio of investment properties.

The fundamental strategic goals that drive our Company are:

1. Acquire industrial properties in the most sought-after areas for capital appreciation
2. Acquire fully occupied, single tenanted industrial properties with long term lease agreements and rental rates commensurate with the location
3. Finance acquisitions with the lowest cost of capital available
4. Achieve a defined rate of return on each asset
5. Maximize the revenue potential of each asset in its region
6. Dispose of older assets that may have reached their maximum earning potential to reduce the overall age of the properties in the portfolio
7. Charitable giving in the communities where the Company does business

Imperial's team of professionals are dedicated and motivated to grow our real estate portfolio and earn value for our shareholders. With a relatively small share base for a real estate company of our size, Management has no immediate plans to issue new shares which would dilute an investor's holdings. We believe in building value in those shares through a commitment to acquire and develop high quality properties and gain capital appreciation to benefit our shareholders. As part of our strategy, we would consider the disposition of properties where the Company believes that we have maximized their potential and its disposition would be beneficial to the Company.

KEY PERFORMANCE DRIVERS

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee the business activities. The CEO and CFO have been with the Company since becoming publicly traded 19 years ago. There is a strong Board of Directors with significant real estate experience to guide decisions surrounding strategic direction and achieving the goals and objectives of the Company. This dedication and professional experience of Imperial's management team has helped the Company achieve positive earnings every quarter the Company has been in business.

Management monitors the success of Imperial by measuring how well we are meeting our strategic directives. External performance drivers that affect our business include the overall economic health of industries operating in the province of Alberta. Alberta is reliant on the oil industry to a large degree and we are careful to select tenants that we feel are best able to weather an economic downturn. This assessment will include the size of the tenant, the length of time they have been in business, their operations and exposure to the oil and gas industry; all these factors will be a part in our evaluation of the strength of their lease covenant. Another external driver to our success is interest rates related to financing of our properties. The investment properties are financed with conventional mortgages that leave the Company with an exposure to possible increases in interest rates, affecting our operating income and cash flow. We have been fortunate to consistently have lower weighted average interest rates each quarter since the inception of the Company. For the foreseeable future, the Company does not consider rising interest rates to have a significant impact on the operating cash flows.

Internal performance drivers that measure our strategic objectives include the following:

- Comprehensive due diligence on all acquisitions including evaluating the strength of the tenant(s) before entering into contracts
- Maximize the revenue per property and secure long lease terms to reduce the turnover of tenants
- Maintain high occupancy rates to recover carrying costs of the properties
- Monitoring the quality of tenants in the portfolio to reduce the risk of defaults on leases
- Maintain our assets to high standards including structural, mechanical and cosmetic to showcase our existing properties to prospective tenants or purchasers
- Preventative maintenance on the properties to reduce operating costs and to maximize longevity of the buildings
- Ensure that maintenance on the properties is done to exacting standards involving monitoring the quality of work provided by our business partners while ensuring the costs are competitive
- Maximizing the cash flow from operations to ensure funding for growth opportunities
- Selecting mortgage terms that provide a low cost of capital and utilizing debt leverage opportunities
- Minimize higher rate short term borrowings to reduce the cost of capital
- Provide donations to a wide variety of charities in the community

SUMMARY OF PERFORMANCE INDICATORS
FOR THE YEARS ENDING SEPTEMBER 30

	2017	2016
Number of leasable properties	**21**	17
Number of properties held for future development	**3**	4
Total leasable square feet	**719,079**	629,757
Occupancy year to date	**99.9%**	99.3%
Average lease term to maturity in years	**5.01**	4.56
Total square footage of leases up for renewal in the next twelve months	**13,929**	103,662
% operating cost recoveries to operating costs	**86%**	82%
Weighted average interest rates on mortgages	**3.00%**	3.10%
Other financing	**$1,300,000**	NIL

Changes in total leasable square feet year over year = net increase of 89,322

- Acquisition of Coppertone VIII 7,266 ft2 November 2016
- Acquisition of Coppertone VII 47,652 ft2 February 2017
- Acquisition of Derrick building 34,404 ft2 April 2017

There are four tenants with leases up for renewal in the next twelve months totalling 13,929 ft2 . Three of the four tenants have already renewed, and the remaining tenant has indicated a desire to renew. During the current year, the Company renewed leases totalling 106,758 ft2 for further four or five-year terms.

AVERAGE ANNUAL LEASE RATES
PER SQUARE FOOT

	2017	2016
Edmonton and surrounding area, Alberta	**$ 10.53**	$ 10.48
Red Deer, Alberta*	**$ 24.52**	$ 24.19
Fort Saskatchewan, Alberta*	**$ 44.62**	$ 43.77
Fort McMurray, Alberta	**$ 48.23**	$ 46.27

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

LEASE PROFILES

at September 30, 2017

TOTAL SQUARE FEET OF LEASED SPACE

SINGLE TENANT BUILDINGS	EXPIRY YEAR
10,758	2018
30,939	2019
25,580	2020
40,766	2021
215,352	2022
64,393	2023
43,396	2024
26,400	2026
75,000	2028
25,024	2029
557,608	**Weighted Average Remaining Terms 6.17 years**

MULTI-TENANT BUILDINGS	EXPIRY YEAR
4,798	month to month
7,338	2018
55,858	2019
80,970	2020
972	2021
9,037	2022
2,498	2023
161,471	**Weighted Average Remaining Terms 2.64 years**

The risks to the Company when a tenant does not renew a lease is to absorb the ongoing operating costs of a vacant space. These costs include property taxes, insurance, utilities and any maintenance items. If a single tenant building becomes vacant, additional vacancy costs include mortgage payments, if applicable. Management works closely with tenants to ensure retention rates remain high, through responsive property management to ensure their leased space and the building is well maintained. Management also ensures operating cost recoveries are maximized for our shareholders.

Operating cost recoveries are budgeted annually and reconciled every 12 months on a tenant by tenant basis. All the Company's leases are triple net leases which allow the Landlord to recover operating costs. Management will decide on large maintenance items as to how it will treat the recovery of those costs from the tenant, so as not to incur hardship on their operations. Sometimes this means allowing the tenant to pay over time. Some leases have lower management fees than other leases dependent upon the responsibility of performing maintenance remaining with the tenant or the landlord. Because of these variations, there will always be a percentage of operating costs not recovered by the Landlord. Historical optimal recovery percentages will be in the range of 80%-86%. At September 30, 2017 recoveries are 86% compared to 82% in the prior year which is well within the Company's optimal range.

Weighted average rates on the mortgages have decreased in 2017 compared to 2016 with continued lower interest rates on new, and renewed financing from the Company's lenders. The Company renewed two mortgages during the current year and both were renewed at rates that were lower than the previous terms. Mortgages on new property acquisitions in Q2 and Q3 2017 carry interest rates of 3.04% and 2.948%. The weighted average rate is now historically low at 3.00%.

The Company has completed the plans and obtained necessary permits for the construction of Coppertone III, a 12,000 ft2 building on 1.25 acres in the Coppertone Industrial Common in North West Edmonton. Construction commenced in Q1 2018.

THROUGHOUT THIS YEAR, WE DONATED MORE THAN **$100,000** TO **16** DIFFERENT CHARITIES IN ALBERTA

PERFORMANCE HIGHLIGHTS 2017

FOR THE YEAR ENDING SEPTEMBER 30, 2017

In Q1 the Company **acquired a vacant 7,266 ft2 building** in NW Edmonton for a total purchase price of $2,077,048. The new property called Coppertone VIII is part of our Coppertone Industrial Common.

In Q2 the Company **completed an acquisition** in NW Edmonton and renamed it Coppertone VII. The fully occupied, multi tenant building is 47,652 ft2 and situated on 2.82 acres. The total acquisition cost was $9,941,589.

In Q2 the Company entered into a **new lease agreement** with a large national company to lease Coppertone VIII. The lease commenced February 1, 2017.

In Q3 the Company completed the acquisition of the Derrick Building; **a 34,404 ft2 single tenant building** situated on 3.76 acres in SE Edmonton. The total acquisition cost was $5,115,161.

During the year, the Company completed lease renewals totalling 106,758 ft2 with four and five-year terms. All the buildings in **Imperial's portfolio are 100% occupied.**

Two mortgages were renewed and two new mortgages were received, lowering the **weighted average rate of interest on all mortgages to 3.00%** at September 30, 2017 (September 30, 2016 – 3.10%).

In Q4 the Company entered into an agreement to **purchase a 24,855 ft^2 building situated on 2.19 acres** in SE Edmonton for a purchase price of $2,769,200. The Company also entered into a separate agreement to acquire an adjacent **site of 1.49 acres,** for a purchase price of $1,080,250. Both acquisitions will be completed along with a new tenant lease agreement, in Q1 2018.

The Company's total **equity** is $8.66 per share at September 30, 2017 (September 30, 2016 - $8.15).

Earnings per share, generated $.49 per share from continuing operations (September 30, 2016 - $.46 per share) on total comprehensive income of $4,737,393 (September 30, 2016 - $4,413,983).

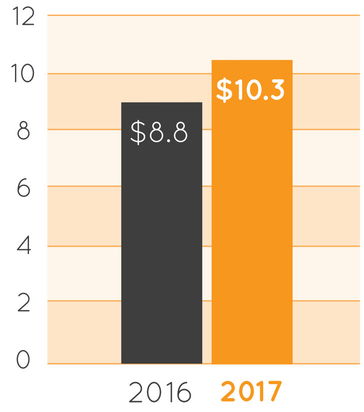
In Q2 the Company entered into an unconditional **agreement to purchase 1.7 acres of vacant land** adjacent to the Derrick Building. The total purchase price is $1,435,600 and it was completed in Q1 2018. A land lease with the tenant of the Derrick building was completed in Q1 2018.

PERFORMANCE RESULTS

FOR THE YEAR ENDING SEPTEMBER 30, 2017

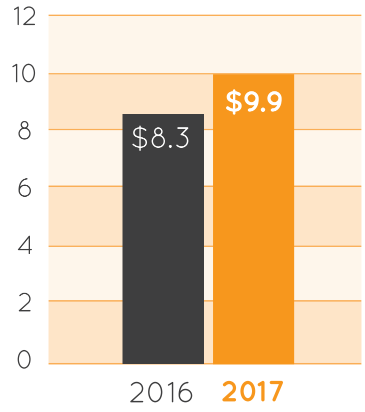
RENTAL REVENUE

(Millions)



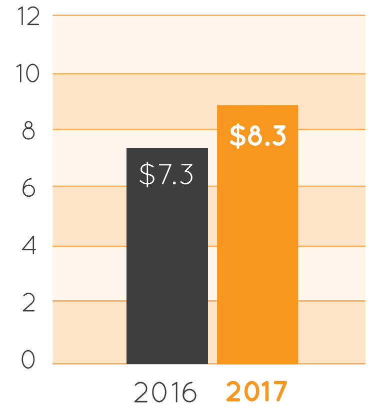
PROPERTY NOI

Income from Operations (Millions)



ADJUSTED EBITDA

(Millions)



- **Property net operating income ("NOI") for the real estate** segment is defined as net operating income from properties which includes property revenue less direct property operating expenses and excludes non-cash and extraordinary items, administrative expenses, amortization, valuation gains or losses, gains or losses on sales of investment property, stock based compensation, interest and income (excluding amortization of tenant inducements). Management believes that this is a useful measure of cash available from operations to assess performance of the real estate portfolio and measure the income generated by properties to support finance repayments. Commercial property net operating income, together with capitalization rates applied on a property by property basis, is widely used to value investment property in the real estate industry.

- **Management is of the opinion that ADJUSTED EBITDA as** calculated below is another useful measure for investors to use when evaluating the ability of the Company to generate cash to service interest on debt, and facilitate growth in the Company. Income taxes are removed from the earnings because they often include deferred taxes which are non-cash. Removing the interest expense also allows an investor to see the operating cash flows from properties without the influence of how the Company has financed its properties. When comparing other real estate companies, the differences in how companies finance their assets, together with their individual tax situations are taken out of the equation.

- **NOI and ADJUSTED EBITDA are non-IFRS financial** measures used by most Canadian real estate companies and should not be considered as an alternative to net income or comprehensive income, cash flow from operating activities, or any other measure prescribed under IFRS. This measure does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

ADJUSTED EBITDA AT SEPTEMBER 30

	2016	2017
Net income from continuing operations	$ 4,413,983	**$ 4,737,393**
Add (subtract):		
Valuation gains on investment property	(1,135,699)	**(612,790)**
Straight-line rental revenue	(112,541)	**(190,965)**
Interest	2,365,610	**2,545,127**
Amortization	370,164	**363,030**
Income taxes	1,397,846	**1,671,639**
Other non recurring *	-	**(187,061)**
ADJUSTED EBITDA from continuing operations	$ 7,299,363	**$ 8,326,373**

*Forfeited deposit income and loss on sale of equipment

RESULTS OF CONTINUING OPERATIONS
AND CASH FLOWS

For over three years the Company has enjoyed better than 99% occupancy in its properties. There have been no significant changes in operations for each quarter during 2017 or 2016, except for fluctuations in earnings resulting from the fair valuations of investment properties.

Net valuation gains (losses) per quarter:

Q1 2017	Q2 2017	Q3 2017	Q4 2017
$ 165,644	$ 363,625	$ (197,446)	$ 280,967
Q1 2016	**Q2 2016**	**Q3 2016**	**Q4 2016**
$ 367,076	$ 491,789	$ (463,113)	$ 739,947

When valuing the investment properties to fair value, all other inputs being equal, an increase in property revenue for the ensuing twelve months will have a positive impact on the fair values. With continued low interest rates, investors are eager to expand their portfolios creating a healthy, competitive environment in which to acquire property, which should keep the cap rates very competitive. During 2016 and 2017 Management decided to marginally increase the cap rates on some of the properties where the Company believes property values and lease rates may decrease slightly; the result of more product coming on stream from developers eager to lease up vacant buildings. Some properties' cap rates increased to maintain existing values despite increasing contracted revenue streams which typically drive up the value. The net losses at Q3 each year are the result of small increases in the revenue stream which typically cause fair value increases, netted against items capitalized. Building improvements are typically performed in the warmer summer months of Q3. The capitalized building improvements generally exceed any incremental fair value increase because of the improvements, and will therefore have the effect of a negative adjustment to the property's carrying value, to bring it to fair value at the reporting date. At Q3 each year, property taxes are capitalized to vacant land causing a negative revaluation to bring the values back to estimated market rates.

At each quarter during fiscal 2017, the Company adjusted the cap rates upward on several properties because if left unadjusted, the increase in contracted revenue for the next twelve months would cause fair value increases that are not likely indicative of current market values. Notwithstanding there are increases in contracted rents, the cap rates were adjusted upward to keep values of the properties at estimated current market values, despite having a higher income stream.

During Q4 2016 the Company leased the only vacant space in the portfolio which had been vacant for 5 months. The new tenant lease and revenue stream increased the value of the property in addition to other property increases where revenue increased.

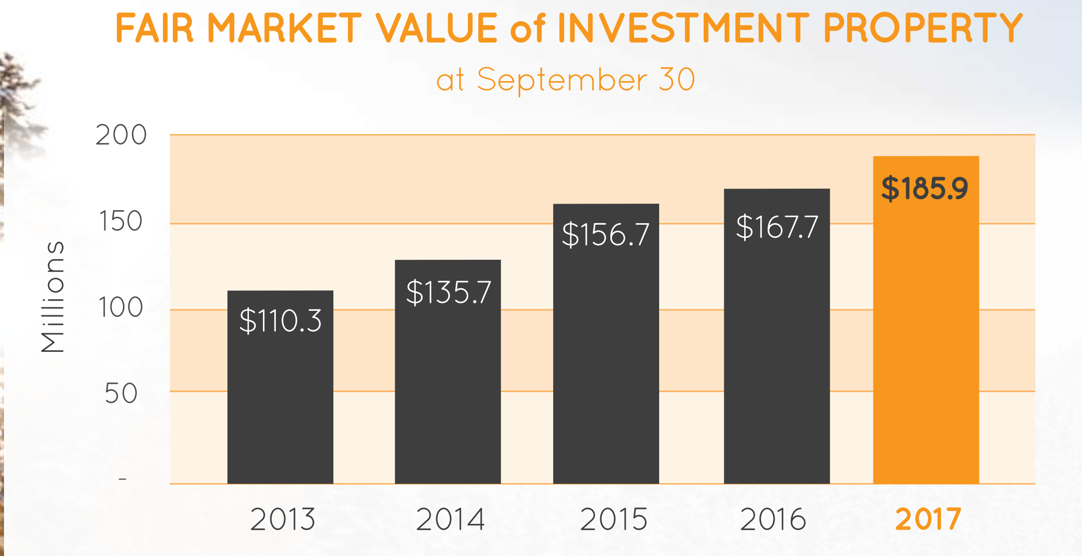
In the prior year, several properties had an increase in value due to the renewal of their leases at market rates, which were higher than the previous lease rates.

▶ **Income from operations** at September 30, 2017 is up $1,599,627 over September 30, 2016 due to the acquisition of the Seaboard building at September 30, 2016 which is generating net annual revenue of $836,250, plus the acquisition of Coppertone VII, Coppertone VIII and the Derrick building during the current year. The Derrick building began generating revenue on April 1st, 2017. Total net rent from these four acquisitions will add more than $1.9 million to our income from operations over the next twelve months.

▶ **Administrative expenses** were up $452,250 this year over last year. This year there was an increase in entertainment of $114,554, finance fees increased $39,924, and a provision for bad debts was made in the amount of $257,209. This bad debt provision is for two tenants. One tenant was placed into receivership after the year end, and consequently the Company has written off the entire receivable at September 30, 2017. If any funds are collected from the Receiver, the Company will record it as income in the period it is received.

▶ **Amortization** includes amortization of deferred leasing costs, intangible assets and transaction costs associated with new mortgages. Amortization has decreased $16,225 this year compared to last year as intangible assets were fully amortized in the prior year and therefore there was no expense in the current year. Leasing fees charged with the signing of new tenants or upon lease renewals are amortized over the life of the respective leases varying from one to fifteen years. Transaction costs are amortized over the term of the respective mortgage, usually five years.

▶ **Loss on the sale of equipment** relates to the sale of a 10-ton crane that was surplus to the Company's needs. The Company accepted an offer to sell the crane for $23,000 which resulted in a loss for accounting purposes of $51,034.



Market values at each reporting date are estimated by management using the actual annual contracted subsequent year revenue stream less a reserve allowance, applying a capitalization rate to this normalized income, and deriving a fair value. Capitalization rates used to estimate fair market value consider many factors including but not limited to; location, size of land, site coverage, strength of tenant, term of lease, lease rate, age of building, size of building, construction of 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 favourable 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 of newer construction. Higher capitalization rates apply to the Company's older buildings and take into consideration whether the property is multi tenanted, the strength of the tenants and location of the asset.

At each reporting date, this calculation method is performed on all the investment properties except for the Oliver Crossing property and vacant land. The market value of Oliver Crossing is calculated based on the total square footage of land multiplied by a dollar value per square foot. This property is in a high demand area of Edmonton situated on the fringe of downtown. The current buildings on the property are aged and the real property value is not derived from the buildings and their lease income, but rather is derived from the land value in this highly sought-after area.

Construction of new buildings are valued at cost until the earlier of the date that fair value can be reliably determined or the projects are complete. Vacant land included in investment property, is valued using management's research of similar vacant land that has sold recently, or is available for sale.

The Company continues to increase the investment property portfolio each year by acquiring properties with a view towards capital appreciation.

- **Income earned from forfeited deposit** relates to investment property that was held for sale at September 30, 2016 in the amount of $8,104,500. At September 30, 2015, the Company had entered into an unconditional purchase and sale agreement with an arm's length purchaser to sell 12.89 acres of vacant land in Edmonton. The closing of the sale was expected to take place in Q3 2016 but was extended to allow the purchaser to obtain financing. A deposit on the sale agreement of $250,000 was received by the Company at September 30, 2015 and held until Q2 2017 when the purchaser could not complete the agreement. The deposit was forfeited by the purchaser and the Company recorded it as forfeited deposit income, net of excise taxes, in these consolidated financial statements.

- **Interest income** is mostly made up of the amortization of the discount on the note receivable. The discount will be fully amortized by December 31, 2017, at which date the loan is due in instalments with final payment to be received July 1, 2018.

- **Interest expense** on mortgages and other financing is higher this year with the addition of two mortgages totalling $10,250,000 in 2017, and an increase to the line of credit since September 30, 2016.

SEPTEMBER 30,	2017	2016
ADJUSTED EBITDA	**$ 8,326,373**	$ 7,299,363
Interest expense	**$ 2,545,127**	$ 2,365,610
Interest coverage ratio	**3.27**	3.09
Minimum threshold set by Management	**1.50**	1.50

The adjusted EBITDA is used to show cash generated from operations before interest and income taxes and non-cash items on the statement of earnings. This is the amount of cash the Company has available to service the interest on its debt. The goals of the Company include maintaining strong operating cash flows to fund further growth and generating cash that well exceeds finance obligations, and Management's minimum interest coverage threshold noted above. The Company continues to achieve both goals.

CASH FLOWS

FROM CONTINUING OPERATIONS

- **Cash inflows from operating activities** were $6,078,965 at September 30, 2017 (September 30, 2016 – $6,867,695). The Company continues to generate positive cash from operations to cover day to day expenditures and bank cash for future opportunities. Affecting the cash flows at Q4 2017 was the non-cash working capital figures which includes changes in deposits. At Q4 2017 the Company has placed deposits totalling $1,517,049 on agreements to purchase investment property.

- **Cash outflows from real estate investing** were $17,187,879 at September 30, 2017 (September 30, 2016 – $10,075,843). Property acquisitions during 2017 totalled $17,133,798. The Company received the first of two instalments of $500,000 which are due on the first and second anniversary of the sale of the subsidiary, IDCI. During the year, there were three new leases signed and four lease renewals, incurring leasing fees of $268,611.

- **Net cash inflows from financing** were $9,837,217 at September 30, 2017 compared to cash inflows of $778,003 at September 30, 2016. During 2017 the Company increased the credit facilities available from $3,000,000 to $9,500,000 which allowed for increased net cash flows of $7,003,728 at year end to assist with closing four property acquisitions. During 2017 the Company received new mortgages totalling $10,250,000, paid out one mortgage in full, and received related party financing of which $1,300,000 remains outstanding at September 30, 2017.

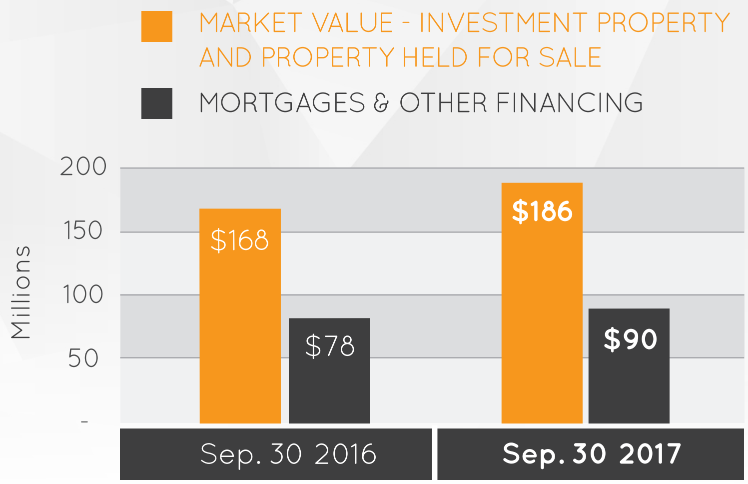
Transaction costs associated with new and renewed mortgages totalled $106,317 at September 30, 2017 compared to $151,040 at September 30, 2016. These costs are amortized over the terms of the respective mortgages and are shown net of the mortgages on the consolidated statements of financial position.

During this fiscal year ending September 30, 2017, the Company had purchased 26,200 common shares under the normal course issuer bid for a total cost of $113,765 (September 30, 2016, a total of 79,900 shares were purchased for a total cost of $469,527).

Net cash inflows from discontinued operations (the sale of the subsidiary IDCI) were $3,535,460 in the prior year. This figure represents the sale proceeds less disposition costs, income taxes, return of the shareholder loan, and operating activities to the date of sale.

At September 30, 2017 there was a **net decrease in cash** of $1,271,697 compared to an increase in cash the prior year of $1,105,315.

SIGNIFICANT BALANCE SHEET CHANGES



“ **EQUITY** in investment properties has **increased $5,581,464** since September 30, 2016 – the result of monthly principal payments on the mortgages, one mortgage repaid in full, and year to date net increases to the property values. ”

▸ **Investment properties and investment properties held for sale** include the fair value of the properties at the reporting date as valued by Management, including the balance of straight line rent receivables, unamortized deferred leasing costs and unamortized tenant inducements.

The increase in the investment properties since September 30, 2016 is attributed to the following:	
▸ an increase in the balance of deferred leasing after amortization	$ 21,713
▸ an increase in the straight-line rent receivables	190,965
▸ capital expenditures on properties	308,470
▸ amortization of tenant inducements	(36,365)
▸ fair value net increases	612,790
▸ sale of equipment	(74,033)
▸ property acquisitions	17,133,798
Total increase September 30, 2016 to September 30, 2017	**$ 18,157,338**

▸ **Loan receivable** (non-current) at September 30, 2016 of $482,060 relates to the sale of IDCI and was transferred to current assets in the current period. This loan net of a discount has a balance at September 30, 2017 of $496,414. The current portion of the loan receivable of $496,362 at September 30, 2016, was received by the Company on its due date of December 31, 2016. The loan is non-interest bearing and therefore discounted and amortized over the two-year term. Cash received at December 31, 2016 was $500,000. The amortized discount is shown as interest income in the consolidated statements of comprehensive income.

After the year end, the Company agreed to terms for the balance owing of $500,000. At December 31, 2017 the sum of $100,000 is to be received. The remaining amount of $400,000 will earn interest at an annual rate of 6.5% and be repaid in six monthly installments of $67,919.31, commencing February 1, 2018.

▸ **Investment properties held for sale** in the prior year consisted of 12.89 acres of vacant land in Edmonton that was under contract to sell. The sale was not completed and the purchaser forfeited their deposit. As the conditions for classification of held for sale are no longer applicable at year end, the property is now classified as investment properties.

Trade receivables at September 30, 2017 in the amount of $81,534 are net of an allowance for doubtful accounts of $16,061. The allowance was made for one tenant with rental arrears. At September 30 each year, the occupancy cost reconciliations are done on a property by property basis which will typically increase the trade receivables at year end.

Prepaid expenses and deposits have a balance at September 30, 2017 of $2,008,256 (September 30, 2016 - $494,762). At September 30, 2017 there are deposits of $1,517,049 placed pursuant to three offers to purchase investment property in Edmonton. The balance of prepaid expenses is for property taxes, insurance, a deposit with a municipality, and a refundable mortgage commitment fee. At September 30, 2016, prepaid expenses included property insurance, property taxes, a deposit with a municipality and a deposit of $150,000, held pursuant to the offer to purchase Coppertone VIII, which closed in Q1 2017.

Mortgages at September 30, 2017 have a balance of $79,891,816 (September 30, 2016 - $75,593,117). During the current year, the principal balances of mortgages were reduced by $5,951,302 which included payment of one mortgage at its term date that had a balance at September 30, 2016 of $853,823. Two mortgages were renewed for a further five years at lower rates of interest than the previous terms, and two new mortgages totalling $10,250,000 were received for the acquisitions of Coppertone VII in Q2 2017, and the Derrick building in Q3 2017.

At September 30, 2017, there are three mortgages up for renewal in the next twelve months with combined principal balances of $5,697,158 which are shown as current liabilities. After the year end, the Company received proceeds to pay two of the mortgages in full, and place new mortgages with the same lender increasing the leverage on the properties. The third mortgage is in the process of being renewed.

Netted against mortgages on the statement of financial position is the balance of unamortized transaction costs of $241,874 at September 30, 2017 (September 30, 2016 – $215,323).

Bank operating facilities at September 30, 2017 have a balance of $9,506,115 (September 30, 2016 - $2,502,387) with one of the Company's major lenders. This credit facility assisted with the acquisitions of investment property during the year.

The Company had two credit facilities at December 31, 2016; one had a limit of $1,800,000 (September 30, 2016 - $1,800,000) with an interest rate of prime plus 1%. This line of credit was secured by a specific revenue producing property with a fair value of $8,400,000 at December 31, 2016 (September 30, 2016 - $8,400,000). During Q2 2017 the Company paid the outstanding balance and closed this line of credit.

The second credit facility received an increase in the limit during Q2 and Q3 2017 from $3,000,000 to $8,000,000 and at year end, the Company received an additional temporary increase of $1,500,000 repayable in Q1 2018 (September 30, 2016 - $3,000,000). The credit facility bears interest at prime plus 1% per annum and is secured by specific revenue producing properties with combined fair values of $17,227,241. This line of credit incurs standby fees on any unused portion of the facility. The revolving demand facility is available to assist with property acquisitions, payment of development costs, and general corporate purposes. The balance on this line of credit at September 30, 2017 is $9,506,115 (September 30, 2016 - $2,502,387).

After the year end, the Company received a credit facility with a limit of $4,500,000 from one of the Company's lenders. This facility bears interest at a rate of prime plus .95% and is secured by a general security agreement and a collateral mortgage in the amount of $5,000,000 placing a fixed charge against three properties with a combined fair value at September 30, 2017 of $39,199,056.

Specific details of the credit facilities and associated loan covenants can be found in note 9 of the consolidated financial statements. The Company was not in breach of any loan covenants throughout both reporting years.

CREDIT FACILITIES	September 30, 2017	September 30, 2016
Bank credit facilities	**$ 9,500,000**	$ 4,800,000
Amounts drawn on facilities	**(9,506,115)**	(2,502,387)
Available credit facilities	**$ (6,115)**	$ 2,297,613

The overdrawn amount of $6,115 at September 30, 2017 relates to interest expense.

Payables and accruals at September 30, 2017 have a balance of $672,789 (September 30, 2016 - $818,739). Trade payables decreased by $207,640 compared to the prior year where there was a large invoice due on an acquisition at the year end. Other accruals include interest on loans, prepaid rents from tenants, the current portion of security deposits, and year end audit fees.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS
FROM CONTINUING OPERATIONS

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
REVENUE	**3,396,004**	3,319,384	3,211,027	2,951,195	**2,648,633**	2,684,838	2,712,959	2,703,143
TOTAL COMPREHENSIVE INCOME	**1,860,217**	564,313	1,587,629	725,234	**1,646,469**	717,301	1,424,335	625,878
EPS - BASIC	**0.19**	0.06	0.16	0.08	**0.17**	0.08	0.15	0.06
EPS - DILUTED	**0.19**	0.06	0.16	0.07	**0.17**	0.08	0.15	0.06

QUARTERLY CHANGES IN THE REVENUE

The revenue at Q4 2017 increased with end of the year operating cost recoveries billed to the tenants and the straight-line rent calculation. There were no new leases in Q4 2017.

Revenue increased in Q3 2017 and Q2 2017 with revenue generated from three new acquisitions; Coppertone VII, Coppertone VIII and the Derrick building in those quarters.

Revenue increased $302,562 during Q1 2017 compared to Q4 2016, from the acquisition of the Seaboard building at the end of Q4 2016. The only vacant space prior to Q1 2017 was in Q3 and Q4 2016 where there was one vacant space of 10,408 square feet available for lease. This space was leased during Q4 2016 with revenue beginning in the first quarter of Q1 2017. The newly acquired Coppertone VII & VIII began generating revenue February 1, 2017, and the Derrick building April 1, 2017. The Company's investment portfolio is currently 100% occupied.

The loss of one tenant in Q3 2016 is reflected in the slight drop in revenue in Q3 and Q4 2016 from Q2 2016. Additionally, the lower revenue in Q4 2016 is the result of the amortization of tenant inducements that are netted against revenue over the term of the lease. Fluctuations in revenue quarter to quarter will be the result of an increase in budgeted operating expense recoveries, increases due to reconciliations of operating costs to budget at each Q4, and increases in straight line revenue due to lease renewals with increases in the rent.

The Company reports straight line revenue which is the average revenue generated per property over the term of the respective lease. Therefore, quarterly changes in revenue are not material until new tenants begin paying rent.

QUARTERLY CHANGES IN TOTAL COMPREHENSIVE INCOME AND EARNINGS PER SHARE (BASIC AND DILUTED) FROM CONTINUING OPERATIONS

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

Net valuation gains (losses) per quarter:

Q1 2017	Q2 2017	Q3 2017	Q4 2017
$ 165,644	$ 363,625	$ (197,446)	$ 280,967
Q1 2016	**Q2 2016**	**Q3 2016**	**Q4 2016**
$ 367,076	$ 491,789	$ (463,113)	$ 739,947

At Q4 each year, net valuation gains will be offset by the end of the year expenses for auditing fees. Each third quarter, the Company capitalizes property taxes on vacant land which are billed annually in June, and any capital improvements to buildings that are often completed in the warmer summer months. Together, these expenditures increase the property carrying value, contributing to a revaluation loss, when bringing the properties back to market value.

While a considerable number of properties had increases in the contracted revenue stream which drives up the value when capitalized, the Company chose to keep the values the same by adjusting the cap rates upward. There is no evidence in the market to suggest the related property values are increasing or decreasing at the present, therefore most of the values are adjusted slightly upward in the quarter to offset the amortization of deferred charges, including straight line rent, deferred leasing fees, and tenant inducements.

At Q4 2016 budgeted occupancy costs are reconciled with actual costs and where possible those additional costs are charged back to the tenants. This will typically have a positive affect on earnings for the fourth quarter. Q3 2016 had a net decrease of $463,113 in the fair values as a property that was under contract to sell had to be reduced in value to reflect the disposition costs, and other properties had an increase in the contracted revenue, whereby Management increased the capitalization rates in order to keep the valuations constant.

Q2 2016 had an increase in valuation gains of $491,789 due to significant increases in contracted revenue for the next twelve months.

During 2016 the Company decided to increase the cap rates on some of the properties where there was a possible risk of the tenant having some exposure to the oil industry. There was only one lease renewal and one new lease that positively affected the fair value of the associated property during 2016. Affecting fair values are changes in the contracted revenue to be received in the next twelve months as well as changes in the balances of straight line rent, deferred leasing, tenant inducements, capitalized expenditures and changes to cap rates. These are inputs that contribute to the fair value increases or decreases of the investment properties.

Overall, there continues to be net valuation gains on a year to date basis.

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 September 30, 2017 are 9,614,442 (September 30, 2016 – 9,671,442). The Company renewed its normal course issuer bid which expired August 30, 2017 for a further year expiring on August 30, 2018. In the current year, the Company purchased 26,200 shares for $113,765. All the shares were cancelled at September 30, 2017 along with 30,800 shares that were held in treasury at the beginning of the year. The excess purchase price paid over the cost of the issued shares was $217,175. This amount was charged to retained earnings at September 30, 2017.

At September 30, 2017 and 2016 there are 475,000 share options issued and outstanding under the Company's stock option plan. The options entitle the holder to one common share in exchange for each option held at an option price of $4.25. The options expire August 26, 2019.

DIVIDENDS

The Company issued a press release January 14, 2015 announcing the suspension of the dividend payments until further notice, due to the uncertainty surrounding the Alberta economy and oil prices. 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.

Management and the Board of Directors have not set a date for the resumption of a dividend. Currently, it is their opinion that the Company should focus on reserving cash balances to position itself for opportunities that arise to increase the portfolio, and create shareholder value through capital appreciation of the properties.

RELATED PARTY TRANSACTIONS

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

Property management and maintenance fees in the amount of $796,651 (September 30, 2016 - $588,432) were paid to Sable Realty & Management Ltd., ("Sable") a company controlled by Sine Chadi, a director and officer of the Company. Fees paid to Sable are pursuant to a contract with Imperial Equities Inc. to bill for the management and maintenance of its properties for a fee of 4% of rents collected. Maintenance performed by Sable's property management team is charged at a competitive rates of $50-$65 per hour (September 30, 2016 - $50 per hour) for labour, plus equipment and parts charges. Sable provides its own trucks, tools and equipment to perform property maintenance. Imperial Equities recovers 100% of the maintenance fees from the tenants under their occupancy costs. Four leases have no management fee recoverable and the remaining leases have a provision for the recovery of 2%-5% of minimum rent, or rent, which would include minimum rent and operating expense recoveries. The percentage of management fees negotiated and collectible under the leases varies based on the amount of work involved in maintaining the property.

Leasing, acquisition and disposition fees in the aggregate of $384,980 (September 30, 2016 – $427,866) were paid to North American Realty Corp. ("NARC") a Company controlled by Sine Chadi. At September 30, 2017, $169,000 was paid for the acquisitions of Coppertone VII, Coppertone VIII, and the Derrick building. The remaining balance of $215,980 was commissions on seven lease transactions. In the prior year, a disposition fee of $159,792 was paid upon the sale of IDCI at December 31, 2015. Fees and commissions are in line with current industry standards and are comparable to similar transactions undertaken by the Company with unrelated parties.

Vehicle leases were paid to North American Mortgage & Leasing Corp. ("NAML") a company controlled by Sine Chadi. The

vehicle leases were contracted with IDCI and the vehicles were used for delivery of pharmaceuticals. Total lease costs paid in the prior year were $5,226. All vehicles leased to IDCI were returned to NAML at December 31, 2015.

- **Office rent, parking and warehouse lease** space were paid to Sable in the aggregate amount of $131,450 (September 30, 2016 – $125,919). Imperial Equities shares office space with Sable and pays $8,000 per month. Warehouse lease space to store materials owned by Imperial, is paid monthly to Sable at market rates for leased space in an industrial warehouse bay owned by Sable.

- **Fees** paid in the amount of $210,000 (September 30, 2016 - $183,000) were paid to Sable for the services provided by the Company's Chief Financial Officer who is not paid directly by Imperial Equities.

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.

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 were approved by the board of directors.

PAID TO DIRECTORS

- **Directors' fees paid for attending directors' meetings were** $47,500 at September 30, 2017 (September 30, 2016 - $46,500). Fees per meeting are currently $2,500. At the annual general meeting on March 3, 2017, the shareholders approved the election of four board members to serve for the following year (September 30, 2016 there were six board members). 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** the President Sine Chadi who is also a director and significant shareholder of the Company. Total salary paid to Mr. Chadi at September 30, 2017 was $300,000 (September 30, 2016 - $300,000).

UNSECURED INTERIM FINANCING FROM A COMPANY OWNED 100% BY A DIRECTOR AND MAJOR SHAREHOLDER

- **Related party financing from North American Mortgage** Corp. totalling $675,000 was received during the current year to assist with property acquisitions. Of this amount $575,000 was repaid during the year with interest at a rate of 8% per annum. The remaining amount of $100,000 was repaid with interest at an annual rate of 6%. Total interest paid during the year was $12,845.

In Q1 2016, interim financing in the amount of $100,000 was received from North American Mortgage Corp. The balance outstanding to this company on October 1, 2015 was $1,325,000. The total amount owing of $1,425,000 was repaid in full during Q1 2016 with interest at a rate of 8% per annum. Total interest paid during the prior year was $5,415.

UNSECURED INTERIM FINANCING FROM DIRECTORS AND SHAREHOLDERS

- **During the current year, financing of $2,675,000 was** received from two shareholders. $775,000 was repaid with interest at an annual rate of 8%. $600,000 was repaid with interest at 6% per annum. The remaining balance of $1,300,000 bears interest at an annual rate of 6%. Total interest paid was $10,653.

In the prior year, interim financing in the amount of $400,000 was received from a director and shareholder of the Company. A total of $1,000,000 was outstanding at September 30, 2015 to two directors. All outstanding balances owing were repaid in full during Q1 2016 with interest at a rate of 8% per annum. Total interest paid was $16,763.

UNSECURED INTERIM FINANCING FROM A COMPANY UNDER COMMON CONTROL

- **In the prior year, interim financing in the amount of $250,000** that was outstanding at September 30, 2015 was received from a company that is under common control by Sine Chadi. During Q1 2016, the balance was repaid with interest at a rate of 8% per annum. Total interest paid was $4,093.

LIQUIDITY, CAPITAL RESOURCES AND SOLVENCY

THE COMPANY'S LIQUIDITY POSITION	September 30, 2017	September 30, 2016
Cash and cash equivalents	$ 843,336	$ 2,115,033
Receivables	81,534	110,585
Current loan receivable	496,414	482,063
	$ 1,421,284	$ 2,707,681
Payables and accruals	$ 672,789	$ 818,739
Bank operating facilities	9,506,115	2,502,387
Other financing	1,300,000	-
Income taxes, net	852,725	656,343
	$12,331,629	$ 3,977,469
LIQUIDITY RATIO	.12	.68

The liquidity ratio decreased significantly from September 30, 2016 as the Company used available cash, credit facilities, and other financing to fund the acquisitions of Coppertone VII, Coppertone VIII, and the Derrick building in 2017.

CASH FLOWS CONTINUING OPERATIONS

YEAR ENDING	September 30, 2017	September 30, 2016
Cash inflow from operations	$ 6,078,965	$ 6,867,695
Cash outflows from investing	(17,187,879)	(10,075,843)
Cash inflows from financing	9,837,217	778,003
Net cash outflow for the period	$(1,271,697)	$(2,430,145)

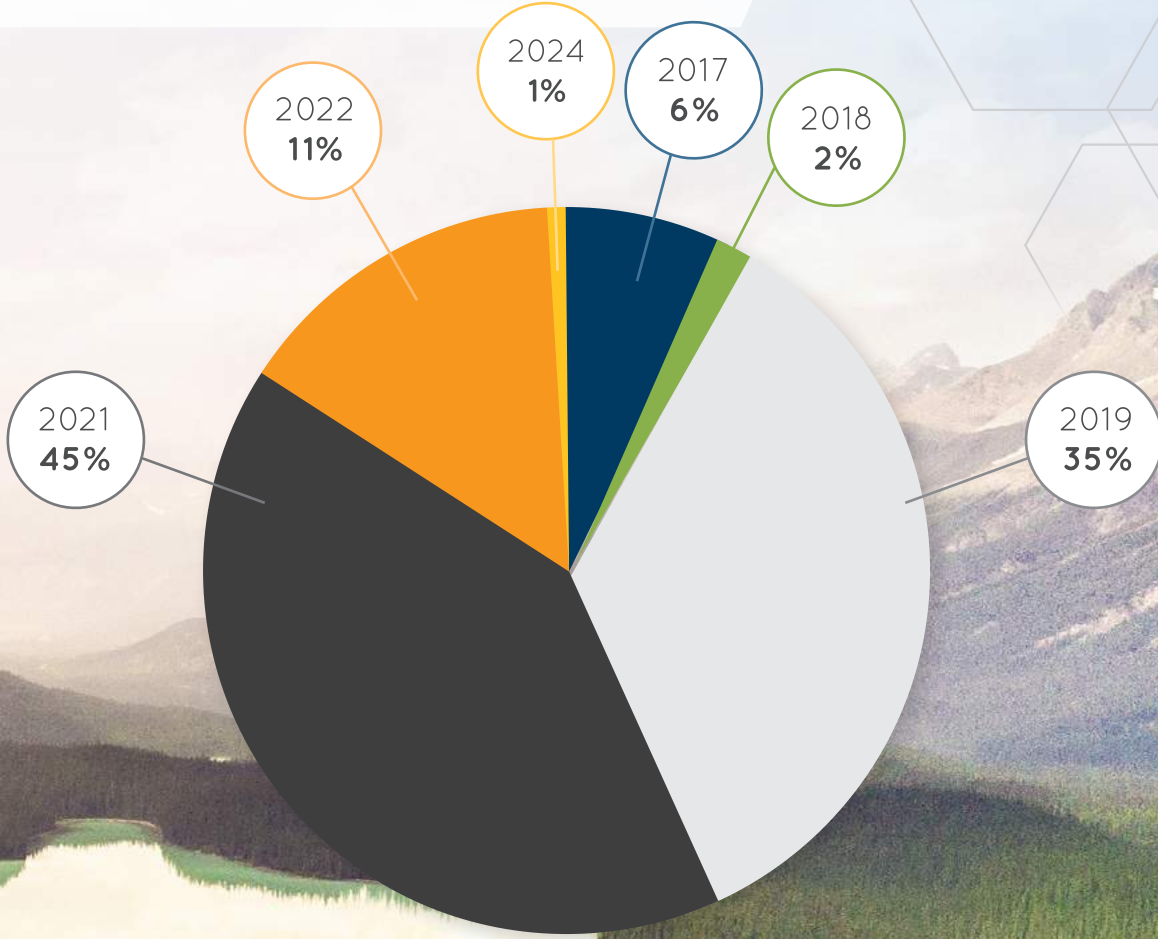
The Company continues to have sufficient **cash flow from operations** to fund day to day operations and provide additional funds for growth.

- **Cash outflows from investing** at September 30, 2017 include the cash used to fund acquisitions. This was offset during 2017 by receiving $500,000 from the receivable on the sale of IDCI. In the prior year, one large acquisition was completed at year end.

At September 30, 2017 financing activities include the repayment of principal and interest on mortgages through regular monthly payments, and a net draw on the credit facility of $7,003,728 to assist with closing the property acquisitions. During 2017, two mortgages were renewed for further five-year terms at lower rates of interest than the previous terms. Two new mortgages totalling $10,250,000 were received during the year to fund the property acquisitions. Related party financing was used to assist with the payment of annual property taxes and deposits held in trust for acquisitions closing in Q1 2018.

In the prior year there was considerable financing activities with new and renewed mortgages paying out other financing existing at September 30, 2015.

MATURITY DATES OF MORTGAGES
AT SEPTEMBER 30, 2017



Mortgages on the investment properties have term dates varying to 2024. The weighted average interest rate on the mortgages has continued to decline each year as mortgages have been renewed at lower rates of interest. At September 30, 2017, the weighted average rate is 3.00% (September 30, 2016 - 3.10%). Two mortgages were renewed this year for further five-year terms with lower rates of interest than the previous terms. A mortgage with a maturity date of April 1, 2017 and a principal balance of $783,969 at that date, was paid in full upon maturity. There are three mortgages up for renewal in the next twelve months with combined principal balances of $5,697,158 at September 30, 2017. After the year end, two of the mortgages were paid in full and the same lender provided two new mortgages, increasing the leverage on the properties. The Company is currently in the process of renewing the third mortgage with the same lender.

Total monthly principal and interest payments are $614,568 or $1,843,704 quarterly. Cash flow from continuing operations at September 30, 2017 before changes in non-cash working capital is $7,455,659. The cash flow will increase next quarter with the added revenue from tenants in the new buildings acquired in February and April 2017. The Company currently has excess funds to cover the debt repayments.

Based on the fair values of the investment properties at September 30, 2017 and the related debt including mortgages, other financing and the bank operating facilities, there is equity of $95,198,397 in the properties. Upon renewal of mortgages, the Company may have the option of increasing the leverage on a particular property and subject to the lender's approval, provide increased capital. Other capital resources include related party interim financing.

After the year end, the Company received a new credit facility with a limit of $4,500,000 to assist with general operations and acquisitions of investment property. The Company used this facility to repay other financing owing at September 30, 2017 in the amount of $1,300,000.

LEVERAGE RATIOS

	September 30, 2017	September 30, 2016
Investment properties	$ 185,896,325	$ 159,634,487
Investment properties held for sale	-	8,104,500
Total investment properties	$ 185,896,325	$ 167,738,987
Mortgages	(79,891,816)	(75,593,117)
Other financing	(1,300,000)	-
Bank operating facilities	(9,506,115)	(2,502,387)
Total debt	$ (90,697,931)	$ (78,095,504)
Total equity in the properties	$ 95,198,394	$ 89,643,483
Debt to asset ratio	.49	.47
Interest coverage ratio	3.31	3.09

The Company took advantage of low interest rates in the current year when renewing two mortgages for five-year terms. The interest coverage ratio increased slightly as the Company received additional rents for the new acquisitions. The combined annual net revenue of the three acquisitions made in the current year, will be $1,128,939.

Provided our investment portfolio continues to remain strong and interest rates remain favourable, the Company will continue to evaluate its practise of increasing leverage on some of the properties where available.

The sale of IDCI at December 31, 2015 generated a $1,000,000 receivable which was repayable in two installments of $500,000 on the first and second anniversary of the sale. The first instalment was received at December 31, 2016. The remaining $500,000 will be repaid in full by July 1, 2018.

At September 30, 2017 the Company has placed $1,442,049 in trust to complete the purchase of 1.7 acres of vacant land adjacent to the Derrick building. The acquisition closed in Q1 2018 and the Company completed a land lease agreement with a current tenant, which commences in Q1 2018.

The Company has additional deposits of $75,000 on agreements to purchase two investment properties that will close in Q1, 2018. Total acquisition costs will be $3,849,450 and will be funded with conventional mortgage financing, available cash flows, available credit facilities, and temporary related party financing if necessary.

The Company has commenced construction in Q1 2018 for a 12,000 sf building on vacant land held by the Company. There is no immediate tenant for the building but Management is confident that the market is good for this type of lease space. Management is confident it will be leased upon completion which is expected in Q4, 2018.

The Company has no other commitments to purchase or sell assets, other than as disclosed above.

CRITICAL ESTIMATES OF THE CURRENT ECONOMIC ENVIRONMENT AND OUTLOOK

The economic environment that the Imperial operates in could be adversely affected by tenants that may be challenged due to the oil and gas sector of our economy. This year we encountered three such cases where tenants have advised that they are experiencing some temporary cash flow issues and asked for some relief by deferring part or all of their rent for a period of time.

One small tenant has indicated they are experiencing some financial difficulty and Management continues to work with this tenant while they resolve their cash flow issues. The rent from this tenant amounts to one half of one percent of monthly rents and not considered a financial threat if the tenant, in a worst-case scenario, had to vacate. At September 30, 2017 Management included an allowance for bad debt for this tenant but firmly expects to recover all the arrears.

Another tenant with direct exposure to the oil and gas industry contacted Management to advise of their cash flow challenges and asked to defer part of their rent for one year. Upon the expiration of the deferred period, Management expects to recover all of the contracted rent as stipulated in the lease agreement.

Lastly, an Edmonton based tenant asked Management to provide them with some time to resolve their company's cashflow issues. After this fiscal year end, this particular tenant went into receivership. Management recorded the full receivable of $241,912 from this tenant as a bad debt at September 30, 2017. If the Company receives any funds from the Receiver, they will be recorded as income in the period they are received. The Receiver is actively seeking a purchaser to take over the operations and Management expects the contracted rents to resume.

Imperial continues to be very successful with all its financing requirements and has taken advantage of low interest rates to ensure stability for the Company, and provide the building blocks for continued growth. Risk factors still exist and are always considered when making strategic plans.

RISKS

Tenants' performance, market capitalization rates, lease rates, interest rates and environmental risk and cybersecurity risk.

Current tenants and their exposure to market risks may impact IEI if the tenant fails to make contracted rental payments.

Imperial's real estate portfolio is predominately made up of large single tenant buildings that are leased to multinational, national and large regional tenants. Larger companies tend to be more skilled in the ability to weather an economic downturn.

The majority of tenants have been with Imperial for many years. Notwithstanding the size of each individual tenant, Imperial runs the risk of losing such a tenant due to unforeseen and poor economic conditions.

The risk of vacancy of any leased space is the ability to continue to meet the mortgage obligations on the property as well as carrying costs including property taxes, utilities and insurance. If in an extreme case a property sat vacant, the carrying costs and mortgage payments could be paid for with existing cash flows from operations. At September 30, 2017 Imperial remained 100% occupied. The tenant that went into receivership is continuing to operate under the receiver until a suitable buyer can be found. The receiver is obligated to continue the rent payments as long as they inhabit the building. If a suitable buyer cannot be found, the Company will actively seek a tenant to lease the space.

As with all the Company's past transactions, future opportunities will be looked at through proper due diligence, and limited risk measures.

Market values of the investment properties can decrease if the demand for industrial properties lease space decreases and rental rates are reduced, or capitalization rates increase. Imperial's exposure to the market value of its real estate assets affects mortgages up for renewal. Properties with mortgages that are maturing in the next 12 months are externally appraised for their current market value. Factors that influence market value are the income generated from the property, demand, vacancy rates, term of the current lease, strength of the current tenant, age of the building and location. Imperial is not aware of any obstacles at this date that would negatively affect its ability to refinance its buildings as the mortgages come due. The Company has determined that capitalization rates used to evaluate a property have recently moved slightly upward however the demand for industrial space is still favorable. The total fair value of the investment properties at September 30, 2017 is $185,896,325. The mortgages and bank operating facilities encumbered on the properties leave equity in the properties of $95,198,394 at September 30, 2017 which Management believes will be sufficient to absorb any decline in values and support our ability to refinance.

Lease rates may adjust downward if demand for industrial lease space decreases. As demand for this type of lease space goes up so does the lease rate. In any economic downturn, we could expect that the demand for space decreases and therefore the lease rate would decrease accordingly. Imperial is mindful of these risks. Management believes that leases that are up for renewal in 2018 will be renewed at the same or higher rates than the Company is currently achieving.

Interest rates on mortgages that are up for renewal may become higher as financial institutions widen the gap on spreads or the underlying bank rates increase; however, competition within the lending industry has kept the borrowing rates low. The mortgages that were up for renewal in 2017 were successfully renewed at lower rates than the prior terms. The Company tries to mitigate the risk of rising interest rates by fixing rates for longer terms and by minimizing its exposure to floating rate financing. All mortgages have fixed rates.

ENVIRONMENTAL RISK

The Company is subject to various federal, provincial and municipal laws relating to the environment. To mitigate this risk, each newly acquired property or those currently owned by the Company has undergone a thorough Phase I Environmental Site Assessment (ESA) by a qualified environmental consultant. This ESA then becomes a benchmark used in conjunction with the tenant leases which include a section outlining environmental liability. The Company then conducts a regular inspection of each property to ensure compliance.

CYBERSECURITY RISK

Cybersecurity has been identified as a risk to the Company prompting regular reviews of security measures to take appropriate steps to reduce this risk. While the Company is aware it cannot protect against all types of attacks and human error, management has an adequate defense against the most common ones. Policies to protect the Company's data from a breach include the following:

- non-use of networks for sharing data; computer data is in locked offices with strict limited access;
- strict username and password protection including frequently changing passwords which limits the access to company information;
- only use trusted software to execute on the operating system;
- regular updates of anti-virus software, web browsing and email security software, malware security software and firewalls;
- employee vigilance against suspicious emails and attachments;
- update to new operating systems as they are made available to reduce the risk of unintentional and intentional computer infection;
- automatic software updates to ensure software currency, and reduce the risks associated with out-of-date, vulnerable software; and
- use of physical external hard drives to daily backup the system

To date, the Company has not experienced any breach of its data and will continue to regularly use third party IT consultants to provide advice on hardware and security options.

PLANNED EXPENDITURES

At the date of this MD&A the Company has no other financial commitments for the purchase or sale of assets or for tenant incentives that has not already been disclosed.

There are opportunities to purchase other properties currently on the market. The Company continues to look at all opportunities and evaluate the best possible alternatives. Cash needed to fund an acquisition of property will be provided through cash flows from operations, available funds through current bank credit facilities, and securing long term financing. Related party financing is also available to the Company. Management tries to avoid related party financing as the interest rate is higher than current bank credit facilities, however, Management will use this resource if necessary, until lower financing is put in place.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICIES

FUTURE ACCOUNTING PRONOUNCEMENTS

A FUTURE ACCOUNTING POLICIES

The Company has reviewed the following new and revised accounting pronouncements that have been issued but are not yet effective as at the date of authorization of these consolidated financial statements. The Company plans to apply the revised standards on their effective date.

IFRS 2 *Share-based Payment* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share- based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact this new standard will have on its consolidated financial statements.

IFRS 9, “Financial Instruments” will replace IAS 39 “Financial Instruments: Recognition and Measurement”. The new standard includes guidance on recognition and de-recognition of financial assets and financial liabilities, extensive changes to IAS 39’s guidance on the classification and measurement of financial assets, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is considering the implications of the standard and the impact on the Company.

IFRS 15, “Revenue from Contracts with Customers” was issued in May 2014, which will replace IAS 11, Construction Contracts, IAS 18 Revenue Recognition, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue-Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, Consolidated Financial Statements and IFRS 11, Joint Arrangements. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is in the process of evaluating the impact of this standard on its consolidated financial statements.

IFRS 16, “Leases” was issued in January 2016. The new standard requires that for most leases, lessees must initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset for the right to use the underlying asset for the lease term. Lessor accounting, however, remains largely unchanged, and the distinction between operating and finance leases is retained. This standard will be effective for annual periods beginning after January 1, 2019, with early adoption permitted so long as IFRS 15 has been adopted. The Company has not yet begun the process of evaluating the impact this new standard will have on its consolidated financial statements.

IAS 40, “Investment Property” has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in December 2016. The amendments clarify that:

- an entity transfers property to, or from, investment property when, and only when, there is evidence that a change in use of the property has occurred; and
- the entity must have taken observable actions to support such a change — management’s intentions alone do not provide evidence of a change in use.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact this new standard will have on its consolidated financial statements.

IAS 7 "Statement of Cash Flows" has been revised to incorporate amendments issued by the IASB. The amendments required enhanced disclosures about changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes (such as foreign exchange). The amendments are effective for annual periods beginning on or after January 1, 2017, applied prospectively. The Company is in the process of assessing the impact on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued and have future effective dates are either not applicable, or are not expected to have a significant impact on the Company's consolidated financial statements.

B CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments, apart from those involving estimation uncertainty, in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) Leases

The Company has entered commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases. In applying this policy, the Company makes judgments with respect to the point in time at which revenue recognition under the lease commences.

(ii) Investment property

The Company's accounting policies relating to investment property are described in Note 2 (b) of the consolidated financial statements. In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property to be capitalized and, for properties under development, identifying the point at which practical completion of the property occurs and the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses ceases to occur when the investment property is available for use. This judgement is applied when the property is substantially complete and is typically concurrent with occupancy. Judgment is also applied in determining the extent and frequency of independent appraisals.

In the normal course of operations the Company acquires investment properties. At the time of acquisition, the Company considers whether the acquisition represents the acquisition of a business or a group of assets and liabilities. All acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

(iii) Income tax

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

C CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions that affect carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

Investment properties

The choice of the valuation method for fair valuing and the critical estimates and assumptions underlying the valuation of investment properties and investment properties under construction are set out in Note 3 in the consolidated financial statements.

Significant estimates used in determining the fair value of the investment properties includes capitalization rates and normalized net operating income (which is influenced by inflation rate, interest rates, vacancy rates, structural reserves and standard costs) by property, using property specific capitalization rates.

Investment property under construction is also valued at fair value, except if such value cannot be reliably determined. In the exceptional case when a fair value cannot be reliably determined, such property is recorded at cost. The fair value of investment property under construction is determined using either the discounted cash flow method or the residual method.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment property under construction. These estimates are based on local market conditions existing at the reporting date. In arriving at estimates of market values, management used their market knowledge and professional judgement and did not rely solely on historical transaction comparables. In these circumstances, there is more uncertainty than which exists in a more active market in estimating the fair values of investment property. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

MEASURES NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Throughout the MD&A, management will use measures that may include Adjusted EBITDA (net income from continuing operations before interest, taxes, depreciation, amortization, valuation gains and straight-line rental revenue) and NOI (net operating income from properties which includes property revenue less direct property operating expenses and excludes non-cash and extraordinary items, administrative expenses, amortization, valuation gains or losses, gains or losses on sales of investment property or equipment, stock based compensation, interest and income taxes). Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one period to another period. 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. Management believes its use of Adjusted EBITDA and NOI provides the shareholders and prospective investors with additional performance measures to show the cash flow from operations that will be used to finance debt and further growth of the Company. A detail of the calculation can be found on page 15 in this MD&A.

DISCLOSURE CONTROLS AND PROCEDURES

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

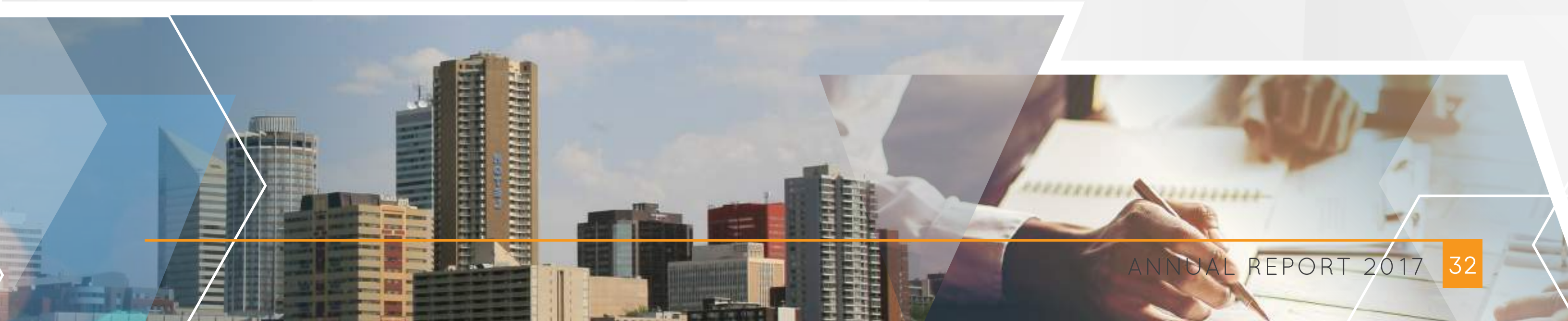
Imperial Equities' major weakness in internal controls and procedures has always been the lack of segregation of duties in the accounting department. The potential impact of a material weakness in internal controls on the financial statements would be the possibility of a material misstatement going undetected. Management is responsible for the existence and effectiveness of systems, controls and procedures to ensure that information used internally by management and disclosed externally is reliable and timely. In Q3 2017, Management has undertaken measures to begin to mitigate such material weakness.

The CFO is employed by Sable Realty & Management Ltd. and in addition to performing the accounting and reporting functions of the Company, the CFO also provides accounting functions to numerous other private companies owned and operated by the CEO. There is the potential for conflict of interest regarding related party transactions. All related party transactions are disclosed each quarter and the Audit Committee is provided with comparable figures for fees charged by other companies.

The Audit Committee provides oversight of financial statements and MD&A released to the public on a quarterly basis. The Company cannot guarantee that controls and procedures in place will prevent all errors or misstatements.

OFF-BALANCE SHEET ARRANGEMENTS

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



PROPERTY PERFORMANCE

UNITED RENTALS
FORT MCMURRAY

Developed by Imperial Equities: March, 2011 | 5.4 Acres of land | 26,400 Total square feet

140 TaigaNova Crescent, Fort McMurray, AB
780-743-9555 | www.unitedrentals.com

2017 PROPERTY DETAILS

▸ **Along Highway 63** on the north end of Fort McMurray lies the TaigaNova Eco- Industrial Park. Developed as a showcase industrial development in Fort McMurray, Alberta, it is a highly efficient Eco-Industrial Park that uses green infrastructure and innovative sustainable design approaches resulting in a higher quality industrial development. Imperial Equities is proud to be one of the first developers to begin construction in the Eco Park.

In January 2010 Imperial completed a long term lease arrangement with Rental Services Corporation (subsequently sold to United Rentals) and soon after finalised the purchase of a 5.4 acre lot. Construction of the 26,400 square foot building began in September 2010. The building is a precast concrete tilt up structure that has incorporated many green friendly features aimed at reducing the amount of natural resources buildings consume both during and after construction is completed.

More than 10% of the entire site is landscaped with mostly native vegetation such as birch, poplar and spruce trees as well as many native shrubs. The balance of the yard area is concrete that is sloped to collect the surface water which is directed to the storm water retention pond. Water from the pond can be used for watering the landscaping throughout the summer months. The 2 storey office component features a curtain wall glass facade that will allow a great deal of natural light while keeping a controlled environment throughout summer and winter.

MEET THE TENANT

▸ **United Rentals ("UR") -** United Rentals Inc. is the largest equipment rental company in the world, with an integrated network of 848 rental locations in 48 states and 10 Canadian provinces. The company's approximately 11,200 employees serve construction and industrial customers, utilities, municipalities, homeowners and others. The company offers for rent approximately 3,400 classes of equipment with a total original cost of $7.40 billion. United Rentals is a member of the Standard & Poor's MidCap 400 Index and the Russell 3000 Index® and is headquartered in Greenwich, Conn. United Rentals trades on the New York Stock Exchange under the symbol (NYSE:URI).

CEDA BUILDING

Developed by Imperial Equities: July, 2008 | 7.66 Acres of land | 58,393 Total square feet

6005 - 72 A Avenue, Edmonton, AB
780-395-3900 | www.CEDA.com

2017 PROPERTY DETAILS

Located in the Davies Industrial East business park of Edmonton, this 58,393 square foot specialty building is comprised of 25,520 square feet of office and 32,873 square feet of warehouse. The building is situated on 7.66 acres on the south side of 72 A Avenue just east of 67 Street. Imperial completed this build to suit project in July 2008.

The building features a two storey curtain wall finish with the balance of the exterior walls of split face concrete block and acrylic stucco. It is barrier free and all areas are wheelchair accessible. The interior features include two full floors of office, state of the art lighting and a fire supression system. The 2nd floor offices are accessed by elevator or by the feature staircase leading to an open area that overlooks the entire main reception. The warehouse features include extensive craneways and state of the art electrical and mechanical systems. The storage yard is a 4 acre fenced and compacted compound with concrete grey beams that ensure safety and stability of the extensive pallet racking system.

MEET THE TENANT

CEDA - An industrial and energy services provider, CEDA provides maintenance, turnaround, construction and project services for oil and gas, refinery, petrochemical, mining and other industrial facilities. CEDA's seven core service lines work independently or as an integrated service offering. CEDA's seven core service lines include: pressure and vacuum, chemical cleaning, pigging and decoking, mechanical and fabrication, electrical, dredging and fluid management and pipeline services.

CEDA is owned by the Ontario Municipal Employee Retirement System (OMERS). OMERS is one of Canada's largest pension funds, managing a diverse global portfolio of stocks and bonds as well as real estate, infrastructure and private equity investment.

ESSENTIAL ENERGY
BUILDING

Acquired by Imperial Equities: October 2014 | 10 Acres of land | 43,400 Total square feet

77 Queensgate Crescent, Red Deer, AB
403-263-6778 | www.essentialenergy.ca

2017 PROPERTY DETAILS

Developed in the Red Deer's modish business park this 43,400 square foot building is situated on 10 acres of prime real estate. The Queens Business Park, newly created by the city of Red Deer, is positioned at the junction of highways 11A and the Queen Elizabeth II and has become the desired location among corporations catering to the energy sector.

Designed in conjunction with the tenant, construction of the Essential Energy Building was completed in February 2014. This industrial tilt up concrete building is architecturally pleasing as well as state of the art. It employs a hydronic in-floor heating system throughout the building including the heating required for the large repair bays as well as the equipment wash bay. All 10,000 square feet of office area is improved and climate controlled.

Two 10 ton overhead cranes free span the entire repair bays providing easy access for loading or unloading anywhere in the warehouse. The perimeter of the building has a large concrete apron and asphalt surfacing for automobile parking. The storage yard consisting of approximately 8 acres is completed with a clay and gravel base with geotechnical fabric covered with a further 12 inches of gravel thus creating a yard that will withstand any large loads placed on it. The entire site is chain link fenced and access is provided through several 40 foot cantilever gates with electronic openers.

MEET THE TENANT

Essential Energy Services Ltd. - is a growth oriented, dividend paying corporation that provides oilfield services to producers in western Canada for new drilling activity as well as for producing wells. Essential Energy serves the energy sector throughout western Canada through several complementary divisions that include coil well service, service rigs and downhole tools and rentals.

Essential Coil Well Service, operates the largest coil tubing well service fleet in Canada providing coil services to producers in the Western Canadian Sedimentary Basin. The new Generation III and IV masted coil tubing rigs are well-suited to complete longer, deeper and more complex wells.

Essential Well Service, operates its service rigs from eight locations across western Canada. Service rigs are used to repair, re-complete and stimulate existing oil and natural gas wells and perform completion work on new wells.

Tryton Tool Service, has been successful in helping its clients complete vertical and horizontal wells using well established conventional products as well as its proven Multi-Stage Frac Systems – both open hole and cemented-in systems. It offers sales and rentals from nine service centres in western Canada and a Warehouse/Distribution centre based out of Edmonton, Alberta.

STRONGCO
BUILDING

Acquired by Imperial Equities: June, 2014 | 4 Acres of land | 25,000 Total square feet

205 MacAlpine Crescent, Fort McMurray, AB
780-799-4201 | www.strongco.com

2017 PROPERTY DETAILS

Located near the southern limits of Fort McMurray and along the eastern side of highway 63, lies the Mackenzie Industrial Park. Matured and fully developed, this industrial area of Fort McMurray has played an integral part of the development of the region. Prominently located within the park is the new Strongco Building. Situated on 4 acres of prime industrial property. The site provides easy access and exposure to and from the two main thoroughfares. Construction of the Strongco Building was completed in February 2014 with immediate occupancy. The new 25,000 square foot building has a structural steel frame with prefinished exterior metal insulated wall panels. The main reception and office area features a central open staircase accessing its second level that overlooks the rear shop areas. The warehouse/shop areas have a ceiling height of 32 feet to underside of the steel trusses that easily accommodates the four 20 ton cranes. Also included is a roof mounted exhaust and fume extraction system including flexible pipes to supply eight bays. This system is interlocked with a roof mounted makeup air unit.

The building has both dock and grade loading with drive in and drive through capability. The perimeter has a 20 foot concrete apron and surfaced and energized car parking for 26 employee and customer parking. The yard is fully compacted utilizing 12 inches of crushed stone with geotextile fabric between the subgrade and stone. It is completely fenced and meticulously landscaped as well as several concrete equipment display pads along MacAlpine Crescent.

MEET THE TENANT

Strongco Corporation - is one of Canada's largest multiline mobile equipment dealers operating throughout Canada and in the North East United States, through its subsidiary Chadwick-BaRoss, Inc. Strongco sells, rents and services equipment used in sectors such as construction, infrastructure, mining, oil and gas, utilities, municipalities, waste management and forestry.

Strongco has approximately 725 employees servicing customers from 27 branches in Canada and 5 in the United States. Strongco represents leading equipment manufacturers with globally recognized brands, including Volvo Construction Equipment, Case Construction, Manitowoc Crane, Terex Cedarapids, Ponsse, Powerscreen, Skyjack, Fassi, Allied, Taylor, ESCO, Dressta, Sennebogen, Takeuchi, Link- Belt and Kawasaki.

By providing first class equipment, outstanding support, and unrivaled service, Strongco is now recognized as the partner of choice in the markets it serves. Listed on the Toronto Stock Exchange Strongco trades under the symbol SQP.

SEABOARD CANADA BUILDING

Acquired by Imperial Equities: September, 2016 | 6.8 Acres of land | 75,000 Total square feet

4737 – 97 Street, Edmonton, AB
780-438-1122 | www.weiroilandgas.com

2017 PROPERTY DETAILS

Located in the highly established Papachase Industrial district of south Edmonton, the Seaboard Canada Building is situated on 6.8 acres of prime property. Bordered by major thoroughfares, the property has excellent access to surrounding arterials including Gateway Boulevard/Calgary Trail, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday. Construction of this 75,000 square foot manufacturing facility is of a high quality steel superstructure with a combination of concrete block and metal insulated panels. The 10,000 square foot office component is built on two levels and features a large curtainwall front entry that immediately draws your eye to the property. The 65,000 square foot shop features dock and grade loading doors, a total of 14 cranes driven by a 1600 amp power service. Originally constructed in 1981 and expanded in 1991, the Seaboard Building has undergone major renovations and upgrades in 2015. The fully paved parking lot is located all along the popular 97 Street and features 118 generous sized and energized parking stalls. The property has wonderful curb appeal and is fully serviced, fenced and landscaped.

MEET THE TENANT

Seaboard Canada. - is a subsidiary of Weir Group PLC, who are headquartered in Glasgow Scotland. With operations in over 70 countries, Weir's comprehensive global manufacturing and service center network has positioned the company to number 1 in frac pumps, centrifugal slurry pumps, flow controls & high pressure grinder rollers. The Seaboard Building in Edmonton, Alberta is the headquarters for Seaboard Canada's Canadian operations. It is the primary manufacturing facility that delivers cost effective wellhead product solutions and pressure control equipment for a variety of applications and pressure ratings. Services provided by Seaboard Canada include the rental of frac trees and support equipment to meet high performance drilling and production needs. The program includes a full complement of equipment and services for per-day or campaign rentals. Field services include installation, on-site testing, maintenance, removal, refurbishment, torque and testing services which allows customers to reduce inventory conveniently and affordably without reducing production potential.

DERRICK BUILDING

Acquired by Imperial Equities: April, 2017 | 3.76 Acres of land | 34,404 Total square feet

3403 – 74 Avenue, Edmonton, AB
780-437-5000 | www.derrickdisposal.com

2017 PROPERTY DETAILS

The Derrick Building is a located along the highly desirable 34 Street in south east Edmonton's established Weir Industrial district. The property consists of 3.76 acres of serviced industrial land and is situated at the south west corner of 34 Street and 74 Avenue. The large rectangular site affords excellent exposure onto 34 Street and is easily accessed by surrounding arterials including Sherwood Park Freeway, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday.

Construction of this 34,404 square foot single occupant industrial building is of a high quality steel superstructure with a combination of metal cladding and a brick facade throughout the front office area. The 11,000 square foot office component is built on two levels and features high quality finishes and workmanship. The 23,404 square foot shop features an abundance of grade doors, a total of 5 overhead cranes with individual craneways and driven by a 1200 amp power service. Originally constructed in 1993, the Derrick Building has undergone major additions, renovations and upgrades in 2006 and in 2016 the building was completely renovated and updated to comply with all current building codes. The building is fully sprinklered and has a large paved parking lot with 60 energized parking stalls. The property is fully serviced, fenced and landscaped.

MEET THE TENANT

Derrick Disposal – is a locally owned and operated business which provides waste services to Edmonton's booming construction industry. The company has been in business for 6 years and was originally named Derrick Fencing and Port-a-Potty. Since inception, the company operated under the umbrella company Derrick Concrete with only 5 employees. Today Derrick Disposal has grown to 45 full time employees and offers a range of construction services such as front load, roll off, hydrovac, septic and water services. Derrick Disposal is also a supplier of temporary fencing, waste bin rentals and portable and heated toilet rentals to construction sites in the Edmonton region.

As a service leader in the industry, Derrick Disposal's competitive edge is their ability to offer a wide range of services to allow customers a 'One Stop Shop'. As one of the major players in the City of Edmonton, Derrick Disposal can keep pricing competitive while maintaining the highest level of delivery services to their clients. Derrick Disposal boasts an excellent staff with years of knowledge and expertise in the construction service industry led by an active owner with over 35 years of industry experience.

COPPERTONE I
BUILDING

Developed by Imperial Equities: July, 2004 | 2.34 Acres of land | 22,939 Total square feet

15103 – 121A Avenue, Edmonton, AB
780-455-7171 | www.gescan.com

2017 PROPERTY DETAILS

Imperial and its consultants planned an architecturally designed site and building according to requirements and specifications of the tenant. The high quality facility was completed as agreed upon and delivered precisely on time. Gescan proudly took occupancy of its new premises in July of 2004.

The 2.34 acre site for the development was a portion of the 11.06 acre block of industrial lands in Edmonton's west end industrial corridor, part of Coppertone Industrial Common. The facility includes a 4,700 square foot 2 storey office component with the balance of the building being an 18,239 square foot, 28 foot high, state of the art warehousing facility. Amenities include enhanced mechanical systems, a fully paved and landscaped site, customer parking, both dock and grade loading along with a secured storage yard area.

The building is a rectangular pre-engineered clear span, fully insulated metal building and is finished in a bronze colored exterior cladding. The office portion features a curtain wall window treatment of anodized smoke grey colored glazing. A first class addition to the Imperial portfolio!

MEET THE TENANT

- **Gescan -** is a leader in the distribution of electrical supplies and equipment with 10 branches in the Alberta and prarie region. Gescan forms part of Sonepar Canada and Sonepar world wide. Sonepar has sales of over $10 billion in the electrical distribution industry with a large presence in Europe, North America, South America, and Asia. As part of Sonepar Canada and one of the largest electrical distribution networks, Gescan has put together a unique blend of people, products, and partners to help customers with their electrical product and service needs.

COPPERTONE II
BUILDING

Developed by Imperial Equities: June, 2012 | 5.13 Acres of land | 21,000 Total square feet

12015 - 152 Street, Edmonton, AB
780-474-7440 | www.norwescocanada.com

2017 PROPERTY DETAILS

- **Developed** as part of Imperial's Coppertone Industrial Common, this architectural design winning building is situated on 5.13 acres. With over 21,000 square feet of floor area this specialty building features 2,000 square feet of prime office space and 19,000 square feet of unobstructed clearspan warehouse.

Construction of the building is considered a "conventional build" with a steel superstructure. The first 8 feet of walls of the entire warehouse component are of a split faced concrete block. Above the concrete block and towering up to 30' in height are prefinished insulated panels. Imperial's team of consultants worked with Norwesco's consultants to create this building that will serve the Tenant's needs for decades to come.

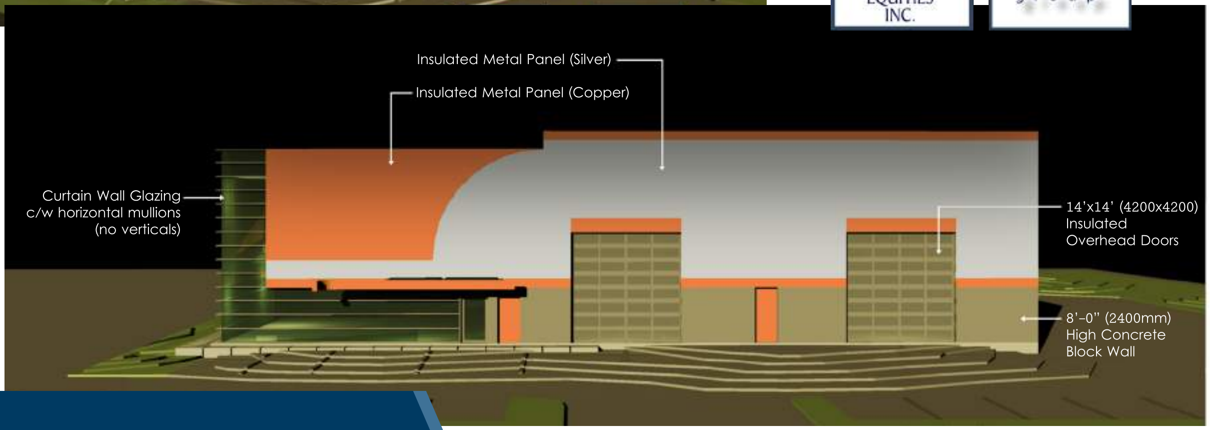
The building design ties in with a theme in the immediate area that creates the appearance of being an Imperial Equities built building.

MEET THE TENANT

- **Norwesco Inc.** - is North America's leading manufacturer of proprietary rotationally moulded polyethylene tanks for agricultural, water, closed-top industrial and below ground septic and cistern applications. Founded in 1939 in St. Paul, Minnesota, Norwesco now operates 17 plants throughout the United States and Canada and is the world's largest supplier of rotationally molded tanks. Rotational molding is an efficient and effective process for molding hollow, complex and vertical shapes. The process uses heat to melt and fuse plastic resin in a closed mold, without utilizing pressure. All of Norwesco's equipment has been customized to improve the speed and efficiency of the manufacturing process.

COPPERTONE III
BUILDING

Under Development by Imperial Equities | 1.25 Acres of land | 12,000 Total square feet



11905 - 152 St, Edmonton, AB

2017 PROPERTY DETAILS

Within Imperial's Coppertone Industrial Common and located along 152 Street, is our newest development called Coppertone III. This 1.25 acre property is fully serviced and currently under development. Imperial has developed the area surrounding this site with high calibre, copper cladded and architecturally appealing buildings. This property is being developed with a similar theme that will tie the entire area together and identify the project as an Imperial Equities property.

The site is rectangular in shape and is fully serviced and accessible directly from 152 Street. The planning stages of developing this phase of our Coppertone Industrial Common is complete and construction of a new 12,000 square foot copper cladded structure began in Q1 2018 and is expected to be completed in Q4 2018. Once construction is completed, this property will become a stunning addition to Imperial's Coppertone collection of properties.

MEET THE TENANT

This property is currently under construction and upon completion will likely be in need of some "company"! Although we have seldom constructed buildings without a prearranged tenant, this one will likely be spoken for prior to its completion. Its size, appearance, layout & location is still the most desirable type of property in Edmonton! For leasing opportunities and further details, please contact Imperial Equities at 780 424-7227.

COPPERTONE VII
BUILDING

12004/40 – 149 Street, Edmonton, AB

2017 PROPERTY DETAILS

▸ **The Coppertone VII Building** is a true gem that is situated along 149 Street in Edmonton, Alberta and bookends the easterly boundary of our Coppertone Industrial Common, which has become one of northwest Edmonton's desired locations. The building is situated on 2.82 acres of prime commercial/industrial real estate with considerable frontage along the highly utilized 149 Street in northwest Edmonton. The Property has excellent curb appeal and superb exposure to one of Edmonton's most travelled thoroughfares.

Built in 1999, this aesthetically pleasing multi tenant building features a great mix of leasable space including service, retail, distribution and office. All service bays include rear grade loading with ample maneuverability as well as electrified staff parking. The building also features two dock loading doors that will offer any tenant the flexibility to deal with any logistics requirements.

Construction of this 47,652 square foot building is of a high quality steel superstructure that is dressed up with a variety of decorative concrete block that will immediately draw your eye to the property. The front facade is guarded by large concrete pillars that support a decorative metal frame and screen that serve as a sign band for the building. The entire property is meticulously landscaped and vehicular traffic areas are completely surfaced with concrete and asphalt. The location of Coppertone VII is strategic to Imperial's long term goal of creating an attractive and functional industrial area in northwest Edmonton.

MEET THE TENANTS

LDI Commercial Kitchen Repair Ltd.

▸ **LDI Commercial Kitchen Repair Ltd. –** began its full service commercial kitchen and repair in Calgary, Alberta in 1990. Services range from gas, electrical, refrigeration, steam, installations and removal and disposal of equipment. LDI also provides a planned maintenance program on their equipment.

In 2012 the company expanded to northern Alberta with an Edmonton location to better serve their clients. In 2016 the company further expanded to British Columbia with a location in Vancouver Island. With 18 technicians within Alberta and BC and thousands of parts in stock, LDI is ready to service their clients.

780-455-0451 | www.lditechs.com

Battery World

▸ **Battery World –** is a supplier of thousands of battery types ranging from hearing aids to RV batteries. Their experience with an extensive and eclectic array of batteries has surprised many. If they don't have it chances are that they will know where to find it.

780-415-5626 | www.batteryworld.net

Acquired by Imperial Equities: February, 2017 | 2.82 Acres of land | 47,652 Total square feet

Uniglassplus/Ziebart

▸ **Uniglassplus/Ziebart –** are the trusted professionals for auto glass, accessories and Ziebart servicing the Edmonton community out of this location since 2010. The team at Uniglassplus/Ziebart have extensive experience in windshield repair and replacement, remote starter installs and vehicle protection. The company offers professional detailing services to restore and protect your car's shine with Diamond Gloss, paint protection film, undercoating and rust protection services. The facility is first-rate, and the owners pride themselves on exceptional customer care.

780-448-9374 | www.uniglassplus.com

ColourSpec Paint and Decorating

▸ **ColourSpec Paint and Decorating –** is an official Benjamin Moore paint dealer authorized to sell the full line of Benjamin Moore products. The company has been in business at this location since 2000 and provides a wide range of paint products and supplies for industrial, commercial and residential projects. Regardless of the size of the project, ColourSpec Paint and Decorating will provide services for a wide range of painting needs.

780-451-2246 | www.benjaminmooreedmonton.ca

Fifendekel Pie Shop Cafe

▸ **Fifendekel Pie Shop Cafe –** is a family owned and operated soup and sandwich business based in Edmonton. The restaurant prides itself on serving the freshest and best quality lunch in the city. Well known for their freshly made saskatoon, blueberry and flapper pies, Fifendekel can satisfy your every craving! Catering and delivery services for business luncheons and meetings are also available.

780-454-5503 | www.fifendekel.com

Magnacharge Battery Corporation

▸ **Magnacharge Battery Corporation –** is one of Canada's leaders in Battery wholesale and distribution. The company focuses on providing the highest quality batteries, chargers, accessories, additional parts, and components needed to keep your equipment running well. The environmental program places a strong emphasis on green sustainability by providing a full battery recycling program.

780-452-2863 | www.magnacharge.com

Farm Credit Canada

▸ **Farm Credit Canada –** is Canada's leading agricultural service provider that provides financing and other services to primary producers, agri-food operations and agribusinesses that offer inputs or add value to agriculture. Farm Credit is a financially self-sustaining federal Crown corporation reporting to Parliament through the minister of Agriculture and Agri-Food.

780-495-4446 | www.fcc.ca

COPPERTONE VIII
BUILDING

Acquired by Imperial Equities: November, 2016 | 1.84 Acres of land | 7,266 Total square feet

12212 – 152 Street, Edmonton, AB

780-643-8787 | www.frontiersupply.ca

2017 PROPERTY DETAILS

Located in the highly established Mitchell Industrial district of northwest Edmonton, our Coppertone VIII building is situated on 1.84 acres of prime industrial property. This single tenant property has a remarkably functional building that features a perfect amount of office space in proportion to the warehouse space. Construction of this 7,266 square foot building is of a high quality steel superstructure with a combination of precast concrete and metal insulated panels. The 2,100 square foot office component is largely on ground level and several offices and a generous boardroom on the mezzanine level. The 5,166 square foot warehouse is a clear span, open space with a 21' ceiling height. The Property is fully serviced with all amenities and is entirely chain link fenced. The entire yard is professionally graded, paved and accessed by 2 large gates allowing for a drive in and drive out scenario for large trucks. The property is near Imperial's Coppertone Industrial Common and as such has been renamed to Coppertone VIII.

The Coppertone Industrial Common is very well situated in northwest Edmonton with excellent access to all major thoroughfares, including the Yellowhead Trail, the Whitemud Drive and the Anthony Henday. Corporations that have established long term tenures within the Coppertone Industrial Common include Gescan, Norwesco and Farm Credit Canada.

MEET THE TENANT

Frontier Waterworks & Pump Supply - is a division of JBW Pipe & Supply Ltd., a large regional company headquartered in Calgary, Alberta. Frontier is one of western Canada's leading wholesale distributors of waterworks, pumping and industrial products, hydronic heating equipment, HVAC equipment, pipe, plumbing and heating products, with six Alberta and two Saskatchewan locations.

Frontier is partnered with AD – a $31 billion buying and marketing group comprised of local independent distributors spanning seven industries in the construction and industrial product markets. Together, AD members are bigger than any national chain, outpace overall industry growth and are the unquestioned leaders when it comes to new product introductions, customer service and market innovations. Frontier's relationship with AD positively impacts the value they deliver to their customers and the benefits they provide to their people.

As an independent distributor, Frontier offers the highest level of personal attention, can make decisions quickly and will stand by their word. The partnership with AD helps Frontier with the depth, breadth and strength to handle virtually any volume the customer may require. Frontier is highly competitive and guarantees great value.

INDEPENDENT SUPPLY BUILDING

Acquired by Imperial Equities: November, 2004 | 1.58 Acres of land | 25,580 Total square feet

11418 -120 Street, Edmonton, AB
780-451-4744 | www.ischvacr.com

2017 PROPERTY DETAILS

▸ **Imperial** acquired this well located industrial warehouse building in north-central Edmonton specifically for Independent Supply Company, a large regional company that wanted to expand. The property is comprised of a 1.58 acre site together with a 25,580 square foot building. The premises were architecturally designed with a configuration of 10,000 square feet of sales and administration areas including built to suit offices, training room and staff areas. The building received an exterior facelift and improvements to the base building, roof, mechanical, electrical, plumbing, entrances, windows, warehouse, parking lot, landscaping and loading areas. The building boasts a sophisticated mechanical layout to showcase the products of the Tenant and features fully air-conditioned warehouse areas.

MEET THE TENANT

▸ **Independent Supply Company (ISC) -** is a premier wholesale distribution company of refrigeration, heating, ventilation and air conditioning parts and equipment in Canada.

ISC is unique in many respects. Perhaps most noticably, the fact that the company is an employee ownership company which permeates the culture of the organization. This sense of ownership translates into a real “can do” approach that is proactive, innovative and above all dedicated to customer satisfaction and service.

The team consists of specially trained people with the expertise and experience to exceed customer expectations. ISC takes pride in providing exceptional service and being a resource of information in addition to a parts and equipment wholesaler. They are open for business Saturdays and provide 24/7 emergency service. ISC is committed to learning and providing local training to help customers be familiar with the latest products and innovations.

NAIT

DISTRIBUTION BUILDING

Acquired by Imperial Equities: June 2005 | 3.37 Acres of land | 70,000 Total square feet

11311 - 120 Street Edmonton, AB

2017 PROPERTY DETAILS

▸ **Located** in the heart of Hudson's Bay Reserve area and near the fringe of downtown Edmonton, this 70,000 square foot building is situated on 3.37 acres, encompassing a whole city block. Features include 13,000 square feet of premium office space, natural lighting in the warehouse with dock and grade loading.

The tenant, Northern Alberta Institue of Technology (NAIT) has occupied the building for over 30 years. The building continues to serve NAIT with offices, avionics class space, equipment maintenance and warehousing. Imperial was fortunate to acquire a great building in the heart of Edmonton that will serve NAIT for many years to come.

This type of property will continue to generate income for our Company but more importantly it has great future redevelopment potential. Imperial will continue to bank land in the city centre airport area. The area serves as an excellent location for distribution for a light industrial tenant.

MEET THE TENANT

▸ **The Northern Alberta Institute of Technology (NAIT) -** is a leader in Canadian technical education. As Alberta's non-university post-secondary institute, NAIT provides full-time and part-time career education programs which focus primarily on technical training in business, health sciences, information management and communications, engineering technologies, industrial technologies, and a wide variety of trades. NAIT offers more than 170 programs leading to one-year certificates, two-year diplomas, four-year applied degrees or apprenticeship certification as well as over 1200 continuing education courses.

With an annual budget of over $370 million NAIT's financial impact creates a ripple effect throughout the province, creating jobs and opportunities. In the final analysis, the economic impact NAIT exerts on the economy of Alberta alone approaches $1.7 billion annually.

TEAM INDUSTRIAL
SERVICE BUILDING

Acquired by Imperial Equities: September, 2001 | 4 Acres of land | 33,500 Total square feet

2507 – 84 Avenue Edmonton, AB
780-417-7777 | www.teamindustrialservices.com

2017 PROPERTY DETAILS

Situated on a four acre site, this building is a single tenant custom constructed industrial building measuring approximately 33,500 square feet. The building contains two concrete bunkers with 36-inch concrete walls and doors which allow the company to do non-destructive testing on-site. The specialty building is the only one of its kind in the Pacific Northwest. Located along the Sherwood Park freeway this property has excellent exposure as well as easy access to all major thoroughfares in Edmonton's south east industrial corridor.

Given the highly specialized features of the building and the presence of a stable, long-term tenant, Imperial has enjoyed steady returns on the property and has steadily achieved a growing equity position.

MEET THE TENANT

Team Industrial Services. (NASDAQ: TISI) - was founded in 1973 and is a leading provider of specialty industrial services that are required in maintaining high temperature, high pressure piping systems and vessels utilized extensively in the refining, petrochemical, power, pipeline and other heavy industries. The aerospace and automotive industries also rely on Team's inspection services. Team has the largest North American service network in its industry, with more than 100 locations across the continent. The 3,400 employees at Team have provided it with the largest North American market share in its industry, and have created a strong heritage of profitable, organic growth. Team also serves the international market through both its own international subsidiaries, and through licensed arrangements in 14 countries.

CENTRAL
DISTRIBUTION BUILDING

11415 - 120 Street, Edmonton, AB

2017 PROPERTY DETAILS

- **Imperial's** largest building is this 103,000 square foot concrete block building situated on 3.83 acres in Edmonton's Hudson's Bay Reserve area. Located close to downtown and the former city centre airport, the property consists of one whole city block and is fully leased to three different distribution type tenants.

The Central Distribution Building is situated in a very central part of Edmonton that allows each tenant easy access to a large potential client base. Demand for this type of space is at its highest and given the central Edmonton location of this property, there is no doubt that vacancies will remain negligible and rental rates strong.

The area serves as an excellent location for a distribution or light industrial tenant and will continue to generate income for our company but more importantly it has great future redevelopment potential. Imperial will continue to bank land in the new Blatchford redevelopment area, formerly known as the city centre airport area.

MEET THE TENANTS

Amre Supply Co Ltd.

- **AMRE Supply Co Ltd. -** is a supplier of parts, tools, equipment and fixtures for contractors and property operators. With 14 locations in major Canadian cities, AMRE carries original factory specified parts that are engineered specifically for their appliances, plumbing, heating or cooling equipment. AMRE also inventories many hard to find or no longer available parts for brands that are engineered to original specifications by quality manufacturers. With a team of experienced employees AMRE Supply has the reputation of being Canada's parts professionals.

780-426-2673 | www.amresupply.com

CENTRAL DISTRIBUTION

Acquired by Imperial Equities: September, 2005 | 3.83 Acres of land | 103,000 Total square feet

Brazilian Canadian Coffee (Alberta) Inc.

Brazilian Canadian Coffee (Alberta) Inc. - is a supplier and wholesaler of quality blended and unblended gourmet coffee and related beverage and food products and services. Brazilian has been in business since June of 1992. Their products can be found in many fine restaurants, offices, other wholesalers, vending companies and gourmet coffee shops. Their qualified team offers decades of coffee knowledge and experience.

780-435-3551 | www.bccab.ca

CCT Canada Inc.

CCT Canada Inc. - is a full-service transportation, logistics and warehousing company, specializing in fast, efficient distribution throughout Canada. Established in 1994, CCT directly and through its strategic partners, offers a full range of LTL, warehousing and logistics services throughout North America but are available to handle needs on a worldwide basis as well.

780-481-0100 | www.cctcanada.com

ALL 4 WATER
BUILDING

Acquired by Imperial Equities: March, 2002 | 2 Acres of land | 50,000 Total square feet

7115 Girard Road, Edmonton, AB
780-486-6663 | www.all4water.ca

2017 PROPERTY DETAILS

▸ **The All 4 Water Building** is situated on a 2 acre site in one of Edmonton's most sought after industrial areas. Situated just east of 75 Street and the very popular Argyll Road. Its location is strategic given its ease of access and proximity to most major arterial roadways and truck routes.

Developed in 1982 this 50,000 square foot concrete block building is ideally suited for manufacturing and distribution. Extensive upgrades to Health Canada standards has enhanced its appearance as well as its functionality. Some notable upgrades include new 1200 amp power service, state of the art fire suppression and fire alarm systems. The property is fully paved with both dock and grade loading and has a generous energized parking lot. With 7,500 square feet of office and 42,500 square feet of production space, the building is ideally suited for its current occupant.

MEET THE TENANT

▸ **All 4 Water -** began as a family owned and operated business in High Level, Alberta. Since its beginnings in 2010, it has expanded into both major Alberta cities of Edmonton and Calgary. With a total of 11 lines and the ability to bottle 720,000 bottles per day, production begins with PET resin and ends with a filled great tasting bottle of water.

The company is rapidly expanding with sights set on continued growth and expansion throughout Canada and future economic development in the international market, namely China and the United States. Products include various sizes of reverse osmosis bottled water, bottled spring water, bottled soda pop, bottled carbonated water, and specialised production of caps and bottle molds when desired. Sizes include 350mL up to 18.9L bottles.

With their state of the art facilities, All 4 Water has the flexibility to produce privately labelled products and also offers the ability to create a bottle design entirely specific to suit a customer's needs. Biodegradable bottles are available to the consumer and unlike anything else in the industry, All 4 Water's biodegradable products require no sunlight or oxygen to degrade in landfills, making them completely biodegradable.

ASHWORTH
BUILDING

Developed by Imperial Equities: August, 2012 | 19,602 Square feet of land | 8,000 Total square feet

18037 - 105 Avenue, Edmonton, AB
780-482-7219 | www.tb3supply.ca

2017 PROPERTY DETAILS

This development is an example of how a land banked property is transformed into a revenue generating building. With an ever increasing demand for small to midsized single tenant buildings in northwest Edmonton, Imperial proceeded to develop this site into an 8,000 square foot multi use building. With a 2 storey office and showroom combination and 6,000 square feet of warehouse space, this newer building is the jewel on the block.

The facade of the office component boasts a large amount of glass giving the building a curtain wall effect that culminates in a grand entry. The interior begins with a showroom that leads to a showcase stairway leading to the upstairs offices. The warehouse has a clear span and is equipped with the newest electrical and mechanical systems that are both energy efficient and provides for a much longer life of the components. The yard is completely paved and fenced providing for comfort and security.

MEET THE TENANT

TB3 Supply Inc. - is a locally owned and operated business which contributes to Alberta's booming oil and gas Industry. A vision of three partners with over 30 years of combined oil and gas industry experience, TB3 is a supplier and distributor of a selection of oil and gas products ranging anywhere from personal protective equipment (PPE) and janitorial supplies, to specialized welding and cutting tools. No matter what oil and gas product their clients require, TB3 has the systems in place to deliver quickly, accurately, and at competitive prices.

To better serve their clients, TB3 manufactures a variety of components such as custom cable, welding cable, extension cords, and explosion proof cords. TB3 has knowledgeable staff that specializes in the manufacturing of these products and ensures that their clients are never left without the products needed. Success in the oil and gas industry is dependent on reliable products, fast delivery and exceptional service, and TB3's sourcing capabilities are constantly growing to accommodate the industry's demand.

THE CAPITAL BUSINESS PARK

15730 /40 – 118 Avenue Edmonton, AB

2017 PROPERTY DETAILS

Located along one of Edmonton's busiest industrial roadways is the Capital Business Park. Acquired in 1999 this 4.1 acre property had several buildings on the site and the acquisition accommodated one tenant that required only one building but did not require the entire site. For Imperial Equities, an acquisition of this type of property was fundamental to its growing portfolio. Any residual lands would be land banked for any future development opportunities.

One of the buildings and approximately one acre of land was leased out to an equipment rental company and in 2006 Imperial undertook to renovate the 10,408 square foot building to a high standard. The transformation began with a complete exterior upgrade that consisted of a new roof, siding, landscaping and yard surfacing. The interior renovations have features such as a new sliding glass door entry system that leads to the 5,000 square foot showroom and climate controlled office area. A large repair and service shop includes a high pressure wash bay that allows for the cleaning of returned equipment.

In early 2011 Imperial was asked to prepare a lease proposal for a 3 acre land component and a new 17,694 square foot building designed specifically for the waterworks division of EMCO Corporation. Imperial engaged its team of consultants that included architects, structural, mechanical, electrical and civil engineers to dialogue with EMCO to create an office, showroom and warehouse facility. The consultation process culminated in an attractive eye-catching design and a construction method that is state of the art. The building is constructed with insulated tilt-up concrete panels that are developed in a climate controlled environment then transported and erected on site. The office and showroom consists of over 5,000 square feet with the office portion being a two storey contemporary design with the latest in energy efficient components.

Acquired by Imperial Equities: March, 1999
EMCO Build To Suit Completed: June, 2012

4.10 Acres of land
28,102 Total square feet

MEET THE TENANTS

EMCO Corporation

EMCO Corporation - is one of Canada's largest integrated distributors of products for the construction industry. EMCO offers products in the distinct categories of plumbing and heating, waterworks, industrial, oilfield supply and HVAC (heating, ventilation and air conditioning). EMCO strives to satisfy the needs of its customers with a focused product assortment, transported and sold through an extensive network of branches, distribution warehouses and showrooms across Canada.

Since 1906 EMCO Waterworks has been serving Edmonton's burgeoning construction industry. EMCO Waterworks specializes in distributing vital construction materials such as PVC pipes, fittings, valves, hydrants, Geosynthetics, septic and irrigation products.

780-447-4800 | www.emcoltd.com

Ahern Equipment of Canada

Ahern Equipment of Canada - Headquartered in Las Vegas, Nevada, Ahern Rentals is a family-owned business which started from humble beginnings in 1953. Through organic growth, Ahern Rentals is today the largest independent rental company in North America, with 81 locations.

Ahern Rentals has over 41,000 pieces of equipment in the fleet, and serves customers in many sectors, including construction, industrial, residential, utilities, municipalities, conventions, and entertainment & events. The company specializes in high reach equipment, which permits the safe lifting of people or materials to work at height, and offers one of the largest selections in the industry.

Based on their family values, Ahern Rentals is committed to building relationships and takes pride in listening and responding to their customers' needs.

780-467-0600 | www.ahern.com

OLIVER CROSSING

10304/36 - 111 Street Edmonton, AB

2017 PROPERTY DETAILS

- **Oliver Crossing** is the Company's longest-held property and has continually been a model for the Company. This 1.25 acre site has 16,207 square feet of leasable space in two buildings.

Imperial has made significant upgrades to this 78-year old building to transform it into a charming property, located on the fringe of downtown Edmonton, in the city's historic Oliver district. This area has undergone a remarkable transformation over the past five years becoming one of the city's fastest growing residential and commercial communities.

The Company's initial purchase of this property was made just when the overall revitalization of the Oliver district was just beginning. Imperial has been able to hold on to an asset that has seen tremendous growth in its market value.

MEET THE TENANTS

Urban Timber

- **Urban Timber -** introduces fresh modern designs using reclaimed wood from barns, schools, and old factories. Once forgotten or damaged by fire, weather or landfills, Urban Timber rescues beams, planks, and wood siding to create furniture, solid wood flooring, mantles, and design accents for your home, office, or retail space. Locally owned and operated – proud to support our environment.

587-521-9663 | www.urbantimber.ca

City Centre Church

- **City Centre Church -** A young church that longs to be part of the authentic faith community of friends that contribute into each other's lives, and the surrounding community. City Centre Church began with a strong leadership base and a passion to see new churches launch. They are also committed to building leaders! Their desire is that the church would provide a healthy spiritual environment for people to come to wholeness.

780-423-CITY(2489) | www.citycentrechurch.com

Acquired by Imperial Equities: February, 1999 | 1.25 Acres of land | 16,207 Total square feet



Louisiana Purchase

▶ **Louisiana Purchase -** serves authentic creole & cajun food. It was founded in 1989 in Edmonton and has always been locally owned and operated. Creole cuisine is a style of cooking originating in Louisiana (centered on the greater New Orleans area) that blends French, Spanish, French Caribbean, African, and American influences. It also bears hallmarks of Italian cuisine. It is vaguely similar to cajun cuisine in ingredients, but the important distinction is that cajun cuisine arose from the more rustic, provincial French cooking adapted by the Acadians to Louisiana ingredients, whereas the cooking of the Louisiana Creoles tended more toward classical European styles adapted to local foodstuffs.

780-420-6779 | www.louisianapurchase.ca

William H. Ross Architect Ltd.

▶ **William H. Ross Architect Ltd. -** is a traditional architectural consulting group operating since 1977. The company offers a full range of architectural expertise in commercial, institutional, industrial and residential projects. Other work includes tenant improvements and interior design for a variety of clients including the Bank of Nova Scotia and Merrill Lynch.

780-482-3495

Indian Fusion

▶ **Indian Fusion -** Provides an intimate, and relaxing dining experience. From the moment you step inside, your senses are engaged with the sights, sounds, and scents of an authentic East Indian restaurant. The warm and inviting decor provides the perfect accent to the menu of authentically prepared cuisine.

780-752-5500 | www.indianfusionrestaurant.ca

Privé

▶ **Privé -** Melding the allure of trendsetting exclusivity with contemporary entertainment, Privé will redefine nightlife in Edmonton. Guests can indulge in the latest sensory innovations while escaping into a world that transcends professional service, classic seduction and sophistication. A voyeuristic design throughout the night club gives guests a bird's eye view of the jaw dropping entertainment, VIPs and Edmonton's beautiful crowd. Privé features a variety of music formats during its three weekly nights, Thursday to Saturday, and offers VIP tables, one lounge to accommodate guests at the beginning of the night, three full-service bars and a lavish main dance floor.

780-394-2342 | www.priveultralounge.ca

UNITED RENTALS
FORT SASKATCHEWAN

Acquired by Imperial Equities: May, 2008 | 2.3 Acres of land | 6,000 Total square feet

11141 - 89 Avenue Fort Saskatchewan, AB
780-992-1833 | www.unitedrentals.com

2017 PROPERTY DETAILS

Just minutes northeast of Edmonton and anchored by the city of Fort Saskatchewan lies Alberta's Heartland. This prime industrial area has been identified for the development of complimentary industries to the oil sands such as refineries and upgraders.

This 2.3 acre property fronts highway 15 on the corner of 112 Street in Fort Saskatchwan, Alberta. The building is a 6,000 square foot concrete block structure that was completely renovated in 2008. The interior features include a showroom and a bank of offices. The shop features 3 repair bays and a complete wash bay. The entire yard is fenced and paved allowing for easy movement of equipment throughout.

MEET THE TENANT

United Rentals - is one of the largest equipment rental firms in the United States and Canada. For more than 50 years United Rentals has provided equipment (ranging from electric hand tools, fork lifts, and backhoes to post hole diggers and 100-foot telescopic boom lifts to earth-moving equipment, computerized and manned tool trailers, and mill supplies) for rental to the industrial, petrochemical, and construction industry as well as to contractors and homeowners. The company also sells parts, supplies, used rental equipment; distributed new equipment for manufacturers and provides support services including onsite maintenance and repair.

United Rentals sets the standard for customer service to the construction, manufacturing, industrial and petrochemical industries with highly trained people and a wide range of rental equipment. United Rentals' commitment towards customer service is at the forefront of everything they do.

DAY & ROSS
CROSSDOCK FACILITY

Acquired by Imperial Equities: June, 2002 | 4.79 Acres of land | 22,600 Total square feet

11727 - 178 Street, Edmonton, AB
780-638-0100 | www.dayross.ca

2017 PROPERTY DETAILS

▸ **Situated on 4.79 acres** in the Armstrong Industrial area of northwest Edmonton is the Day and Ross Crossdock facility. The 22,600 square foot building is a purpose built crossdock that allows for the easy movement and distribution of freight from one tractor trailer to another. Crossdock buildings in Edmonton are very much in demand and a necessity for companies such as Day and Ross.

This facility is very well located in Edmonton along 178 Street with easy access to the major thoroughfares such as the Yellowhead and Anthony Henday. The building consists of an office area comprised of 2,600 square feet at the north end and the balance being 20,000 square feet of crossdock and warehousing space. The building is situated tight along the east boundary of the lot leaving the vast majority of the land to be used for truck and other vehicular manoeuvrability.

MEET THE TENANT

▸ **Day and Ross -** is a comprehensive national carrier with complete LTL (less than truckload) & TL (truckload) coverage within Canada and between Canada, the USA and Mexico.

With over 60 years of service, Day & Ross has fine-tuned their operations to meet the varied needs of Canadian shippers from Newfoundland to British Columbia, and all points in between. Headquartered in Hartland, New Brunswick, Day & Ross is recognized as one of Canada's only true National carriers serving all 10 provinces direct with LTL and TL service anywhere in Canada, and to and from the United States through a strategic alliance with an exclusive U.S. marketing partner as well as scheduled TL operations to and from Mexico.

Launched by Maritimers Elbert Day and Walter Ross, Day & Ross started with one truck hauling potatoes from New Brunswick to Quebec. Today, Day & Ross hauls more than just potatoes – the company has grown to include over 1200 power units, 2000 trailers and more than 2500 dedicated and experienced employees and owner-operators located in terminals and other facilities across Canada.

As part of the McCain family, Day & Ross is committed to Lean "Six Sigma", a process designed to involve employees in decision-making, and to instil a philosophy of continuous improvement.

LAND for DEVELOPMENT

2.0 ACRES

207 MacAlpine Crescent, Fort McMurray, AB

2017 PROPERTY DETAILS

- **Located** in the heart of one of Fort McMurray's most established industrial areas is this two acre parcel of land. Mackenzie Industrial Park located along the east side of Highway 63 at Fort McMurray's southern boundary offers easy access to and from highway 63, the Fort McMurray airport and points north. The site is level, fenced and ready for development.

Imperial has land banked this site and is actively pursuing a build to suit opportunity to commence development.

12.9 ACRES

NE corner of 17 Street & 90 Avenue, Edmonton, AB

2017 PROPERTY DETAILS

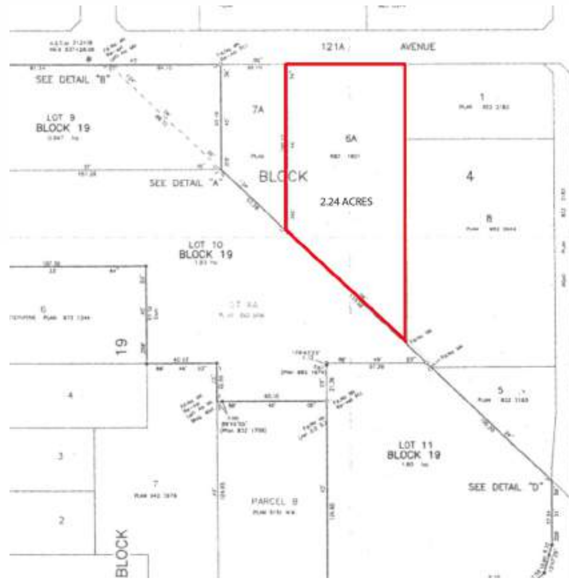
- **Located** along 17 Street in Edmonton's southeast industrial district is the Lauren Industrial Park. Conveniently situated just off the Sherwood Park Freeway with several access points to Edmonton's ring road, the Anthony Henday. This 12.9 acre site is the last undeveloped property in Lauren Industrial and is fully serviced and ready for development.

The site is a large square shaped parcel with excellent exposure. It is gently sloping with a hard clay base and gravel surface that is conducive to heavy truck or equipment usage. Access to the site is off 90th Avenue. A conceptual building plan has been created and can easily be altered to suit the needs of a prospective tenant. Imperial has land banked this property and is looking for a built to suit opportunity to develop the site.

2.24 ACRES

15003 – 121A Avenue, Edmonton, AB

2017 PROPERTY DETAILS



- **Located** along 121 A Avenue in the Mitchell Industrial area of Edmonton's northwest district is this 2.24 acre property with exposure to the very busy 149 Street thoroughfare. The site is rectangular in shape for the most part and has a triangular shape at the southern most boundary and is ready for development. Access to the property is off of 121 A Avenue and all services are available and at the property line.

Imperial has land banked this site and is actively pursuing a build to suit opportunity to commence development. As part of Imperial's Coppertone Industrial Common any new building development on this site will incorporate the desirable copper cladding that is common to the area.

FINANCIAL STATEMENTS

Grant Thornton

Independent Auditor's report

Grant Thornton LLP
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To the Shareholders of
Imperial Equities Inc.

We have audited the accompanying consolidated financial statements of Imperial Equities Inc., which comprise the consolidated statements of financial position as at September 30, 2017 and September 30, 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Imperial Equities Inc. as at September 30, 2017 and September 30, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Edmonton, Canada

November 30, 2017

Grant Thornton LLP

Chartered Professional Accountants

IMPERIAL EQUITIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	September 30, 2017	September 30, 2016
Assets			
Investment properties	3	185,896,325	159,634,487
Loan receivable	4	-	482,063
Total non-current assets		**185,896,325**	**160,116,550**
Investment properties held for sale	3	-	8,104,500
Current portion of loan receivable	4	496,414	496,362
Receivables	5	81,534	110,585
Income taxes recoverable		-	27,586
Prepaid expenses and deposits	6	2,008,256	494,762
Cash and cash equivalents		843,336	2,115,033
Total current assets		**3,429,540**	**11,348,828**
Total Assets		**189,325,865**	**171,465,378**
Liabilities			
Mortgages	7	68,629,558	55,563,817
Security deposits		325,538	256,314
Deferred taxes	11	13,810,232	12,991,319
Total non-current liabilities		**82,765,328**	**68,811,450**
Current portion of mortgages	7	11,020,384	19,813,977
Other financing	8	1,300,000	-
Bank operating facilities	9	9,506,115	2,502,387
Deposit on investment property for sale	3	-	250,000
Payables and accruals	10	672,789	818,739
Income taxes payable		852,725	683,929
Total current liabilities		**23,352,013**	**24,069,032**
Total Liabilities		**106,117,341**	**92,880,482**
Equity			
Issued share capital	13	6,050,152	5,946,742
Contributed surplus	13	593,750	593,750
Retained earnings		76,564,622	72,044,404
Total Equity		**83,208,524**	**78,584,896**
Total Equity and Liabilities		**189,325,865**	**171,465,378**

Post-reporting date events (Note 21)
Guarantees and contingencies (Note 17)

See accompanying notes to the consolidated financial statements.

IMPERIAL EQUITIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended September 30,

	Notes	2017	2016
Rental revenue	16 (a)	10,325,117	8,742,539
Property operating expense revenue		2,552,493	2,007,034
Property operating expenses	16 (b)	(2,971,617)	(2,443,207)
Income from operations		**9,905,993**	**8,306,366**
Administration expenses		(1,444,655)	(992,405)
Amortization		(326,666)	(342,891)
Forfeited deposit	3	238,095	-
Loss on the sale of equipment	3	(51,034)	-
Gain on the sale of investment property	3	-	39,427
Valuation net gains from investment properties	3	612,790	1,135,699
Income before interest and income tax		**8,934,523**	**8,146,196**
Interest income		19,636	31,243
Interest expense		(2,545,127)	(2,365,610)
Income before income tax		**6,409,032**	**5,811,829**
Income tax expense	11	(1,671,639)	(1,397,846)
Net income from continuing operations		**4,737,393**	**4,413,983**
Discontinued operations	4		
Income from discontinued operations		-	1,293,850
Income tax expense		-	(170,887)
Net income from discontinued operations		**-**	**1,122,963**
Net income and total comprehensive income		**4,737,393**	**5,536,946**
Earnings per share, basic and diluted			
From continuing operations	14	**.49**	.46
From discontinued operations		-	.12
Earnings per share basic and diluted	14	**.49**	**.58**

See accompanying notes to the consolidated financial statements.

IMPERIAL EQUITIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended September 30,

	Number of shares	Capital stock	Contributed surplus	Retained earnings	Total
October 1, 2016	9,671,442	$ 5,946,742	$ 593,750	$ 72,044,404	$ 78,584,896
Shares held in treasury at beginning of year	-	139,322	-	-	139,322
Shares cancelled during the year	(57,000)	(35,912)	-	(217,175)	(253,087)
Net income	-	-	-	4,737,393	4,737,393
Balance September 30, 2017	9,614,442	$ 6,050,152	$593,750	$ 76,564,622	$ 83,208,524

	Number of shares	Capital stock	Contributed surplus	Retained earnings	Total
October 1, 2015	9,747,042	$ 6,133,681	$ 593,750	$ 66,790,046	$ 73,517,477
Shares repurchased during the year	-	(139,322)	-	-	(139,322)
Shares cancelled during the year	(75,600)	(47,617)	-	(282,588)	(330,205)
Net income	-	-	-	5,536,946	5,536,946
Balance September 30, 2016	9,671,442	$ 5,946,742	$593,750	$ 72,044,404	$ 78,584,896

See accompanying notes to the consolidated financial statements.

IMPERIAL EQUITIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30,

	Notes	2017	2016
Operating activities			
Net income from continuing operations		4,737,393	4,413,983
Interest on financing		2,545,127	2,456,214
Items not affecting cash:			
Forfeited deposit on agreement to sell investment property		(238,095)	-
Amortization of discount on loan receivable		(17,989)	(21,675)
Amortization of tenant inducements		36,364	27,273
Fair value changes on investment properties		(612,790)	(1,135,699)
Amortization		326,666	342,891
Straight-line rental revenue		(190,965)	(112,541)
Loss on sale of equipment		51,034	-
Gain on the sale of investment property		-	(39,427)
Deferred income taxes		818,914	795,834
Change in non-cash working capital	12	(1,376,694)	140,842
Cash inflow from operating activities of continuing operations		**6,078,965**	**6,867,695**
Cash (outflow) from discontinued operations		**-**	**(1,791,665)**
Investing activities			
Purchase of investment properties		(17,133,798)	(12,436,069)
Additions to investment properties		(308,470)	(364,194)
Tenant inducements		-	(400,000)
Proceeds on sale of investment property, net of disposal costs of $209,260		-	3,190,740
Proceeds on sale of equipment		23,000	-
Proceeds from loan receivable		500,000	-
Direct leasing costs		(268,611)	(66,320)
Cash outflow used for investing activities of continuing operations		**(17,187,879)**	**(10,075,843)**
Cash inflow from disposition of discontinued operations, net of disposal costs of $213,077	4	**-**	**3,048,133**
Financing activities			
Proceeds from mortgages		10,250,000	25,494,000
Repayment of mortgages		(5,951,302)	(11,459,756)
Transaction costs paid		(106,317)	(151,040)
Advances from other financing		3,350,000	500,000
Repayment of other financing		(2,050,000)	(3,425,000)
Interest on financing		(2,545,127)	(2,456,214)
Purchase of common shares for cancellation		(113,765)	(469,527)
Net advances (repayment) on bank operating facilities		7,003,728	(7,254,460)
Cash inflow from financing activities of continuing operations		**9,837,217**	**778,003**
Cash inflow from financing of discontinued operations		**-**	**2,278,992**
(Decrease) increase in cash and cash equivalents		(1,271,697)	1,105,315
Cash and cash equivalents, beginning of year		2,115,033	1,009,718
Cash and cash equivalents, end of year		**843,336**	**2,115,033**

Supplemental consolidated cash flow information (Note 12)

See accompanying notes to the consolidated financial statements.

1. Nature of operations

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 commercial and industrial properties primarily in Edmonton and throughout Alberta. The Company's operations also included the sale and distribution of pharmaceuticals to the date of disposal of Imperial Distributors Canada Inc. ("IDCI"). At December 31, 2015, subject to certain escrow conditions, the Company sold its wholly owned subsidiary IDCI. The results of this former subsidiary are presented as discontinued operations in these consolidated financial statements (Note 4). 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 Distributors Canada Inc. ("IDCI") to the date of disposition, 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, basis of presentation and consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial instruments that have been measured at fair value. These consolidated financial statements are prepared on a going concern basis and are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are the entities over which the Company has control. The Company controls the entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and can affect those returns. The results of operations of the subsidiary IDCI are reported to the date of disposal. All significant intercompany balances and transactions have been eliminated.

(b) Investment properties

Investment properties are comprised of acquired commercial properties, developed commercial properties, and properties under construction or re-development held to earn rental income or for capital appreciation or both.

Investment properties

Investment properties are measured initially at cost including transaction costs. Transaction costs include various professional fees, initial leasing commissions and other costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. After initial recognition, investment properties are stated at fair value. Related fair value gains and losses arising from changes in the fair values are recorded in the consolidated statements of comprehensive income in the period in which they arise.

The carrying value of investment properties also includes straight-line rent receivable, tenant incentives and direct leasing costs.

Tenant incentives are inducements given to prospective tenants to move into the properties or to existing tenants to extend the lease term. The net book value of tenant incentives is included in the carrying value of the investment properties and are deducted from rental revenue on a straight-line basis over the term of the tenant's lease.

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statements of comprehensive income in the period of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous reporting period financial statements.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of re-development or development with a view to sale. Investment properties are reclassified to "Investment properties held for sale" when the criteria set out in IFRS 5 "Non-Current Asset Held for Sale and Discontinued Operations" are met (Note 2(f)). If the investment property is not sold and the criteria are no longer met, the investment property is no longer classified as "Investment properties held for sale."

Vacant land owned by the Company is held for capital appreciation or future development and treated as investment property.

Investment properties under construction

The cost of properties under construction includes direct development costs, realty taxes, and borrowing costs directly attributable to the development. Investment properties under construction are measured at fair value at each reporting date and any gains or losses are recognized in the consolidated statements of comprehensive income. If the fair value of investment properties under construction is not reliably determinable, but the Company expects the fair value of the properties to be reliably determinable when construction is complete, it measures those investment properties under construction at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

Borrowing costs related to properties under construction

Borrowing costs associated with direct expenditures on properties under construction are capitalized. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of the development until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale, are complete. Other borrowing costs are expensed in the period in which they are incurred and reported in interest expense along with amortization of mortgage transaction costs.

(c) Business combinations

In accordance with IFRS 3 – Business Combinations ("IFRS 3"), the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired and the liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return in the form of dividends, lower costs or other economic benefit. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied. Building and other asset acquisitions which do not meet the above definition of a business are recorded as an asset addition. There are no acquisitions which meet the definition of a business in the current or comparative year.

(d) Impairment of assets

At the end of each reporting period, assets, other than those identified in the standards as not being applicable to IAS 36 – Impairment of Assets such as investment properties recorded at fair value, are assessed for any indication of impairment. Should an indication of impairment exist, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset's "fair value less costs of disposal" and its "value-in-use". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period, a reversal of the impairment loss is recorded in the consolidated statements of comprehensive income. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized.

(e) Assets held for sale and discontinued operations

(i) Assets (or disposal groups) held for sale

Non-current assets and groups of assets and liabilities, which comprise disposal groups, are categorized as assets (or disposal groups) held for sale where the asset (or disposal group) is available for sale in its present condition and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the non-current asset (or disposal group) is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where an asset (or disposal group) is acquired with a view to resale, it is classified as held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a brief period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect non-current assets held for sale. The gains or losses arising on a sale of assets (or disposal groups) that does not meet the definition of discontinued operations will be recognized as part of continuing operations, while the gains or losses arising on a sale of assets (or disposal groups) that meets the definition of discontinued operations will be reported as part of discontinued operations in the consolidated statement of comprehensive income.

(ii) Discontinued operations

An asset or group of assets will be classified as a discontinued operation when it is a component of an entity that has either been disposed of or is classified as held for sale and represents a separate major line of business, it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or it is a subsidiary acquired exclusively with a view to resell. Profits and gains or losses related to the disposal of discontinued operations are measured based on fair value less cost to sell or on the disposal of the assets (or disposal groups) and are presented in the consolidated financial statements on an after-tax basis in accordance with IFRS 5. In addition, retrospective application is required; therefore, comparative figures will be changed to reflect discontinued operations. As an individual building or a group of buildings in a non-core municipal region does not constitute a major line of business, these sales are not treated as discontinued operations.

(f) Investment properties held for sale

Investment property is transferred to current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. For the sale to be highly probable, the Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated. The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. On re-classification to or from investment properties held for sale, investment property that is measured at fair value continues to be so measured.

(g) Leases – Company as lessor

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statements of comprehensive income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

The Company has assessed all leases in which it is the lessor to be operating leases.

(h) Segment reporting

Operating segments are defined as components of the Company for which separate financial information is available and is evaluated by the chief decision makers in allocating resources and assessing performance. Up to the date of disposal of IDCI at December 31, 2015, the Company operated in two business segments, real estate and pharmaceutical sales, based on the diverse types of business activities and the different economic environments they operated in. All the Company's operations are solely in Canada and are now under one business, real estate.

(i) Income tax

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

(j) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each balance sheet date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

(k) Revenue recognition

(i) Real estate operations

Revenue from investment properties is recognized when a tenant has a right to occupy the leased asset. Rental income from investment properties is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in the carrying amount of investment property, is recorded for the difference between the rental revenue recorded and the contractual amount received. The Company has retained substantially all the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payment is not made on such basis. The lease term is the non-cancellable period of the lease.

Rental revenue also includes contractual recoveries of operating expenses, including property taxes and is recognized as income in the period that recoverable costs are chargeable to the tenants. The recoveries are included gross of the related costs in revenue, as management considers that the Company acts as principal in this respect. Some of the Company's leases allow the tenant to pay property taxes directly to the municipality. When the tenant chooses this option, the Company does not recognize any revenue recovery or expense related to those property taxes.

When management determines collectability of revenue under a lease is not reasonably assured, revenue is no longer recorded.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

(ii) Pharmaceutical operations – prior year discontinued operations

Revenue from the sale of pharmaceuticals, up to the date of disposal in the prior year, was recognized when the Company had transferred to the customers the significant risks and rewards of ownership of the products. The Company retained neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the products sold. Revenues were recorded as gross revenue being the amount charged to customers net of rebates and any discounts or sales returns by customers. In management's opinion, the sales returns were insignificant, and the Company provided a sales return allowance for each reporting period based on experience.

There were instances when customers would request that the Company bill and hold their shipments until the customers were prepared to receive the goods. Revenue on bill and hold arrangements was recognized when the customer was invoiced for the goods that had been purchased and made ready for shipment, as the risk of ownership of the goods had been assumed by the customer. The terms and collections experienced on the related billings were consistent with all other sales.

(l) Fair value measurements

The Company measures certain non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortized cost are disclosed in the notes to the consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(m) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instruments. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled, or expire.

All financial instruments and certain non-financial derivatives are initially measured at fair value. Financial liabilities are initially recognized net of transaction costs. The Company does not have any derivatives embedded in financial or non-financial contracts.

The following summarizes the Company’s classification and subsequent measurement of financial instruments:

Financial assets and liabilities	Classification	Subsequent measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Receivables and loan receivable	Loans and receivables	Amortized cost
Bank operating facilities	Other financial liabilities	Amortized cost
Payables and accruals	Other financial liabilities	Amortized cost
Other financing	Other financial liabilities	Amortized cost
Mortgages	Other financial liabilities	Amortized cost
Security deposits	Other financial liabilities	Amortized cost

Financial assets measured at amortized cost are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

(n) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months of less.

(o) Stock based compensation

The Company has established a stock option plan for its directors, management and key employees as described in Note 15. The Company uses the fair value method of accounting for stock options. The fair value of the option grants is calculated on the grant date for employees using the Black-Scholes Option Pricing Model and recognized as compensation expense over the vesting period of those granted options, adjusted for estimated forfeitures. The corresponding adjustment is recorded to contributed surplus. The fair value of the option grants to non-employees is calculated based on the value of the services provided in exchange for the option issue. When the options are exercised the proceeds received by the Company, together with the related amount in contributed surplus, are added to share capital. Forfeited or expired options are put back into the pool of available stock options for future grants. No adjustment is recorded for stock options that expire unexercised. For stock options which expire unexercised, the corresponding amount in contributed surplus is transferred to retained earnings. There is no adjustment to past compensation expense. Compensation expense related to forfeited options is reversed on the forfeiture date provided the options have not vested.

(p) Normal course issuers bid

Common shares purchased under the normal course issuers bid ("NCIB") are acquired at market value. The transaction reduces the number of common shares outstanding and the transaction value, including costs, reduces capital stock at the adjusted cost base of the shares repurchased with the remaining transaction value charged to retained earnings. For shares acquired and not cancelled, the transaction value, including costs, reduces capital stock.

(q) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimation uncertainty, in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) Leases

The Company has commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases. In applying this policy, the Company makes judgments with respect to the point in time at which revenue recognition under the lease commences.

(ii) Investment properties

The Company's accounting policies relating to investment properties are described in Note 2(b). In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property to be capitalized and, for properties under development, identifying the point at which practical completion of the property occurs and the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses ceases to occur when the investment property is available for use. This judgement is applied when the property is substantially complete and is typically concurrent with occupancy.

In the normal course of operations the Company acquires investment properties. At the time of acquisition, the Company considers whether the acquisition represents the acquisition of a business or a group of assets and liabilities. All acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

(iii) Income tax

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change.

As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

(r) Critical accounting estimates and assumptions

The Company makes estimates and assumptions that affect carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Investment properties

The choice of valuation method and the critical estimates and assumptions underlying the calculation of the fair value of investment properties and investment properties under construction are set out in Note 3.

Significant estimates used in determining the fair value of the investment properties includes capitalization rates and normalized net operating income (which is influenced by inflation rate, vacancy rates, and standard costs) by property, using property specific capitalization rates.

Investment property under construction is also valued at fair value, except if such value cannot be reliably determined. In the exceptional case when a fair value cannot be reliably determined, such property is recorded at cost. The fair value of investment property under construction is determined using either the discounted cash flow method or the IAS 16 cost method with use of a residual value of zero.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment property under construction. These estimates are based on local market conditions existing at the reporting date. In arriving at estimates of market values management used their market knowledge and professional judgement and did not rely solely on historical transaction comparables. In these circumstances, there is more uncertainty than which exists in a more active market in estimating the fair values of investment property. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

(ii) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

(iii) Stock-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuing its stock options to employees and directors at the date of issue. Management uses estimates of the expected life, the risk-free rate, expected volatility, and expected forfeiture rate when calculating the value of the options issued. These estimates may vary from the actual expense incurred.

(s) Future accounting pronouncements

The Company has reviewed the following new and revised accounting pronouncements that have been issued but are not yet effective as at the date of authorization of these consolidated financial statements. The Company plans to apply the revised standards on their effective date.

IFRS 2 Share-based Payment has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact this new standard will have on its consolidated financial statements.

IFRS 9, "Financial Instruments" ("IFRS 9"), issued in July 2014, and replaces IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 addresses the classification and measurement of all financial assets and financial liabilities within the scope of the current IAS 39 and a new expected credit loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting. Also included are the requirements to measure debt-based financial assets at either amortized cost or fair value through profit or loss ("FVTPL") and to measure equity-based financial assets as either held-for-trading or as fair value through other comprehensive income ("FVTOCI"). No amounts are reclassified out of other comprehensive income ("OCI") if the FVTOCI option is elected. Additionally, embedded derivatives in financial assets would no longer be bifurcated and accounted for separately under IFRS 9. A new general hedge accounting standard, part of IFRS 9 (2013), was issued in November 2013, permitting additional hedging strategies used for risk management to qualify for hedge accounting. The IASB has set January 1, 2018 as the effective date for the mandatory application of IFRS 9. The Company is in the process of assessing the impact of IFRS 9 on its consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers" was issued in May 2014, which will replace IAS 11, Construction Contracts, IAS 18 Revenue Recognition, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue-Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, Consolidated Financial Statements and IFRS 11, Joint Arrangements. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of some gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is in the process of evaluating the impact of this standard on its consolidated financial statements.

IFRS 16, "Leases" was issued in January 2016. The new standard requires that for most leases, lessees must initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset for the right to use the underlying asset for the lease term. Lessor accounting, however, remains largely unchanged, and the distinction between operating and finance leases is retained. This standard will be effective for annual periods beginning after January 1, 2019, with early adoption permitted so long as IFRS 15 has been adopted. The Company has not yet begun the process of evaluating the impact this new standard will have on its consolidated financial statements.

IAS 40 "Investment Property" has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in December 2016. The amendments clarify that:

- an entity transfers property to, or from, investment property when, and only when, there is evidence that a change in use of the property has occurred; and

• the entity must have taken observable actions to support such a change — management's intentions alone do not provide evidence of a change in use.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact this new standard will have on its consolidated financial statements.

IAS 7 “Statement of Cash Flows” has been revised to incorporate amendments issued by the IASB. The amendments required enhanced disclosures about changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes (such as foreign exchange). The amendments are effective for annual periods beginning on or after January 1, 2017, applied prospectively. The Company is in the process of assessing the impact on its consolidated financial statements.

IFRIC 23, "Uncertainty over Income Tax Treatments", was issued in June 2017 as a clarification to requirements under IAS 12 "Income Taxes". IFRIC 23 clarifies the application of various recognition and measurement requirements when there is uncertainty over income tax treatments. This interpretation is effective for annual reporting periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact on its consolidated financial statements.

3. Investment properties

Level 3	Year ended September 30, 2017	Year ended September 30, 2016
Balance beginning of year	$ 159,634,487	$ 148,563,735
Additions (decreases):		
Capital expenditures	308,470	364,194
Tenant inducements net of amortization	(36,365)	372,727
Leasing commissions net of amortization	21,713	(199,170)
Property acquisitions	17,133,798	12,436,069
Transfer from investment properties held for sale	8,104,500	-
Revaluation gains, net	612,790	1,135,699
Sale of equipment	(74,033)	-
Investment property sold	-	(3,151,308)
Change in straight-line revenues	190,965	112,541
Balance end of year	**$ 185,896,325**	**$ 159,634,487**

Valuation methodology and processes

The fair value of investment properties as of September 30, 2017 and September 30, 2016 is determined internally by management using the 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, all the investment properties are classified as Level 3 assets, except for investment property held for sale at September 30, 2016. 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.

The investment property held for sale at September 30, 2016 was classified as a Level 2 asset. This property was transferred to a Level 3 asset at September 30, 2017. There were no transfers in or out of Level 3 fair value measurements for investment properties during the year ended September 30, 2016.

Management’s primary internal valuation model is based on a capitalization of 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, less cash outflows expected to operate and manage each individual 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.

These factors were used to determine the fair value of investment properties at each reporting date. Investment properties are valued on a highest and best use basis. For all the Company's investment properties, except for the Oliver Crossing property and vacant land, the current use is the highest and best use. 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, discuss the valuation process and key inputs on a quarterly basis.

The key level 3 valuation metrics for the investment properties except for those described below are set out in the following tables:

	September 30, 2017	**September 30, 2016**
Range of capitalization rates applied to investment properties	5.00%-7.0%	5.75%-6.5%
Fair values of properties where cap rates were applied	$ 166,047,426	$ 147,890,087
Weighted average cap rates	6.24%	6.07%
Fair value impact of increasing average cap rate by 0.25%	$ (9,635,229)	$ (5,862,213)
Fair value impact of a 1% decrease in net operating income	$ (4,993,344)	$ (1,488,191)

This calculation was used on all the investment properties except for Oliver Crossing, vacant land, and properties that were held for sale in the prior year.

The market value of Oliver Crossing is based on the total square footage of land multiplied by a dollar value per square foot. Vacant land was valued using management's research of similar vacant land that has sold recently, or is available for sale. Investment properties held for sale at September 30, 2016 were valued at the purchase sale agreement.

	September 30, 2017	**September 30, 2016**
Oliver Crossing		
Fair value	$ 8,400,000	$ 8,400,000
Impact of a $10 change in price per square foot	$ 525,000	$ 525,000
Vacant land		
Average price per acre of land held	$ 698,956	$ 958,281
Number of acres held	16.38	3.49
Total fair values of land held	$ 11,448,900	$ 3,344,400
Impact of a 10% change in average price per acre	$ 1,144,890	$ 334,400

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

	September 30, 2017	September 30, 2016
Straight line rent receivable	$ 1,406,063	$ 1,215,098
Leasing costs	832,744	811,031
Tenant inducements	336,364	372,727
	$ 2,575,171	$ 2,398,856

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

Investment properties held for sale-prior year

At September 30, 2015, the Company entered into an unconditional purchase and sale agreement with an arm's length purchaser to sell 12.89 acres of vacant land in Edmonton. The closing of the sale was expected to take place in Q3 2016 but was extended to allow the purchaser to obtain financing. A deposit on the sale agreement of $250,000 was received by the Company at September 30, 2015 and held until Q2 2017 when the purchaser could not complete the agreement. The deposit was forfeited by the purchaser and the Company recorded it as other income, net of GST, in these consolidated financial statements. The 12.89 acres is classified as investment properties at September 30, 2017 as the conditions for classification as held for sale are no longer applicable.

Loss on sale of equipment

During Q2 2017, the Company accepted an arm's length offer to sell a 10-ton crane that was surplus to the Company's needs. The total sale price of $23,000 resulted in a loss for accounting purposes of $51,034.

Gain on the sale of investment property-prior year

At September 1, 2016, the Company completed a purchase and sale agreement with an arm's length purchaser to sell an investment property located in southeast Edmonton. The total sale price of $3,400,000 resulted in a gain of $39,427.

4. Income or loss from discontinued operations-prior year

The discontinued operations consist of the operations of IDCI in which the Company sold its 100% equity interest on December 31, 2015. IDCI's operations were previously recorded as an identifiable operating segment.

Income or loss from discontinued operations are presented as a single amount in the consolidated statements of comprehensive income and cash flows. This amount comprises the post-tax loss of the discontinued operations and the post-tax gain resulting from the measurement and disposal of their assets and liabilities.

The consideration paid by the purchaser for the purchased shares of IDCI was $1,500,000 with the Company carrying a loan receivable in the amount of $1,000,000 net of a discount of $43,250, to net cash on closing of $500,000. The loan receivable is repayable in two instalments of $500,000 on the first and second anniversary of the sale date. At December 31, 2016, the Company received the first instalment of $500,000. The Company is carrying the balance; a non-interesting bearing loan receivable of $500,000 less the unamortized discount of $3,586 at September 30, 2017. Subsequent to the year end, the Company agreed to terms for the balance owing of $500,000. Payment of $100,000 is due December 31, 2017. The balance of $400,000 will earn interest at an annual rate of 6.5% beginning January 1, 2018 and will be paid by six monthly instalments of $67,919 each, commencing February 1, 2018. The shares of IDCI are held in escrow until this loan receivable has been repaid. During the prior year, the Company received additional payment of $2,761,212 from the purchaser on the inter-company loan with IDCI.

Loan receivable net of discount at September 30, 2016	$ 978,425
Payment received during the year	(500,000)
Amortization of the discount at September 30, 2017	17,989
Loan receivable at September 30, 2017	**$ 496,414**

The operating loss of IDCI to the date of disposal, and the gain from the disposal of the assets and liabilities are summarised as follows:

	Three months ended December 31, 2015
Sales of pharmaceuticals	$ 10,070,816
Cost of sales of pharmaceuticals	(9,766,926)
Pharmaceuticals income	303,890
Administrative expenses	(346,496)
Amortization	(3,913)
	(350,409)
Loss from discontinued operations before interest and income taxes	(46,519)
Interest expense	(35,203)
Loss from discontinued operations before income taxes	(81,722)
Income tax recovery	3,947
Loss for the period	**$ (77,775)**
Net proceeds from the sale of IDCI	$ 1,456,750
Net liabilities disposed	131,899
Disposition costs	(213,077)
Accounting gain on the sale before income tax	1,375,572
Income tax expense	(174,834)
Accounting gain on the sale of IDCI	**$ 1,200,738**
Net income from discontinued operations	**$ 1,122,963**

5. Receivables

	September 30, 2017	September 30, 2016
Tenant receivables	$ 97,595	$ 110,585
Less provision for impairment, beginning of year	-	-
Provision for impairment during the year	(16,061)	-
Receivables, net	**$ 81,534**	**$ 110,585**

The Company has many tenants that are multinational companies with solid credit ratings. The receivables at September 30, 2017 and 2016 include invoices for occupancy costs that were reconciled at year end.

At September 30, 2017 there is one tenant with rental arrears and the Company has recorded a provision for impairment of this receivable. There was no provision for impaired receivables at September 30, 2016 as the Company assessed the receivables to be collectible, and collected all amounts outstanding at September 30, 2016.

6. Prepaid expenses and deposits

	September 30, 2017	September 30, 2016
Prepaid operating expenses	$ 430,207	$ 335,762
Deposits on offers to purchase investment property	1,517,049	150,000
Security deposits with municipalities	20,000	9,000
Refundable deposits	41,000	-
Total prepaid expenses and deposits	**$ 2,008,256**	**$ 494,762**

Prepaid operating expenses at September 30 each year are for property insurance and property taxes.

At September 30, 2017 the Company has placed deposits on agreements to purchase investment property as follows:

- A deposit of $100,000, and cash to close of $1,342,049 was placed pursuant to an agreement to purchase 1.7 acres of vacant land in southeast Edmonton, adjacent to the newly acquired property in Q3 2017. The total purchase price is $1,435,600. The acquisition closed in Q1 2018.

- The Company placed a deposit of $25,000 pursuant to an agreement to purchase 1.49 acres of land in southeast Edmonton. The total purchase price is $1,080,250 and the acquisition will close in Q1 2018.

- A deposit of $50,000 was placed pursuant to an agreement to purchase 2.19 acres of land with a 24,855 square foot building adjacent to the 1.49 acres above. The total purchase price is $2,769,200 and it will close in Q1 2018.

In the prior year, at September 30, 2016, a deposit of $150,000 was placed pursuant to an agreement to purchase the Coppertone VIII property. The acquisition was completed in Q1 2017 on November 30, 2016.

Deposits are refundable in the event the counter-party does not complete the sale.

7. Mortgages

Maturity	Rate	September 30, 2017	September 30, 2016	Lender
October 1, 2021	2.470%	8,445,018	8,900,000	RBC
January 1, 2019	2.630%	2,743,490	2,913,260	RBC
January 1, 2021	2.980%	3,988,201	4,228,624	RBC
January 1, 2021	2.980%	6,171,024	6,543,036	RBC
January 1, 2019	2.630%	2,177,932	2,312,338	RBC
January 1, 2019	2.620%	1,904,583	2,062,814	RBC
April 1, 2021	2.880%	6,371,859	6,750,298	RBC
October 1, 2021	2.470%	7,253,384	7,814,010	RBC
April 1, 2017	3.525%	-	853,823	CIBC
June 1, 2022	2.730%	2,594,914	2,779,193	RBC
September 1, 2017	3.486%	2,564,288	2,775,287	CIBC
October 1, 2017	3.357%	2,248,805	2,433,395	CIBC
January 1, 2018	3.100%	884,065	955,634	RBC
October 1, 2018	3.610%	731,921	837,714	RBC
July 1, 2019	3.450%	11,043,785	11,520,792	RBC
November 1, 2019	3.334%	9,847,403	10,266,587	CIBC
February 1, 2022	3.040%	6,540,597	-	RBC
April 1, 2021	2.948%	3,422,088	-	CIBC
July 1, 2024	5.000%	958,459	1,646,312	Private
Total mortgages		79,891,816	75,593,117	
Less current portion:		(11,020,384)	(19,813,977)	
Less transactions costs		(241,874)	(215,323)	
		68,629,558	**55,563,817**	
Weighted average rates		**3.00%**	**3.10%**	

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

The two mortgages maturing September 1, 2017 and October 1, 2017 were renewed after the year end (Note 21).

8. Other financing

	September 30, 2017	September 30, 2016
Other financing, beginning of the year	$ -	$ 2,925,000
Advances from related parties	3,350,000	500,000
Repayments of other financing	(2,050,000)	(3,425,000)
Other financing, end of the year	**$ 1,300,000**	**$ -**

Principal repayments in the amount of $1,350,000 made to related parties were repaid with interest at an annual rate of 8% (Note 20(b)). Principal repayments of $700,000 made to related parties were repaid with interest at an annual rate of 6% (Note 20(b)). The balance outstanding at September 30, 2017 of $1,300,000 is owing to a related party, is unsecured, and bears interest at an annual rate of 6%. This loan has no specified date of repayment and is due on demand.

Principal repayments of advances from related parties made during the prior year in the amount of $3,425,000 were repaid with interest at a rate of 8% per annum (Note 20(b)).

The fair value of related party loans at September 30, 2017 approximates their carrying value as the amounts are due on demand.

9. Bank operating facilities

	September 30, 2017	September 30, 2016
Imperial Equities Inc.	**$ 9,506,115**	**$ 2,502,387**

The Company has credit facilities set out as follows:

During Q2 2017, the Company chose not to renew a line of credit that was previously used for general business purposes with a limit of $1,800,000 (September 30, 2016 - $1,800,000). At September 30, 2016 the balance on the line of credit was zero. There were no financial covenant ratios required for this line of credit.

At September 30, 2017 Imperial Equities Inc. has an operating line of credit (LOC) with a limit of $8,000,000 and provisions for a temporary increase of an additional $3,000,000 (September 30, 2016 limit - $3,000,000). This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2017 of $9,506,115 (September 30, 2016 - $2,502,387). The credit facility bears interest at prime plus 1% per annum (September 30, 2016 – interest at prime plus 1% per annum) and is secured by specific revenue producing properties with combined fair values of $17,227,241 (September 30, 2016 – one property with a fair value of $6,772,780). The Company pays a standby fee of .25% per annum, payable monthly on the un-drawn portion of the facility. Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.30 can be maintained, less the Prior Debt on the properties, or b) the level at which a Loan to Value Ratio of 65% can be maintained with respect to the secured properties, over which the Lender has a 1st mortgage and 60% with respect to the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties. For these secured properties, the loan to value is set at 65%, unchanged from the prior year.

Debt service = annual principal and interest payments based on 25-year amortization and an interest rate that is the greater of 5.5% or the Government of Canada Benchmark Bond Yields plus 225 basis points.

Net Operating Income is stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes and other expenses that are not recovered from the tenants.

Loan to Value Ratio is the total debt on the properties divided by the current market value of the properties.

At September 30, 2017 the debt service coverage ratio is 1.31 and the loan to value ratio is 77% (September 30, 2016 the debt service coverage ratio was 5.93 and the loan to value ratio was 13%).

The Company's lender that holds the credit facility has allowed the Company to overdraw the facility at the fiscal year end of September 30, 2017. At the year end, the Company was in the process of paying out two mortgages that were due on September 1, 2017 and October 1, 2017 and replacing them with two new mortgages through the same lender. The two new mortgages would provide additional capital to complete a purchase agreement immediately following the year end. As the lender was unable to fund the mortgages prior to the year end, the lender agreed to allow the Company to overdraw the credit facility and allow the loan to value ratio to exceed 65% at September 30, 2017, until the mortgages were fully advanced (Note 21). The Company did not breach any financial covenants during the current year, or prior year.

10. Payables and accruals

	September 30, 2017	September 30, 2016
Trade payables	$ 68,118	$ 275,758
Accrued loan interest	195,136	176,141
Current portion of tenant security deposits	37,850	79,619
Accrued payables	193,529	110,244
Prepaid rents	178,156	176,977
Total payables and accruals	**$ 672,789**	**$ 818,739**

Prepaid rents from tenants largely relates to rent due on the first of the following month, and the balance represents rents paid in advance which is recognized in revenue over the applicable months. The carrying value of payables and accruals approximates fair value due to their short-term maturity.

11. Income taxes

a) Provision for income taxes

Components of income tax expense

	2017	2016
Current tax expense	$ 852,725	$ 654,646
Deferred tax expense	818,914	914,087
	$ 1,671,639	**$ 1,568,733**

The actual income tax provision differs from the expected amount calculated by applying Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

	2017	2016
Expected income tax expense at 27% (2016-27%)	$ 1,730,439	$ 1,918,534
Increase (decrease) resulting from:		
Non-deductible items	23,926	3,599
Rate differences	(82,726)	(335,903)
Other	-	(17,497)
	$ 1,671,639	**$ 1,568,733**

b) Deferred taxes

Deferred tax assets are attributable to the following:

	September 30, 2017	September 30, 2016
Financing fees	$ 10,319	$ 12,883
Loan receivable	968	5,825
Non-capital losses	-	12,253
Cumulative eligible capital	-	616
Deferred tax assets	11,287	31,577
Offset of tax	(11,287)	(31,577)
Net deferred tax assets	**$ -**	**$ -**

Deferred tax liabilities are attributable to the following:

	September 30, 2017	September 30, 2016
Straight-line rent receivable	$ 379,637	$ 328,076
Investment properties	13,087,371	12,258,648
Tenant inducements	90,818	100,636
Capital gain reserve	38,852	116,557
Deferred leasing	224,841	218,979
Tax liabilities	13,821,519	13,022,896
Offset of tax	(11,287)	(31,577)
Net tax liabilities	**$ 13,810,232**	**$ 12,991,319**

$30,273,649 (September 30, 2016 - $30,273,649) related to investments in certain subsidiaries was not recognized because it was not probable that the temporary difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

c) Non-capital losses

At September 30, 2017 the Company has $nil federal or provincial non-capital losses carried forward (September 30, 2016 - $45,381).

12. Supplemental consolidated cash flow information from continuing operations

Change in non-cash working capital	2017	2016
Decrease in receivables	$ 29,051	$ 147,539
Increase in prepaid expenses and deposits	(1,513,494)	(35,890)
Decrease in payables and accruals	(157,856)	(74,204)
Increase in income taxes payable	196,382	136,553
Increase (decrease) in security deposits	69,223	(33,156)
Total change in non-cash working capital	**$ (1,376,694)**	**$ 140,842**

	2017	2016
Interest paid from continuing operations	$ 2,526,560	$ 2,456,214
Income taxes paid	$ 683,930	$ 465,458

13. Share capital

a) The Company has unlimited authorized common share capital.

	September 30, 2017	September 30, 2016
Number of shares issued		
Balance beginning of year	9,671,442	9,747,042
Shares cancelled during the year	(57,000)	(75,600)
Ending number of shares	**9,614,442**	**9,671,442**

	September 30, 2017	September 30, 2016
Capital stock		
Balance beginning of year	$ 5,946,742	$ 6,133,681
Shares repurchased and held in treasury	-	(139,322)
Shares previously held in in treasury	139,322	-
Shares cancelled during the year	(35,912)	(47,617)
Ending capital stock	**$ 6,050,152**	**$ 5,946,742**

The Company received approval from the TSX Venture Exchange to purchase up to 487,577 common shares representing 5% of the outstanding shares under a normal course issuer bid (“NCIB”) that expired August 31, 2017. Prior to the expiry date, the Company received further approval to purchase up to 480,227 common shares under a NCIB which expires August 30, 2018.

During the current year, 26,200 shares were repurchased for a total cost of $113,765. All the shares were cancelled along with the 30,800 shares held in treasury from the prior year. The excess of the purchase price over the cost of the shares in the amount of $217,175, was charged to retained earnings.

During the prior year, 106,400 shares were repurchased for a total purchase price of $469,527. Of the shares repurchased, 75,600 were cancelled and the excess purchase price over the cost of the shares issued in the amount of $282,588 was charged to retained earnings. The balance of 30,800 shares was held in treasury until cancelled in the current year.

b) Contributed surplus

Contributed surplus arises because of recording the fair value of options granted under the share option plan and the options granted as part of a share issuance. The fair value of the options is recorded to contributed surplus as the options vest. Upon exercise, the proceeds received, as well as any balance previously recorded to contributed surplus, are credited to capital stock.

	September 30, 2017	September 30, 2016
Contributed surplus, beginning and end of year	**$ 593,750**	**$ 593,750**

14. Earnings per share

The following are the weighted average number of shares outstanding:

	2017	2016
Net income and total comprehensive income for the year	$ 4,737,393	$ 5,536,946
Weighted average shares outstanding – basic	9,604,975	9,678,019
Unexercised dilutive options	27,899	18,529
Weighted average shares outstanding – diluted	9,632,874	9,696,548

Earnings per share – basic and diluted		
From continuing operations	$ .49	$ .46
From discontinued operations	$ -	$ .12
Total earnings per share, basic and diluted	**$ .49**	**$ .58**

15. Stock-based compensation plan

The following table reflects the activity under the stock option plan:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Yrs.)
Opening balance at October 1, 2016	475,000	$ 4.25	2.92
Ending balance at September 30, 2017	**475,000**	**$ 4.25**	**1.92**

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Yrs.)
Opening balance at October 1, 2015	475,000	$ 4.25	3.92
Ending balance at September 30, 2016	**475,000**	**$ 4.25**	**2.92**

The Board of Directors may designate which directors, management and key employees of the Company are to be granted options. Under the Directors', Management, Employees' and Consultants' Stock Option Plan (the "Plan"), the number of Common Shares reserved for issuance at any time pursuant is 875,000. An Amendment to the Fixed Stock Option Plan was put forth at the annual and special meeting of the Shareholders held on March 21, 2013. The disinterested shareholders voted for an amendment to the Plan that provides for the maximum number of capital common shares reserved for issuance at any time pursuant to the Plan be increased from 875,000 to 1,800,000. All other components in terms of the Plan remain in full force and effect.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options. All the options outstanding as of September 30, 2017 and September 30, 2016 are exercisable.

16. Rental revenue

The Company leases commercial properties under operating leases with lease terms generally between 3 and 15 years. Some leases have options to extend for further five-year terms, one land lease is month to month, and two small tenant leases are month to month.

a) Rental revenue

	2017	2016
Rental revenue, contractual amount	$ 10,170,516	$ 8,657,271
Amortization of tenant inducements	(36,364)	(27,273)
Straight line of rental revenue from leases	190,965	112,541
Rental revenue on statement of comprehensive income	**$ 10,325,117**	**$ 8,742,539**

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

	2017	2016
No later than one year	$ 10,691,138	$ 9,203,566
2 – 5 years	36,519,292	33,190,326
Over 5 years	24,569,133	29,111,453
Total	**$ 71,779,563**	**$ 71,505,345**

The month to month tenant revenue is not included in the future contracted minimum rent receivable.

b) Property operating expenses

	2017	2016
Property taxes	$ 1,660,344	$ 1,366,689
Insurance	102,465	98,746
Repairs and maintenance	553,321	415,177
Management fees	564,251	495,923
Utilities	91,236	66,672
Total property operating expenses	**$ 2,971,617**	**$ 2,443,207**

17. Guarantees and contingencies

a) In the normal course of operations, the Company and its subsidiaries 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 do 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 20.

18. 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 favourable terms or with interest rates as favourable 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.

	September 30, 2017	September 30 2016
Mortgages	$ 79,891,815	$ 75,593,117
Bank operating facilities	9,506,115	2,502,387
Other financing	1,300,000	-
Total debt financing	90,697,930	78,095,504
Equity	83,208,524	78,584,896
Total capital	**$ 173,906,454**	**$ 156,680,400**

19. Financial instruments

	September 30, 2017	September 30, 2016
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 843,336	$ 2,115,033
Receivables, net of provisions	81,534	110,585
Loan receivable, net of amortized discount	496,414	978,425
	$ 1,421,284	**$ 3,204,043**

Financial liabilities

Other financial liabilities		
Bank operating facilities	$ 9,506,115	$ 2,502,387
Payables and accruals	672,789	818,739
Other financing	1,300,000	-
Security deposits	325,538	256,314
Mortgages	79,891,815	75,593,117
	$ 91,696,257	**$ 79,170,557**

The carrying value of cash and cash equivalents, receivables, loan receivable, bank operating facilities, other financing, payables 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 are 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 September 30, 2017 is $78,566,380 (September 30, 2016 - $78,528,168). These estimates are subjective in nature 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 3.448% (September 30, 2016 – 2.47%).

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

Credit risk

The Company's maximum exposure to credit risk is the balance of its trade receivables of $81,534 (September 30, 2016 - $110,585) and cash and cash equivalents of $843,336 (September 30, 2016 - $2,115,033). Credit risk for Imperial Equities Inc. 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. Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions.

Trade accounts receivable that have been deemed uncollectible are expensed as bad debts and charged to net income in the period when the account is determined to be doubtful. During the current year, the Company had a tenant that experienced difficulty paying their rent. Subsequent to the year end, this tenant was put into receivership and the Company wrote off the rent receivable of $257,209 at September 30, 2017 as a bad debt. Estimates for the allowance for doubtful accounts are determined on a tenant-by-tenant evaluation of collectability at each reporting date. As at September 30, 2017, an allowance for doubtful accounts was recorded in the amount of $16,061 for one small tenant. The Company will continue to closely monitor this tenant for financial stability. At September 30, 2016 the Company did not record a provision for bad debts as it deemed all accounts as collectible. All receivables outstanding at September 30, 2016 were collected.

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 September 30, 2017 is $9,506,115 (September 30, 2016 - $2,502,387). Under the assumption any balance of 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 $95,062 (September 30, 2016 - $25,024). The Company minimizes its exposure to interest rate risk to the extent that all mortgages have fixed rates with terms varying from one to seven 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 is financing obligations and cash and cash equivalents to ensure that it has sufficient 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 real estate activities will provide sufficient cash requirements to cover normal operating and budgeted expenditures.

The Company was successful during the year in receiving new mortgage financing at low rates of interest and renewing a mortgage at a lower interest rate than the previous term. The proceeds of the mortgages were used to repay one mortgage at its maturity that had a balance at September 30, 2016 of $853,823. After the year end, the Company paid out the balance at maturity of two mortgages that were up for renewal, at September 1, 2017 and October 1, 2017. New mortgages providing additional capital were received from the same lender (Note 21). After the year end, the Company secured a new credit facility with one of the Company's major lenders to be used for property acquisitions and general operations (Note 21).

The Company will be able to meet its future obligations through normal operations and current credit facilities.

Contractual obligations at September 30, 2017

	1 year	**2-3 years**	**4-5 years**	**> 5 years**	**Total**
Gross mortgage payments	$ 12,166,612	$ 35,755,205	$ 36,819,106	$ -	$ 84,740,923
Payables and accruals	672,789	-	-	-	672,789
Security deposits	37,850	22,493	191,374	111,671	363,388
	$ 12,877,251	$ 35,777,698	$ 37,010,480	$ 111,671	$ 85,777,100
Other financing	1,300,000	-	-	-	1,300,000
Operating facilities	9,506,115	-	-	-	9,506,115
	$ 23,683,366	**$ 35,777,698**	**$ 37,010,480**	**$ 111,671**	**$ 96,583,215**

Contractual obligations at September 30, 2016

	1 year	**2-3 years**	**4-5 years**	**> 5 years**	**Total**
Gross mortgage payments	$ 19,565,613	$ 29,084,039	$ 32,982,457	$ -	$ 81,632,109
Payables and accruals	818,739	-	-	-	818,739
Security deposits	79,619	23,904	74,833	157,451	335,807
	$ 20,463,971	$ 29,107,943	$ 33,057,290	$ 157,451	$ 82,786,655
Operating facilities	2,502,387	-	-	-	2,502,387
	$ 22,966,358	**$ 29,107,943**	**$ 33,057,290**	**$ 157,451**	**$ 85,289,042**

20. 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. North American Mortgage & Leasing Corp. is controlled by Sine Chadi and provided leased vehicles to IDCI in the prior year.

Fee structure

Payments to Sable Realty & Management Ltd.:

Property management	4% of gross rents paid plus a flat fee for ground maintenance on certain properties
Property maintenance	$50-$65/hour for labour plus charges for truck, equipment and parts (September 30, 2016 - $50/hour)
Project management	contracted directly with the tenant and charged back under the terms of their lease
Office rent and parking	flat rate of $8,000 monthly
Warehouse lease space	market rate for comparable leased space
Leasehold improvements	contracted directly with the tenant and charged back under the terms of their lease
Fees for CFO	$210,000 ($183,000-September 30, 2016)

Payments to North American Realty Corp.:

Leasing	3% of the value of lease renewals to a maximum of five years 6% of the value of new leases for the first five years plus 3% of the value of the leases that extend from six years to a maximum of ten years
Acquisitions	1% of the purchase price of the property
Dispositions	3% of the sale price of investment property IDCI disposition fee (September 30, 2016-1.5% of the total assets held in IDCI at the sale date excluding deferred taxes plus 1.5% of the proceeds of the sale of the shares)

Payments for the year ending September 30,	**2017**	**2016**
Property management and maintenance fees	$ 796,651	$ 588,432
Acquisition fees	169,000	122,500
Leasing fees	215,980	43,574
Disposition fees	-	261,792
Vehicle leases	-	5,226
Office rent and parking	96,000	96,000
Warehouse lease space	35,450	29,919
Fees for CFO	210,000	183,000
Total payments	**$ 1,523,081**	**$ 1,330,443**
Amounts payable at September 30	**$ -**	**$ 162,961**

b) *Other related party transactions*

i) 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 year ending September 30, 2017 were $47,500 (September 30, 2016 – $46,500).

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 the President Sine Chadi who is also a director of the Company. Total compensation paid to Mr. Chadi for the year ending September 30, 2017 was $300,000 (September 30, 2016 - $300,000).

iii) Other financing

Related Parties	Balance Oct 1'16	Advances	Repayments	Balance Sep 30'17
NAMC[1]	$ -	$ 675,000	$ (675,000)	$ -
Jamel Chadi, Shareholder[2]	-	1,900,000	(600,000)	1,300,000
Sine Chadi, Shareholder[2]	-	775,000	(775,000)	-
Total	**$ -**	**$ 3,350,000**	**$ (2,050,000)**	**$ 1,300,000**

Related Parties	Balance Oct 1'15	Advances	Repayments	Balance Sep 30'16
NAMC[1]	$ 1,325,000	$ 100,000	$ (1,425,000)	$ -
Directors[3]	1,000,000	400,000	(1,400,000)	-
Imperial Land[4]	250,000	-	(250,000)	-
Subtotals	$ 2,575,000	$ 500,000	$ (3,075,000)	$ -
Unrelated party	350,000	-	(350,000)	-
Total	**$ 2,925,000**	**$ 500,000**	**$ (3,425,000)**	**$ -**

1. NAMC is owned 100% by a director and major shareholder of the Company. Total interest paid at September 30, 2017 was $12,845 (September 30, 2016 - $5,415).
2. Total interest paid to shareholders at September 30, 2017 was $10,653.
3. Total interest paid to directors in the prior year was $16,763.
4. Imperial Land Corp. is controlled by a director and named executive officer of the Company. Total interest paid in the prior year was $4,093.

21. Post-reporting date events

After the year end, the Company completed a purchase agreement to acquire 1.7 acres in southeast Edmonton. The total purchase price of $1,435,600 was completed with funds from operations and available credit facilities. A land lease agreement with a current tenant to lease the 1.7 acres commences November 1, 2018.

After the year end, the Company placed additional deposits in the amount of $225,000 on agreements to purchase investment properties that were entered into in Q4 2017. The agreements are to acquire a 24,855 square foot building on 2.19 acres, and an adjacent site of 1.49 acres in southeast Edmonton. The total purchase price of both properties is $3,849,450. Cash to close will be completed with funds from operations, available credit facilities and conventional mortgage financing. The purchase agreements along with a tenant lease will be completed in Q1 2018.

In Q1 2018, construction has begun on a 12,000 square foot building called Coppertone III in northwest Edmonton. The building is situated on 1.25 acres of vacant land, part of the Company's Coppertone Industrial Common.

After the year end, the Company received a new $4.5 million credit facility with one of the Company's major lenders. This facility is in addition to the current facility with a limit of $8 million and bears interest at prime plus 0.95% per annum. Available credit will be used to fund new acquisitions.

Also after the year end, the Company received mortgage proceeds of $7,825,000 relating to two mortgages that were up for renewal at their term dates of September 1, 2017 and October 1, 2017. The proceeds repaid the balance owing on the mortgages at September 30, 2017 of $4,813,093 and the additional proceeds were applied to the same lender's credit facility that had a balance at September 30, 2017 of $9,506,115. The mortgages bear interest at 3.67% per annum.

22. Authorization of consolidated financial statements

The consolidated financial statements for the year ending September 30, 2017 (including comparatives) were authorized for issue by the Board of Directors on November 30, 2017.

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

BOARD OF DIRECTORS

SINE CHADI
CEO & CHAIRMAN OF THE BOARD

From day one Sine has been the principal driver of Imperial Equities and has overseen all the day to day aspects of Imperial's growth, development and management.

- He brings more than 35 years of professional real estate experience to Imperial and is the founder and principal shareholder of several other companies involved in real estate sales, asset management, property management and mortgage financing. Sine is an active community leader and an enthusiastic organizer and fundraiser for many community groups, charities and not for profit organizations. Sine was a member of the Legislative Assembly of Alberta from 1993–1997. Here he represented his caucus on a number of the Legislature's economic development, public accounts and treasury committees. In 2002 on the occasion of the 50th anniversary of the accession of Her Majesty Queen Elizabeth II to the Throne, Sine was awarded the Golden Jubilee Medal in recognition of his contributions to Canada. In 2005 he was awarded the Alberta Centennial Medal "for outstanding service to the people and Province of Alberta". In 2008 Sine was a finalist for the Ernst & Young Entrepreneur of the year award and in 2012 he was awarded the Queen Elizabeth II Diamond Jubilee Medal in commemoration of the 60th anniversary of Her Majesty's Accession to the Throne. In 2013, Sine was inducted to the city of Edmonton's Hall of Fame.

DIANE BUCHANAN
DIRECTOR

Director and Chairman of the Gordon & Diane Buchanan Foundation
CEO of Yorkshire Equities Inc.

- Diane was instrumental in developing a world-class wellness centre in Edmonton for all Albertans impacted by Parkinson disease. It is the first of its kind in Canada and has quickly become the model for all Parkinsons Associations throughout the country. She is in the process of establishing an endowment fund to cover the maintenance and operations costs at the Buchanan Centre for Parkinson Support.

Diane has extensive experience in real estate and business operations for over 30 years. She is the former CEO of Advanced Panel Products Ltd. Diane is a former real estate agent that owned several real estate brokerages and has developed several real estate properties including the Union Bank Inn (a 4 star Hotel in downtown Edmonton).

KEVIN L. LYNCH
DIRECTOR

Kevin is a corporate lawyer with one of Edmonton's most prestigious business law firms.

▸ As a corporate specialist, Kevin focuses his practice on corporate/ commercial law, including securities, acquisitions and divestitures, commercial real estate and financing matters. In addition to his position on Imperial's board, Kevin has acted as Corporate Secretary and director for TSE listed companies. He is also very active in his community as a past St. Albert School Board Trustee; former director of the foundation for Newman Theological College and St. Joseph's Seminary; former president of the Friends of St. Albert Swimming Society and former director of the Olympian Swim Club.

DAVID MAJESKI
DIRECTOR

In 2015, Mr. Majeski retired after 47 years of continuous service with the Royal Bank of Canada.

▸ He enjoyed a diverse career that included branch network and operations, human resources and commercial markets. Most recently he was the Vice President Real Estate and Construction Services in Edmonton and the market lead for Red Deer north which included north eastern British Columbia and the Territories. In addition to his extensive banking experience, Mr. Majeski is a graduate of the Institute of Corporate Directors – Rotman Directors Education Program. He is an active community member who serves on many not for profit boards including Northlands and the Edmonton Police Foundation. He also serves on special committees for organizations such as MacEwan University, the Glenrose Rehabilitation Hospital Foundation and the CASA Foundation (Child, Adolescent and Family Mental Health).

In 2013 Mr. Majeski was awarded an Honorary Bachelor Degree by MacEwan University and in 2015 he was inducted into the city of Edmonton Hall of Fame for his outstanding community service.

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Commercial Banking Centre
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RBC Royal Bank
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TSX Venture Exchange
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10th Floor, 300 Fifth Avenue S.W | Calgary, Alberta T2P 3C4
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ANNUAL MEETING

Date: March 15, 2018
Time: 2:00 pm
Place: Conference Room A and B
Concourse Level Scotia Place
10060 Jasper Avenue | Edmonton, Alberta

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