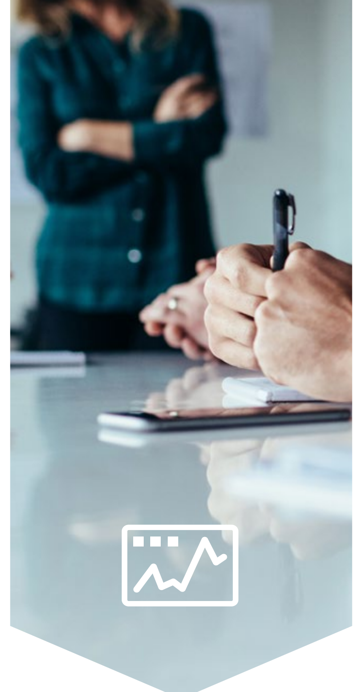
IMPERIAL EQUITIES INC.

GROWING IN A CHANGING WORLD

2019 **ANNUAL REPORT**



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Success in business, not to mention longevity, requires adaptability.

The most successful companies have earned their veneration not through short-term gains but through consistent presence at the top. Market dominance is never given, it's earned. Celebrating our 21st year in business as an industrial landlord, we realize as much as anyone how important earning that business is, and we focus on it each and every day. Companies must continuously navigate an ever-changing sea of obstacles such as cultural trends, technological advances and economic shifts and then adapt in order to stay afloat.

Adaptability is arguably more important than ever in this new era of globalization in which we currently operate. Prior to the 21st century, major market shifts were rare and gradual, but today disruptive innovations are as inevitable as the changing of the seasons. And the corporate graveyard is rife with companies who failed to adjust to the times, companies such as the once-revered brands like Eaton's, Sears and others. Clearly, what cannot be denied is that decisions relating to the application of future technology and trends will shape the destiny of us all. No longer can we operate obliviously and ignore economic globalization and the geopolitical environment that impacts us all. Superior corporate governance is vital for the stewardship of our company as we navigate and grow in this changing world.

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

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

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

After more than a decade of intense debate in our country, we now have a consensus to move forward on the expansion of Trans Mountain. Consequently after considerable consultation and several court battles, the federal government, who now owns the existing Trans Mountain Pipeline, has received and provided the necessary approvals to complete the project. When Prime Minister Justin Trudeau tweeted in mid-July that the Trans

> "Throughout the past several years we have embarked on a green plan to convert all electrical and mechanical components to a new and more energy efficient class."

Mountain expansion project is going forward and work is getting started this construction season, Albertans said "I'll believe it when I see it". Given all the protests and legal and political setbacks, that skepticism was understandable. Well, it's finally happening. Construction on the $9.3 billion pipeline twinning is well underway! As at September 30th, 2019 more than 2,200 workers have been hired and are now working mostly at either end of the pipeline, both in Burnaby and in Edmonton. This is an exceptional outcome that bodes very well for all of Canada but especially for Alberta!

In the years ahead and as oil sands production expands in Alberta, new markets and new opportunities are likely to emerge. As countries in the Asia Pacific begin to develop to the same quality of life we enjoy here in Canada, they will need to secure sources of energy. Canada is a natural trading partner for these countries, and with projects such as an expanded Trans Mountain Pipeline system, we will be in a position to provide for their growing needs for years to come. Alberta is sure to play an important role in in this ever-changing world and the opportunities for Imperial Equities are boundless.

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

Our inaugural venture beyond the boundaries of a major or mid-sized city began with a proposed new build to suit John Deere dealership in Hanna, Alberta. In Q1, 2018, Imperial completed negotiations with a multinational corporation to construct a 24,454 ft^2 facility on 16.5 acres of commercial land. A new 20-year lease agreement was signed, and Imperial immediately closed on a 67.75 acre property within the corporate limits of Hanna. Prior to construction completion, the tenant realized that they required more building space and agreed to add a 4,044 ft^2 ancillary building to the lease which would effectively increase the total leased space to 28,891 ft^2. Construction of both buildings was completed in Q1 2019 and the tenant obtained immediate occupancy. The development of this facility is clearly seen as a significant addition to the economy of the town of Hanna and its surrounding counties. In Q2 2019, the tenant had a grand opening gala event which was attended by Imperial's Management personnel, representatives from Cervus Equipment and John Deere Canada along with an overwhelming number of the town's residents. This new John Deere property becomes Imperial's first farm implement dealership.

In Q3 2019, Imperial completed the acquisition of its second farm implement dealership property in Vegreville, Alberta. The property consists of 5.89 acres of serviced industrial land and is situated along 55 Avenue, which provides for easy access to and from 2 major thoroughfares being the Yellowhead Highway and Highway 16A. The large square site is all level, fully fenced and has a completely hard surfaced parking lot. The tenant, Rocky Mountain Equipment (RME), is the largest independent dealer of Case IH and Case Construction equipment in Canada, and the second largest in the world.

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

With the acquisition of these two agricultural properties, Imperial is well underway in developing the agricultural "AG" division within our real estate portfolio. Imperial's near-term goal is to acquire several more AG properties throughout the prairie region with a focus particularly on Alberta and Saskatchewan. This is an exciting

undertaking for Imperial and as such we are eager to closely monitor its progress. In all future reporting, Management will provide segmented financial information on this new asset class.

In Q1 2019 we completed the acquisition of the ALS building located in the Edmonton Research Park just south of 23 Avenue and Parsons Road (99 Street) and just metres away from the incredibly popular South Edmonton Common, Canada's largest retail power centre. Positioned prominently in the Edmonton Research Park, the building is situated on 3.78 acres of beautifully landscaped land with ample paved parking and easy access to anywhere in the City. Construction of this 29,450 ft^2 single occupant industrial/office building was completed in 2004. Markedly, this state-of-the-art laboratory facility is constructed using a steel superstructure and a combination of precast concrete, decorative split faced block, stucco and a liberal amount of glazing. The 12,225 ft^2 office component, which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The 17,225 ft^2 of built-out laboratory space incorporates a host of specifically technical workstations and equipment that will rival any laboratory on the globe.

The tenant, ALS Canada, is part of the largest environmental laboratory network in the world. ALS provides a full range of environmental testing services, specializing in the analysis of air, soil, sediment, water, and much more. Worldwide, the ALS network employs over 13,000 people in over 65 countries. The Edmonton ALS branch is a premier full-service organic, inorganic, and industrial hygiene laboratory in Western Canada. As one of the largest laboratories in the ALS Global network, the Edmonton location has been delivering reliable testing services with unsurpassed quality for more than 30 years. The ALS building is a perfect addition to Imperial's portfolio and further demonstrates our objective in diversifying our tenant base.

Throughout the past several years Imperial has focused on the development of new buildings whether they were a build to suit project or a speculative new development. The re-development of an existing property, which can be a lucrative method in creating value, has always been a significant part of our company. Imperial's ability to transform a tired run-down property is best demonstrated by the refurbishment of the newly monikered "Sable Building". Imperial acquired the property in Q1 2019 and its tenant vacated several months later. The building required a major overhaul and of course a new tenant. Imperial undertook to completely renovate the property with all new modern components along with most prerequisites required to be included in a Leadership in Energy and Environmental Design Standards (LEEDS) certified project. Management began the transformation and within 90 days, the property was ready for occupancy. The search for a new tenant was rather simple given that the building was a great fit for Imperial's property manager, Sable Realty Management, who signed a new 5 year lease agreement that commenced at the end of Q3 2019.

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

Throughout the past several years we have embarked on a green plan to convert all electrical and mechanical components to a new and more energy efficient class. What once was above and beyond is now commonplace. New and advanced technologies in the electrical and mechanical space have given rise to a proliferation of manufacturers ready to create the latest and greatest light bulb or furnace. As competition in the industry takes its course, new light emitting diodes or LED lamps and fixtures have become far more accessible as well as affordable. These lamps are significantly more efficient than the equivalent incandescent and fluorescent lamps and have a much longer lifespan. The same holds true for heating ventilating and air conditioning (HVAC) units that have traditionally been costly to repair, very expensive to operate and, by today's standards, extremely inefficient, both with natural gas and electricity consumption. Imperial has instituted a program whereby any building with older inefficient lights or HVAC units requiring significant repair will immediately be replaced with new energy efficient components.

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

Borrowing remains an integral part of our business and the cost of borrowing can considerably impact our profitability. In Canada,

“In Q3 2019, Imperial completed the acquisition of its second farm implement dealership property in Vegreville, Alberta.”

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

During the past two years we experienced a measured but continuous rise in Canadian interest rates. Starting in July of 2017, for the first time in seven years, the BOC raised its key interest rate by 0.25% to 0.75%. During the subsequent ten announcements ending on October 24, 2018, the BOC on four different occasions, raised the key interest rate by a further 1% to the current set rate of 1.75%. With every increase announced by the BOC, financial institutions were quick to react and raise their prime lending rates accordingly. It is interesting to note that with every BOC key interest rate announcement since October 24, 2018, rates have remained unchanged.

During the past three interest rate announcements and given a weaker global economy, it was widely expected that the BOC would lower interest rates. Notwithstanding that Canada has not been immune to the effects of the global economic slowdown, the BOC continues to hold the interest rate at 1.75% at least for the foreseeable future. Also interesting is that in this Q4 2019, the Fed in the United States announced its first rate cut since the depression of 2008.

The BOC has been using its key interest rate in an attempt to keep inflation at around 2%. Economic growth in Canada has improved throughout much of 2018 and 2019 which in turn has triggered increased inflation. Lower rates that were in place to encourage individuals and companies to borrow more have increased the demand for goods and services, which consequently creates higher prices thus increasing the inflation rates. For several decades, the BOC has been following its inflation-fighting policies and has recently agreed with Canadians that its one-size-fits-all policy has exposed many problems and a rewriting of the policy may be due. Recently, the BOC announced that it will launch the most sweeping review into alternatives to its current 2% inflation policy as it prepares for the expiration of the existing policy in 2021.

As mortgages mature and renewals are negotiated, Imperial has experienced marginal increases in our weighted average interest rates. Despite the five different 25 basis point increases by the BOC we continue to maintain a relatively low weighted average interest rate of 3.35%, a measured increase from our all time low of 3.00%. Management is extremely vigilant and maintains a close watch on fluctuations in interest rates. 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 53%.

The pursuit to expand its dynamic portfolio of industrial properties with quality tenants is a priority for Imperial. To date, Imperial has assembled a portfolio of properties tenanted with primarily international, national or large regional tenants. Management remains very active in searching for revenue producing properties that fit our criteria including properties in cities as well as smaller markets throughout the country. Properties are constantly being vetted and when an opportunity presents itself, Management is swift to act upon it. Competition for quality properties remains uncompromising and the uncertainty surrounding interest rates incumbers matters even further, but despite these challenges, Imperial has been able to organically expand its portfolio year over year. Negotiations are currently underway on several large industrial properties and Management expects a resolution prior to Q1 2020. We are confident that our growth will continue, and we look forward to increasing our portfolio quite significantly throughout 2020 and 2021.

On March 7, 2019 Imperial Equities held the 21st Annual General Meeting of the Shareholders - a remarkable milestone meeting that was well attended by both Shareholders and spectators, yielding excellent participation. Shareholders approved and elected the slate of five directors being Sine Chadi, Diane Buchanan, Kevin Lynch, David Majeski and Susan Green to the Board to transact on their behalf until the next annual meeting of the shareholders. Shareholders also approved Management's recommendation that Grant Thornton, Chartered Accountants, be appointed auditors of the Corporation to hold office until the next annual general meeting. Subsequent to the annual general meeting the Board of Directors approved the appointment of Dr. Robert Westbury to the Board.

From its inception, Imperial Equities has been a caring corporate citizen. Throughout the year Imperial Equities has donated thousands of dollars to many different charities operating in Alberta and Canada. Backed by a strong belief in supporting community through health care initiatives, the arts, sports and a strong emphasis placed on the elimination of poverty, Imperial has become a leader in charitable giving! At last year's annual general meeting we provided a major cash gift to E4C, an Edmonton based organization committed to change lives and grow communities. Our gift was designated toward E4C's Hallway Cafe program, located in City Hall, which offers on the job training, life skills, connection to school and outreach support for marginalized youth. E4C has always recognized the importance of education and skill development in helping people living in poverty move toward healthy, positive, lasting change. It helps them journey from where they are now to where they want to be.

It is our belief that charities are a vital component of our society and essential in bettering the lives of all Canadians. Imperial Equities is proud to be a caring and compassionate corporate citizen and is especially proud to be a leader in charitable giving.

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

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

Sincerely,

Sine Chadi
Chief Executive Officer

Management'S DISCUSSION & ANALYSIS

for the year
ending September 30, 2019

AS AT DECEMBER 3, 2019

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, 2019, and the related notes. Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol "IEI". Additional information on the Company may be obtained by visiting www.sedar.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in the MD&A and is also responsible to ensure that appropriate procedures and controls exist internally that will provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with International Financial Reporting Standards ("IFRS"). In addition, the Company's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company and have reviewed and approved this MD&A and the accompanying consolidated annual 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 internal 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 21 of the 2019 annual consolidated financial statements and this MD&A. Any forward-looking statements in this report should not be relied upon as facts, as actual results may differ from estimates.

ADDITIONAL NON-IFRS MEASURES

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

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

BUSINESS OVERVIEW

Based in Edmonton, Alberta, Imperial Equities Inc. ("Imperial" or "the Company") is a publicly traded company anchored by commercial, industrial, and agricultural properties in its targeted markets throughout Western Canada.

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

> "Celebrating our 21st year in business as an industrial landlord, we realize as much as anyone how important earning that business is."

STRATEGIC DIRECTION

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

Our Value Statement

Imperial's team of professionals is dedicated and motivated to grow the real estate portfolio and earn value for the shareholders. As a growth-focused company, Imperial has financed acquisitions largely through conventional mortgages. However, issuing new share capital may be considered at a future date to support the Company's growth objectives. We believe in building value in the shares through a commitment to acquire and develop high-quality properties and gain capital appreciation to benefit the shareholders. As part of our strategy, we would consider the disposition of a property where the Company believes that we have maximized the potential of that property and its disposition would be beneficial to the Company.

Strategic Goals

1. Acquire commercial, industrial, and agricultural properties in strategic locations for capital appreciation
2. Acquire fully occupied, single-tenant or multi-tenant industrial properties with long term lease agreements and rental rates commensurate with the location
3. Finance acquisitions with the lowest-available cost of capital
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. Community investment

KEY
PERFORMANCE DRIVERS

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee business activities.
The CEO and CFO have been with the Company since becoming publicly traded 21 years ago. There is a strong Board of Directors with significant real estate experience to guide decisions surrounding strategic direction 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 year the Company has been in business.

Management monitors the success of Imperial by measuring how well the Company is meeting the strategic directives. External performance drivers that affect our business include the overall economic health of industries operating in the province of Alberta. Alberta is still largely reliant on the oil industry 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 of 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 exposure to possible increases in interest rates, affecting our operating income and cash flow. The Company had experienced consistently lower weighted average interest rates throughout each quarter, until Q1 2018 where the weighted average rate began to marginally increase. With Canada's economy improving and consequently giving rise to higher inflation, interest rates will likely continue upward in the foreseeable future. The Company, in the short term, does not consider rising interest rates to have a significant impact on the operating cash flows, as commercial lease terms associated with new acquisitions and lease renewals will reflect changing market conditions.

Strategic Objectives:

- Conduct 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
- Monitor the quality of tenants in the portfolio to reduce the risk of defaults on leases
- Maintain the assets to high standards including structural, mechanical and cosmetic to showcase the existing properties to prospective tenants or purchasers
- Complete 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 business partners while ensuring the costs are competitive
- Maximize the cash flow from operations to ensure funding for growth opportunities
- Select 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

KEY PERFORMANCE INDICATORS

FOR THE YEARS ENDING SEPTEMBER 30

	September 30, 2019	September 30, 2018
Changes in Investment Properties		
Total number of investment properties	35	32
Property acquisitions during the year	4	6
Property dispositions during the year	1	-
Number of properties under development at year end	-	2
Raw land properties held for future development	9	2
Raw land properties under lease with tenants	5	4
Gross leasable area (GLA) square feet	889,195	810,018
Leasing Activities by Gross Leasable Area (GLA)		
Leases renewed during the year	48,973	24,687
New tenant leases during the year	87,177	115,963
Leases expiring within twelve months	95,206	81,735
Space available for lease	32,762	-
Average lease term to maturity in years	4.08	4.53
Building occupancy percentage year-to-date	96.3%	99.9%
Property Operations		
% operating expense recoveries	82%	81%
Income from operations	$ 12,504,230	$ 11,788,601
Investment property improvements	$ 475,141	$ 408,968
Financing		
Debt to total assets ratio	53%	50%
Weighted average interest rates on mortgages	3.35%	3.13%

CHANGES IN INVESTMENT PROPERTIES

Investment property acquisitions during the current year

- ALS Canada building in Edmonton, AB. 29,450 ft^2 November 2018
- Sable building in Edmonton, AB. 7,871 ft^2 November 2018
- 3 acres of vacant land in NW Edmonton, AB. November 2018
- Rocky Mountain Equipment Canada ("RME") in Vegreville, AB. 33,295 ft^2 June 2019

Investment property sold in the current year

- Ashworth building in Edmonton, AB. 8,000 ft^2 August 2019

Completed properties under development in the current year

- Completed construction for Cervus in Hanna, AB. 28,891 ft^2 in November 2018
- Completed construction in Edmonton, AB. Coppertone III, 12,124 ft^2 in December 2018

Raw land properties held for future development

- 12.9 acres in Strathcona County, AB.
- 2.24 acres in NW Edmonton, AB.
- 49.25 acres in Hanna, AB.
- 3 acres in NW Edmonton, AB. (new acquisition in Q1 2019)

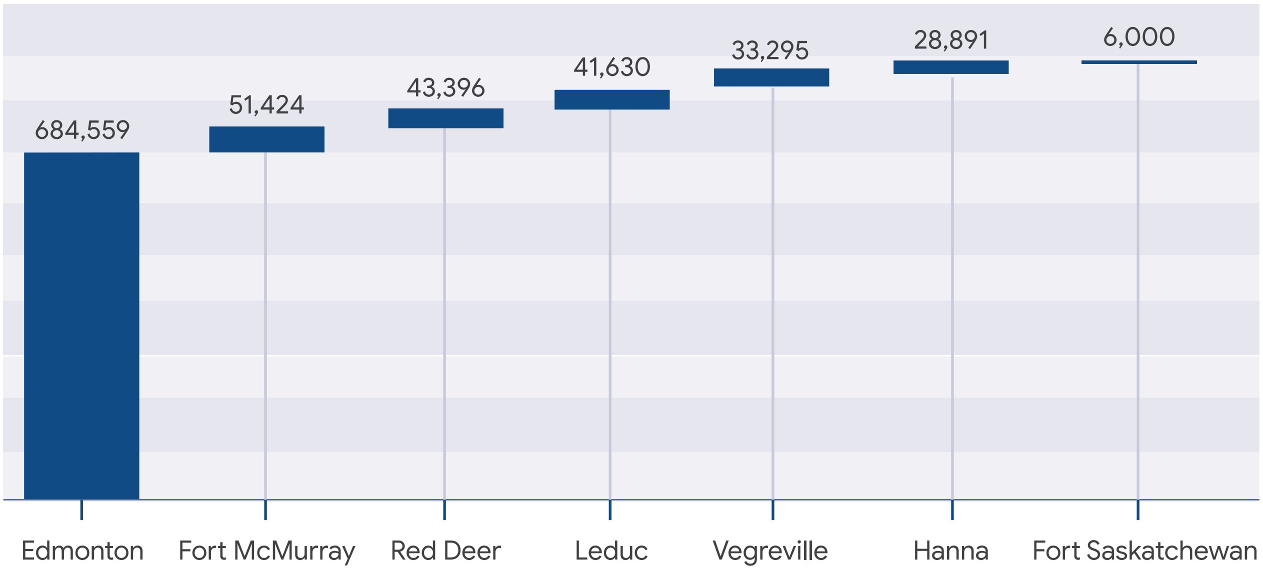
Raw land properties under lease with tenants at September 30, 2019

- 1.7 acres in SE Edmonton, AB. under a lease with an existing tenant
- 1.71 acres in SE Edmonton, AB. under a lease with an existing tenant
- 1.49 acres in SE Edmonton, AB. under a lease with an existing tenant
- 2 acres in NW Edmonton, AB. under a lease with an existing tenant
- 3 acres in NW Edmonton, AB. under a lease with six new tenants (new acquisition Q1 2019)

Gross leasable area (GLA) increased by net 79,177 square feet since September 30, 2018, with the following additions:

	SF^2
• Cervus building in Hanna, AB. ancillary building	4,437
• Coppertone III in Edmonton, AB.	12,124
• ALS building in Edmonton, AB. new acquisition	29,450
• Sable building in Edmonton, AB. new acquisition	7,871
• RME building in Vegreville, AB. new acquisition	33,295
	87,177
Less: sale of Ashworth building, Edmonton, AB.	(8,000)
Net additions	79,177
Total GLA at September 30, 2018	810,018
Total GLA at September 30, 2019	**889,195**

Alberta Property Portfolio - GLA by City

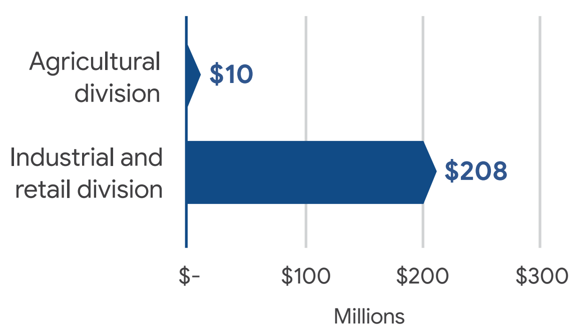


The Company has expanded its investment property holdings to locations outside of major cities and has begun to explore opportunities in provinces across Canada.

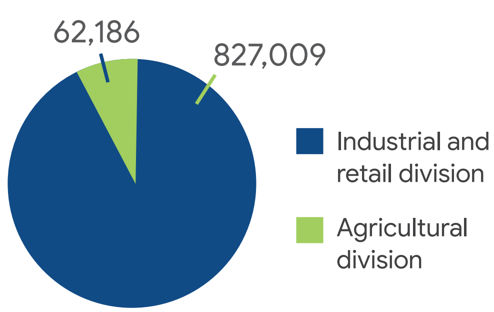
Investment Property Diversification

- During the current year, the Company completed two property acquisitions that are now classified as agricultural division.

Fair Value of Investment Property



Total Square Feet



The property in Hanna, Alberta was a build to suit project completed in Q1 2019 for the tenant Cervus Equipment Corporation. This international tenant operates 63 heavy equipment dealerships across Canada, Australia, and New Zealand. The second property located in Vegreville, Alberta was acquired in Q3 2019. The tenant Rocky Mountain Equipment is a multi-branch dealership focused around the Case and New Holland brands. The total annual rental revenue will be $857,790.

The Company will continue to look at opportunities to expand the agricultural division in Alberta, and adjoining provinces.

LEASING ACTIVITIES
AT SEPTEMBER 30

GLA - Square Feet

	2019	2018
Total GLA at beginning of the year	**810,018**	719,079
Expiring lease space at beginning of the year	**(81,735)**	(24,687)
Early lease terminations	**-**	(25,024)
Tenant lease renewals	**48,973**	24,687
New tenant leases and amendments	**81,177**	115,963
Property sold during the year	**(8,000)**	-
Available for lease	**32,762**	-
Total GLA at end of the year	**889,195**	**810,018**

LEASE RETENTION
DURING THE CURRENT YEAR

Location	GLA	Expiring Rate/PSF*	Renewal Rate/PSF*	Renewal Term
Edmonton, Alberta	22,939	$ 13.00	$ 13.65	5 years
Edmonton, Alberta	4,907	$ 10.60	$ 12.00	5 years
Edmonton, Alberta	21,127	$ 18.00	$ 18.00	5 years
	48,973			

**per square foot*

One of the performance drivers of the Company is to ensure a low turnover of tenants through lease retentions and maintain high occupancy levels. During the current year, three tenants renewed their leases for further five-year terms at higher rates or the same rate as the expiring terms. To date, the Company has been very successful in retaining the current tenant base upon lease expiries.

New tenant leases and amendments in the current period:

	Square Feet
Sable building, lease acquired in Q1 2019	7,871
ALS building, lease acquired in Q1 2019	29,450
Cervus building, lease amendment in Q1 2019	4,437
Rocky Mountain Equipment building, lease acquired in Q3 2019	33,295
Coppertone III, new lease Q3 2019	12,124
Total new tenant leases in the current period	**87,177**

Total square footage of leases expiring in the next twelve months

There are four tenant leases in Edmonton, AB. expiring during the next twelve months totaling 95,206 ft^2. The renewal processes will commence pursuant to provisions in the lease agreements.

Total GLA of space available for lease

Current vacant square feet available for lease includes 32,762 ft^2 in one of the Company's multi-tenant buildings. The Company is actively marketing this space for lease.

LEASE TERMS AT SEPTEMBER 30, 2019

SINGLE TENANT BUILDINGS

Square Feet	58,875	52,890	240,207	75,151	74,206	26,400	29,450	116,630	25,024	28,891
Maturity Year	2020	2021	2022	2023	2024	2026	2027	2028	2029	2038

Total Square Feet: **727,724**

MULTI TENANT BUILDINGS

Square Feet	4,798	80,970	2,941	9,037	9,836	21,127
Maturity Year	Month to Month	2020	2021	2022	2023	2024

Total Square Feet: **128,709**

Total GLA of existing leases:	Available GLA for lease:	**Total GLA at September 30, 2019:**
856,433	**32,762**	**889,195**

Weighted Average Remaining Lease Terms

Single Tenant Buildings: **5.26 years**

Multi-Tenant Buildings: **2.97 years**

Total average lease term to maturity: 4.08 years

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

One of the Company's goals is to maximize the revenue of each asset in its region. With proper market analysis of comparables, the Company has been able to negotiate lease rates that achieve its desired rate of return.

AVERAGE ANNUAL LEASE RATES

per City, per square foot at September 30

	2019	2018
Edmonton, Alberta	$ 11.94	$ 13.65
Red Deer, Alberta*	$ 25.42	$ 24.89
Fort Saskatchewan, Alberta*	$ 36.11	$ 35.40
Fort McMurray, Alberta	$ 43.26	$ 42.99
Leduc, Alberta	$ 15.70	$ 15.70
Hanna, Alberta	$ 18.24	$ -
Vegreville, Alberta	$ 7.18	$ -

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

At September 30, 2019, the year-to-date occupancy is 96.3% (September 30, 2018 - 99.9%). The lower occupancy rate this year is attributed to the continued vacancy of 32,762 ft^2 in one multi-tenant building.

PROPERTY OPERATIONS

	September 30, 2019	September 30, 2018
Property tax and insurance recoveries	$ 2,444,428	$ 1,972,272
Operating expense recoveries	908,825	842,954
	$ 3,353,253	$ 2,815,226
Total property operating expenses	$ 4,093,678	$ 3,454,607
% of property operating expense recoveries	**82%**	81%

- Property taxes, insurance, and operating expenses are budgeted annually and reconciled every 12 months on a tenant-by-tenant basis. All the Company's leases except one small lease are triple net leases, which allows the landlord to recover all operating costs except for any structural repairs. Management will decide on large maintenance items as to how it will treat the recovery of those expenses from the tenant, so as not to incur hardship on their operations. In some cases, Management will amortize the expenditures over a period within the tenant's lease term. 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 expenses not recovered by the landlord in the current fiscal year. Historical optimal recovery percentages will be in the range of 80%-86%.

Affecting recoveries during the current period is vacant space of 32,762 ft^2 in a multi-tenant building, and a tenant in a single tenant building that was granted an additional four and a half months of free rent, while the landlord absorbed the operating expenses.

Recovery percentages will vary each quarter depending on utilities, snow removal, lawn care, and other seasonal expenditures. Management ensures operating expense recoveries are maximized for our shareholders.

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

	September 30, 2019	September 30, 2018
Income from operations	**$ 12,504,230**	**$ 11,788,601**
Less: Interest on financing*	4,048,009	2,994,340
Less: Principal instalments on mortgages	5,617,362	5,509,782
Funds available for property improvements and growth	$ 2,838,859	$ 3,284,479

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

The Company continues to ensure all properties are well-maintained through third-party contractors, in terms of maintenance, electrical, mechanical, structural, and cosmetic which includes exterior maintenance of the buildings through painting, landscaping, parking lot striping, etc.

	September 30, 2019	September 30, 2018
Total property improvements during the year	**$ 475,141**	**$ 408,968**

Property improvements during the current year include parking lot upgrades, energy efficient mechanical components such as new rooftop HVAC units, new infrared heaters, and new boilers for specific locations. The Company strives to provide high-quality service to the tenants by responding in a timely manner to address any property maintenance issues. Maintaining equipment on a regular basis improves the life of the equipment, keeping equipment running smoothly, and avoids major interruptions to the tenant's operations. The Company has a great relationship with all the tenants and will respond to maintenance issues within hours. Working with strong business partners that are familiar with the properties and tenants, the Company has enjoyed a quality of work while ensuring costs are very competitive.

The Company is actively investing in energy efficiency by replacing expensive, inefficient interior and exterior light fixtures with LED replacements, thus reducing the operating costs to the tenants, and promoting a greener environment through reduced emissions.

Through the Company's hands-on approach to maintaining its properties, the tenant retention is very high with little turnover, and shows a firm commitment by the Company to promote pride of ownership which will attract new prospective tenants, and possible future build-to-suit opportunities.

FINANCING

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

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

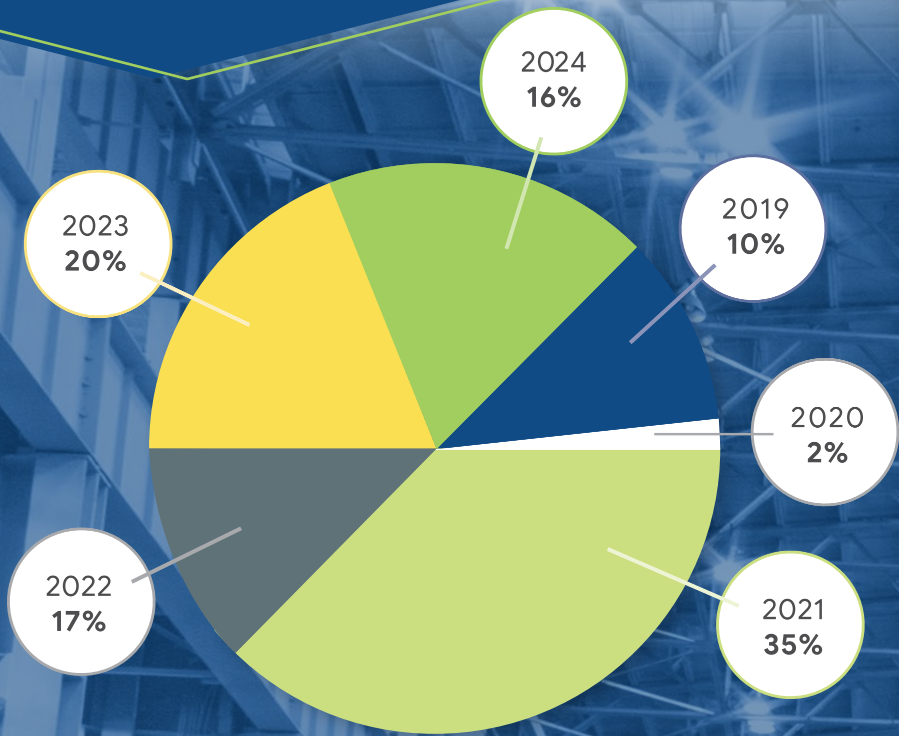
	September 30, 2019	September 30, 2018
Investment properties	**$ 218,468,890**	**$ 206,710,736**
Balance of mortgages excluding transaction fees	88,740,115	85,669,230
Bank operating facilities	26,353,212	18,457,672
Debt	**$ 115,093,327**	**$ 104,126,902**
Ratio of debt to assets	**53%**	**50%**

The Company continues to enjoy a good relationship with its lenders and has been able to renew mortgages as they come due, and place new conventional financing on acquisitions. Unencumbered properties on September 30, 2019, have fair values of $17,204,993. (September 30, 2018 - $17,900,757).

Weighted average interest rates on the mortgages have increased to 3.35% at September 30, 2019, from 3.13% at September 30, 2018, with rates rising for new, and renewed financing from the Company's lenders. During Q1 2019 the Company received two new mortgages and renewed three mortgages at their term dates. New mortgages received this year were for any new acquisitions and the completed building in Hanna, Alberta.

During Q3 2019 the Company renewed one mortgage for a further term of five years. Concurrent with this new mortgage was the release of the restricted cash of $1,300,000 which was held in GICs as additional security.

MORTGAGE MATURITIES



Balance	Rate	Monthly P&I	Year of Maturity	Principal Due by Year
$ 8,966,286	3.33%	$ 62,733	2019	$ 8,966,286
1,578,129	3.41%	18,134	2020	1,578,129
5,581,728	2.88%	47,229	2021	
3,034,587	2.95%	24,053	2021	
7,416,065	2.47%	59,166	2021	
3,485,483	2.98%	30,201	2021	
6,086,078	2.47%	62,356	2021	
5,393,159	2.98%	46,731	2021	30,997,100
2,209,502	2.73%	21,515	2022	
3,728,640	3.67%	29,597	2022	
3,387,629	3.67%	26,892	2022	
5,794,009	3.04%	46,682	2022	15,119,781
4,126,623	4.33%	32,438	2023	
4,919,773	4.65%	39,285	2023	
509,368	3.95%	11,266	2023	
6,014,888	4.09%	46,776	2023	
2,044,271	3.75%	16,149	2023	17,614,922
2,401,720	4.30%	22,298	2024	
10,156,050	3.30%	71,809	2024	
1,906,127	4.30%	17,696	2024	14,463,897
$ 88,740,115		**$ 733,007**		**$ 88,740,115**

"Management remains very active in searching for revenue producing properties that fit our criteria including properties in cities as well as smaller markets throughout the country."

The following table details the mortgage activity during the year.

Maturity Date	Rate	Principal Balance Sept. 30 '18	Mortgages Advanced/ Assumed	Y-T-D Principal Payments	Principal Repaid on Maturity	Principal Balance Sept. 30 '19
01-Nov-19	3.334%	$ 9,414,128	-	$ 447,842		$ 8,966,286
01-Jan-20	3.410%	1,742,156	-	164,027		1,578,129
01-Jan-21	2.980%	3,740,559	-	255,076		3,485,483
01-Jan-21	2.980%	5,787,844	-	394,684		5,393,160
01-Apr-21	2.880%	5,982,442	-	400,713		5,581,728
01-Apr-21	2.948%	3,231,172	-	196,585		3,034,587
01-Oct-21	2.470%	6,676,895	-	590,817		6,086,078
01-Oct-21	2.470%	7,936,856	-	520,791		7,416,065
01-Feb-22	3.040%	6,172,934	-	378,925		5,794,009
01-Jun-22	2.730%	2,404,821	-	195,319		2,209,502
01-Dec-22	3.670%	3,943,735	-	215,096		3,728,639
01-Dec-22	3.671%	3,583,038	-	195,409		3,387,629
01-Jan-23	3.570%	811,376	-	68,355	743,021	-
01-Feb-23	3.750%	2,159,649	-	115,378		2,044,271
01-Oct-23	3.950%	622,274	-	112,906		509,368
01-Oct-23	4.090%	6,300,000	-	285,112		6,014,888
01-Nov-23	4.330%	-	4,300,000	173,377		4,126,623
01-Dec-23	4.648%	-	5,100,000	180,227		4,919,773
01-Jan-24	4.300%	2,569,227	-	167,507		2,401,720
01-Jan-24	4.300%	2,039,948	-	133,821		1,906,127
01-Aug-24	3.300%	10,550,178	10,200,000	425,394	10,168,734	10,156,050
		$ 85,669,232	**$ 19,600,000**	**$ 5,617,362**	**$ 10,911,754**	**$ 88,740,115**

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

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

HIGHLIGHTS
DURING THE YEAR

In Q1, the Company completed an agreement to **purchase a 29,450 ft^2 building situated on 3.78 acres** in the southeast Edmonton Research and Development Park. The total purchase price was $6,150,000. The tenant, ALS Canada Inc. is an international company with operations in 70 countries.

In Q1, the Company completed an agreement to **purchase 3 acres of vacant land** in west Edmonton for a total purchase price of $1,650,000.

In Q1, the Company completed an agreement to **purchase a 7,871 ft^2 building** situated along the Yellowhead Trail in northeast Edmonton. The total purchase price was $975,000.

During Q,1 the Company completed the **build to suit, 24,454 ft^2 building** in Hanna, Alberta on 16.5 acres along with a 4,044 ft^2 ancillary building. The tenant, Cervus Equipment is an international company that provides sales and service of John Deere equipment to the agricultural sector. The tenant took occupancy in Q1 2019.

During Q1, construction of the **12,124 ft^2 Coppertone III** building in the Coppertone Industrial Common in NW Edmonton was completed. The Company secured a tenant for the building with rent commencing in Q3 2019.

In Q1, the Company received **conventional mortgage** financing for the Hanna property in the amount of **$5,100,000** from one of the Company's major lenders.

In Q1, the Company received a **new mortgage** on the acquisition of the ALS Canada building in southeast Edmonton. Total funds received were **$4,300,000** from one of the Company's major lenders.

During Q1, two mortgages were renewed for further five-year terms and one mortgage was renewed for a one-year term. An increase in the interest rates during the quarter affected the **weighted average rate of interest on all mortgages which is now 3.35%** on September 30, 2019 (September 30, 2018 – 3.13%). During Q3 the Company renewed a mortgage for a further five-year term at a rate of 3.30% compared to the previous rate of 3.45%.

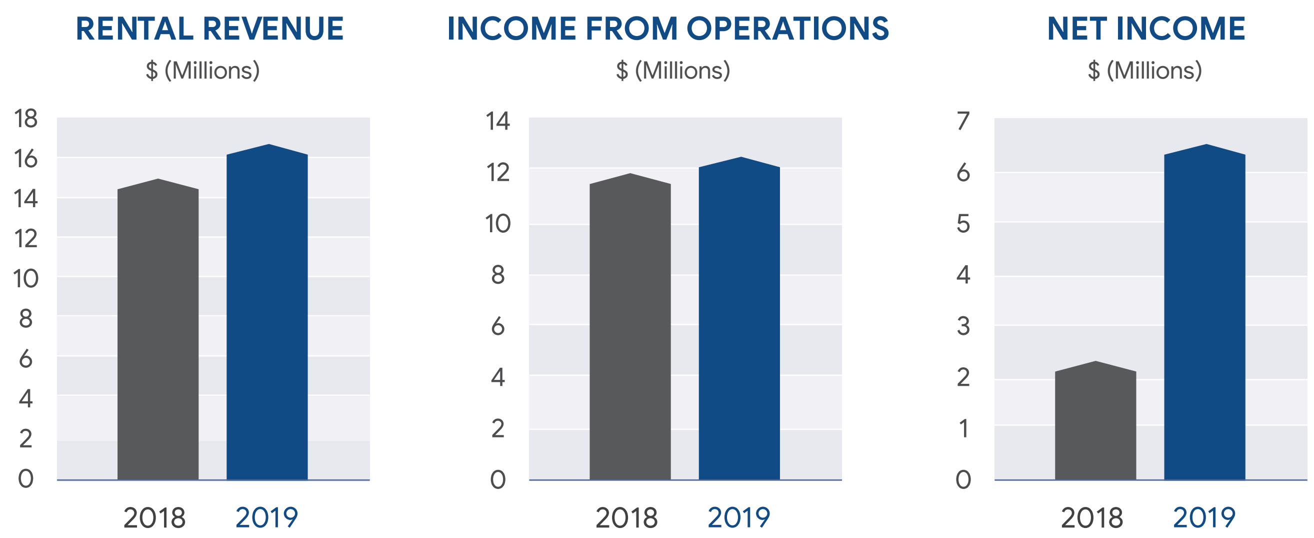
During Q1 – Q3, the Company signed month to month **leases with six individual tenants** to lease sections of the 3 acres of vacant land acquired in NW Edmonton. Annual revenue of over $76,000 will offset property taxes while the Company pursues development opportunities.

During Q3, the Company completed an agreement to **purchase a 33,295 ft^2 building** in Vegreville, Alberta on 5.89 acres. The total purchase price was $2,550,000.

During Q3 and Q4, the Company increased its existing credit facilities by **$6.5 million**

In Q4, the Ccmpany completed an **agreement to sell** an 8,000 ft^2 investment property in west Edmonton, Alberta. The total selling price was $1,710,000.

PERFORMANCE RESULTS



With the addition of several investment property acquisitions and new leases in the current year, the rental revenue has increased year over year.

In the current year, rental revenue, income from operations, and net income were positively affected by the reversal of an impairment provision of $900,000 relating to a loan receivable (September 30, 2018 – provision was ($1,000,000)).

The large increase to net income at September 30, 2019 is the result of an increase of over $2 million of income before taxes compared to the prior year, and a provision for recovery of deferred income taxes. In the current year, valuation net losses were recorded on the investment properties of $532,060 compared to valuation net losses of $3,475,926 at September 30, 2018. During the current year, a tenant in one of the Company's single tenant buildings requested an amendment to their lease to lower the Minimum rent in order to continue their operations. This decrease in revenue over the term of the lease affected the valuation of the property. A second property with multiple tenants has a single vacancy amounting to 34% of the building at September 30, 2019. The Company lowered the value on this property due to the decreased revenue, and the associated lease-up costs to place a new tenant.

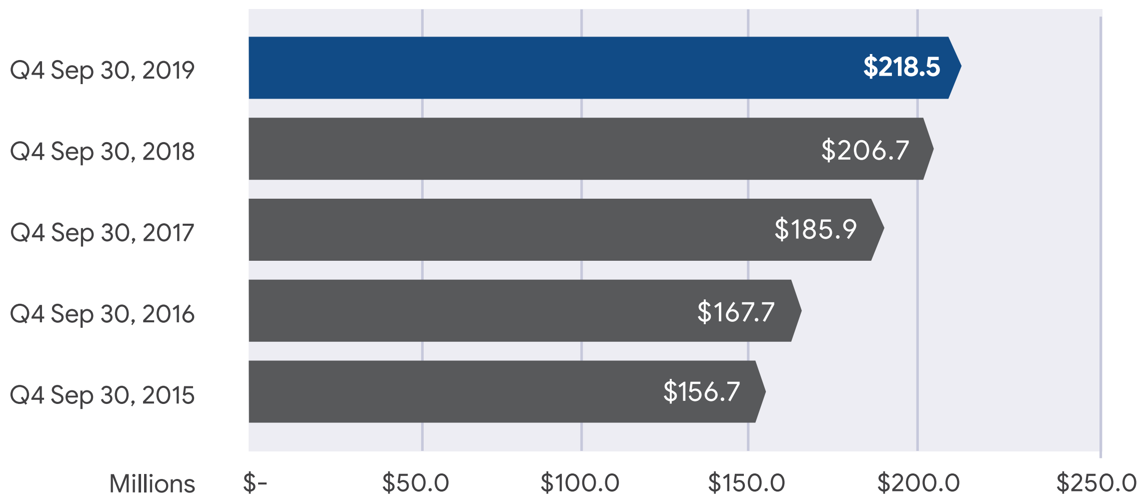
In the prior year, the Company agreed to an early lease termination for a tenant in Fort McMurray, Alberta, resulting in an accelerated rent adjustment of $2,992,928 that was reported as income, net of a provision of $1,000,000. A new tenant was subsequently placed in the building and the lower revenue generated by the new lease resulted in a decrease of $4,464,828 in the fair valuation of the property.

"Diversifying our portfolio can help achieve higher returns and minimize risk on our overall investments."

RESULTS of OPERATIONS and CASH FLOWS

For over five years, the Company enjoyed better than 99% occupancy in its properties. In Q2 2019, the year to date occupancy dipped slightly to 98.0% with one space currently available for lease and a small building that was under renovations to place a new tenant. With 32,762 ft^2 unoccupied, the year to date occupancy is now 96.3%.

FAIR MARKET VALUE OF INVESTMENT PROPERTIES



Valuation net gains or (losses) from investment property are the result of market values at each reporting date. They are estimated by Management using the actual annual contracted subsequent year revenue stream, less a vacancy, and structural 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, the strength of tenant, term of lease, lease rate, age of the building, size of the building, construction of the building and any unique features of the building. Given that not all industrial properties are the same, Management will apply these factors to each property in determining a capitalization rate. If a property has all favorable factors, the valuation will likely be calculated using the low end of the capitalization rate range.

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

At each reporting date, this calculation method is performed on all the investment properties except for the Oliver Crossing property, vacant land, and land under lease. (September 30, 2018, there was one property under development valued at cost). 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 is valued at cost until the earlier of the date that fair value can be reliably determined, or the projects are complete. Land held for development is valued using Management's research of similar vacant land that have sold recently or, is available for sale. Land under lease with tenants is valued at the fair value of similar vacant land.

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

Net valuation gains (losses) per quarter:

2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
$1,103,099	$(148,530)	$(33,127)	$(1,453,502)	$805,792	$(4,702,567)	$235,704	$185,145

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 and a decrease in revenue will have a negative impact. When interest rates are low, investors are eager to expand their portfolios creating a healthy, competitive environment in which to acquire property, which will keep the cap rates very competitive. Since 2016

Management decided to marginally increase the cap rates on some of the properties where the Company believes property values and lease rates have decreased slightly; the result of more product coming on stream from developers eager to lease up vacant buildings. Some properties' cap rates were increased to maintain existing values, despite increased contracted revenue streams which would otherwise drive the value upwards.

INVESTMENT PROPERTY CAP RATES

	September 30, 2019			September 30, 2018	
LOCATION	**Total GLA sf**	**Range Cap Rates**	**Rate Change**	**Total GLA sf**	**Range Cap Rates**
Edmonton, Alberta	651,797	4.50% - 6.80%	↓	638,677	5.00% - 7.17%
Red Deer, Alberta	43,396	6.33%	↔	43,396	6.33%
Fort Saskatchewan, Alberta	6,000	6.41%	↑	6,000	6.30%
Fort McMurray, Alberta	51,424	6.14% - 6.33%	↑	51,424	6.14% - 6.19%
Leduc, Alberta	41,630	6.85%	↔	41,630	6.85%
Vegreville, Alberta	33,295	8.50%		-	
Hanna, Alberta	28,891	7.00%	↓	28,891	7.17%
	856,433			810,018	
Available for lease, Edmonton, Alberta	32,762			-	
Total GLA (square feet)	889,195			810,018	

Some of the new leases do have escalations throughout their terms and the Company has increased the cap rates on those properties to keep the value of the properties at current market rates, despite an increase in rents. Cap rates continue to be evaluated on a property by property basis to ensure values reflect current market conditions. The cap rate utilized on the Hanna, Alberta property was lowered to reflect additional square footage, additional lease revenue, and an in-place long-term lease with a multi-national tenant.

There were no significant changes to the net values during Q3 2019.

During Q1 2019, the Company lowered the values on two properties which contributed significantly to the net valuation losses of $1,453,502. One property where a tenant occupying 32,762 ft^2 vacated after paying out their lease obligations, represents 34% of the square footage of the building. The Company made significant improvements to this space after the tenant vacated and it is being actively marketed for lease. The decrease in value represents the lost revenue, carrying costs, and leasing costs. The second property is where a tenant requested a reduction in their contracted lease rate to the term of their lease. The lower revenue is reflected in a lower valuation of this property.

At Q4 2018, the Company increased the cap rates on several properties to avoid large fair value increases that may not be indicative of the current market value of the property. The positive valuation during the quarter was the result of the build to suit project in Hanna, Alberta. The building was substantially complete at Q4 2018 and with a current lease in place, the tenant took occupancy in Q1 2019. The property was recorded at fair value, less the construction costs to complete at Q4 2018.

At Q3 2018, the Company agreed to an early lease termination for a tenant in Fort McMurray, Alberta. An accelerated rent adjustment in the amount of $1,992,928 was reported as income in Q4 2018. Concurrent with negotiations to release the tenant from their lease obligations, Management agreed to a new lease with a large national tenant that took occupancy of the building on July 1, 2018. The new lease rental revenue is lower than the lease that was terminated due to decreased market conditions in Fort McMurray. The recession has had a devasting effect on the Fort McMurray economy due to lower oil prices, and the major fires that ravaged the region. All other inputs remaining the same, the effect of the lowered income from the new lease, meant a decrease of $4,464,828 in the fair value of the land and building. The new tenant already has a well-established presence in Fort McMurray and was eager to move into a newer, larger facility for their expanding operations.

Fair value losses will often occur during Q3 each year the result of items capitalized as building improvements are performed in the warmer summer months of Q3. The capitalized building improvements generally exceed any incremental fair value increase, and Management will make a negative adjustment to the property's carrying value to bring it to the fair value at the reporting date. Also, at Q3 each year, property taxes are capitalized to vacant land causing a negative revaluation to bring the values back to estimated market values.

The Company has 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.

- **Income from operations** is higher in 2019 over 2018 due to increased revenue generated from acquisitions and new leases in the last twelve months. Income was positively affected by the recording of accelerated rent of $182,207 from a tenant that vacated their premises prior to their lease expiry date. Revenue was also increased by $900,000 in the current year due to a reversal of a loan impairment provision made in the prior year.

- **Finance costs** include interest on financing, amortization of deferred finance fees, and are net of interest income. Interest on financing is up $1,104,884 at September 30, 2019, compared to September 30, 2018, due to additional mortgages received, rising interest rates on new and renewed mortgages, and increased use of the bank credit facilities. The Company utilized its lines of credit and related party financing in the last twelve months to assist with new acquisitions.

- **Administrative expenses** are higher this year compared to last year due to additional employees and associated salaries and benefits. Administrative expenses include salaries, annual finance fees on the lines of credit, charitable donations, shareholder communications, and other small sundry accounts.

- **Amortization of deferred leasing costs** relates to leasing fees charged with the signing of new tenants, or upon lease renewals. The costs are amortized over the life of the respective leases varying from five to twenty years. Amortization is higher this year due to increased lease renewals and new leases in the last twelve months.

- **Loss on the sale of investment property** refers to the sale of an 8,000 ft^2 building in west Edmonton. Total net sale proceeds were $1,604,534 after the payment of real estate fees, legal costs and other disposition costs.

- **Unrealized losses on short term investments** are the result of valuing the marketable securities at market prices at the reporting date.

CHANGES IN CASH FLOWS

- **Cash provided by operating activities** was $9,927,677 at Q4 2019 (Q4 2018 – $7,180,380). The Company continues to generate positive cash from operations to cover day to day expenditures and bank cash for future opportunities. The cash flow provided from operations this year was higher due to increased revenues from new acquisitions with tenants. In the prior year, there were cash outflows for leasing fees of $1,078,511 compared to $220,020 in Q4 2019.

- **Cash used in investing activities** was $14,222,649 at Q4 2019 (Q4 2018 – $19,973,543). There were four property acquisitions this year totaling $11,514,213 and two buildings under construction during 2018 were completed in Q1 2019, with additional construction costs of $1,888,941. This compares to six acquisitions in the prior year at a cost of $16,130,567 and construction costs of $7,145,418. Changes in working capital associated with investing activities can temporarily skew the figures positively or negatively depending on accounts payable. At Q4 2018, accounts payable for construction payables created positive cash flows of $3,211,410.

- **Net cash provided by financing activities** was $2,986,774 at Q4 2019 compared to $14,293,347 at Q4 2018. At Q4 2019 the Company has received $19,600,000 of new mortgages compared to net proceeds received at Q4 2018 of $16,350,000. The credit facilities were used to assist with closing property acquisitions and fund construction projects. In addition to regular principal payments on the mortgages, one lender required the Company to deposit a total of $1,300,000 (monthly installments of $100,000) in GIC's until a specific mortgage matured in Q3 2019. Total GIC's held under this agreement at Q3 2019 were $1,300,000 (Q4 2018 – $400,000). When the mortgage was renewed in Q4 2019, the GICs were released to the Company. Finance costs net of interest income increased this year by $1,104,884 compared to last year with new and renewed mortgages at slightly higher interest rates, and increased use of bank operating facilities for new acquisitions.

During the current year, the Company purchased 90,500 common shares under the normal course issuer bid for a total cost of $361,082 (Q4 2018 - a total of 30,800 shares were purchased for a total cost of $128,890).

At Q4 2019, there was a **net decrease in cash** of $1,308,198 compared to an increase in cash at Q4 2018 of $1,500,184.

BALANCE SHEET CHANGES

- **Investment properties** include the fair value of the properties at the reporting date as valued by Management, including the unamortized balance of straight-line rent receivables, the unamortized balance of deferred leasing costs and unamortized balance of tenant inducements if any. Changes since the fiscal year-end of September 30, 2018, are detailed below.

	Income Producing Properties	Properties Under Development	Held For Development	**Total Investment Properties**
Opening balance at September 30, 2018	$ 186,853,753	$ 9,340,565	$ 10,516,418	$ 206,710,736
Additions:				
Property improvements	475,141	-	-	475,141
Capitalized property taxes and other			132,873	132,873
Construction costs	-	1,888,941	-	1,888,941
Leasing commissions	220,020	-	-	220,020
Property acquisitions	9,834,476	-	1,679,737	11,514,213
Tenant inducements, net of amortization	132,982	-	-	132,982
Change in straight-line revenues	(94,359)	-	-	(94,359)
Sale of investment property	(1,681,325)	-	-	(1,681,325)
Transfers to (from)	11,229,506	(11,229,506)	-	-
Revaluation losses, net	(969,525)	-	437,465	(532,060)
Amortization of deferred leasing	(298,272)	-	-	(298,272)
Ending balance at September 30, 2019	**$ 205,702,397**	**$ -**	**$ 12,766,493**	**$ 218,468,890**

▸ **Property improvements** include structural, mechanical and electrical upgrades as well as HVAC units, overhead heaters, and parking lot improvements.

▸ **Construction costs** are for the projects in Hanna, and Edmonton, Alberta. Both properties are completed and under lease with tenants.

▸ **Leasing commissions** during the current year were for three lease renewals and one new lease.

▸ **Property acquisitions** include the ALS building, the Sable Building and 3 acres of vacant land all in Edmonton, Alberta, and the Rocky Mountain Equipment building in Vegreville, Alberta.

▸ **Tenant inducements** were negotiated on one lease renewal in the current year.

▸ **Sale of investment property** was a property in west Edmonton, Alberta. The Company disposed of an 8,000 ft^2 building for total proceeds of $1,710,000.

▸ **Mortgages** at Q4 2019 have a balance of $88,740,115 (Q4 2018 - $85,669,230). During Q1 2019 two new mortgages totaling $9,400,000 were received and placed on a new acquisition and the completed building project in Hanna, Alberta. Two mortgages were renewed for five-year terms, and one mortgage was renewed for one year. A mortgage that was up for renewal was paid in full and a new agreement was entered into for five years. The total proceeds of the new mortgage were $10,200,000. A mortgage that was in place on a property sold during the year, was paid in full at the sale date. The total amount of principal repaid on this mortgage was $743,021.

At Q4 2019 there are two mortgages up for renewal in the next twelve months with combined principal balances of $10,544,415 which are shown as current liabilities. Subsequent to the year-end, the Company renewed one mortgage for a further five year term. The principal balance of this mortgage at September 30, 2019, was $8,966,286. The Company intends to renew the other mortgage at the term date. Netted against mortgages on the consolidated statements of financial position is the balance of unamortized fees associated with new or renewed mortgages, totaling $242,080 at Q4 2019 (Q4 2018 – $242,184).

▸ **Loan receivable** of $728,063 at Q4 2019 is net of a $100,000 provision for impairment (Q4 2018 – loan of $1,009,825 net of a provision of $1,000,000). The loan relates to the early lease termination of a tenant in Fort McMurray, Alberta where an accelerated rent adjustment in the amount of $2,992,928 was negotiated during the prior year. Included in the agreement was a loan receivable of $2,200,000 repayable in 22 monthly installments that include interest at an annual rate of 6%. An impairment provision of $1,000,000 was applied to this loan on September 30, 2018. Contractual installments were received in the current year and the Company reversed a portion of the provision for impairment in the amount of $900,000. Management will continue to re-evaluate the provision at each reporting period and apply any changes as necessary.

▸ **Receivables** of $279,846 at Q4 2019 and $242,792 at Q4 2018 are net of an allowance for doubtful accounts of $10,000 (September 30, 2018 - $16,061) and include tenant occupancy costs reconciliations.

▸ **Prepaid expenses and deposits** have a balance at Q4 2019 of $661,714 (Q4 2018 - $1,218,946) relating to property insurance premiums, property taxes, and security deposits with municipalities.

At Q4 2018 there were deposits of $665,000 placed pursuant to offers to purchase investment properties. Three deposits were applied to acquisitions in Q1 2019, and the remaining $200,000 was refunded to the Company.

▸ **Restricted cash** of $400,000 at Q4 2018 was held as collateral with one of the Company's major lenders as additional security for a specific mortgage that matured July 1, 2019. The mortgage was renewed for a further five-year term and the GIC's were released to the Company.

▸ **Short–term investments** are common shares held for trading. The value at Q4 2019 is $276,000 (Q4 2018 - $373,500). The shares are recorded at the quoted market value at each reporting date. Subsequent to the year ending, all the shares were sold for total gross proceeds of $262,595.

▸ **Security deposits** held for the performance of the tenants increased this year with the addition of new tenant leases. The current portion of deposits is included in payables and accruals.

▸ **Other financing** unsecured at Q4 2018 of $4,020,000 was repaid in the current year. Other financing is due to related parties and has no specific dates of repayment and is due on demand.

▸ **Bank operating facilities** at Q4 2019 have a balance of $26,353,212 with two of the Company's major lenders (Q4 2018 - $18,457,672 with two of the Company's major lenders). These credit facilities were used to assist with the acquisitions of investment properties and the completed construction of two buildings during the year.

The Company currently has two credit facilities ("Line of credit", or LOC") with two of its major lenders.

CREDIT FACILITIES

	September 30, 2019	September 30, 2018
Bank credit facilities	$ 26,500,000	$ 20,000,000
Amounts drawn on facilities	(26,353,212)	(18,457,672)
Available credit facilities	**$ 146,788**	**$ 1,542,328**

- A LOC with a limit of $13,000,000 (Q4 2018 - $10,000,000) is secured by a general security agreement and a collateral mortgage in the amount of $10,000,000 placing a fixed charge against specific properties. The facility bears interest at prime + .95%, unchanged from the prior year, and can be used for property acquisitions and general operations. There are no financial covenants with this credit facility.

- The Company has a second LOC with a limit of $13,500,000 (September 30, 2018 - $10,000,000). The LOC bears interest at prime plus 1% per annum and is secured by specific revenue-producing properties. This LOC incurs standby fees of 0.25% per annum 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.

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.

▶ **Payables and accruals** are $800,176 at Q4 2019 (Q4 2018 - $3,145,876). The balance at Q4 2019 includes accrued interest on financing, prepaid rents from tenants, and regular payables. (Q4 2018 – accrued interest on mortgages, prepaid rents from tenants and construction payables).

SUMMARY of CONSOLIDATED QUARTERLY RESULTS

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	5,052,393	3,973,657	3,850,537	3,721,321	5,497,881	2,930,792	3,486,193	3,328,342
Total Comprehensive Income (Loss)	4,393,990	1,519,848	1,393,144	(886,496)	3,395,251	(3,163,279)	1,449,203	661,438
EPS-Basic	0.46	0.16	0.15	(0.10)	0.35	(0.33)	0.15	0.07
EPS-Diluted	0.46	0.16	0.15	(0.10)	0.35	(0.33)	0.15	0.07

QUARTERLY CHANGES IN THE REVENUE

The increase in revenue at Q3 2019 and Q4 2019 reflects additional revenue from new tenant leases. At Q4 2019, revenue includes the reconciliation of occupancy costs and associated billings to tenants. During Q4 2019 the Company reversed an impairment provision relating to a loan receivable which resulted in $900,000 recorded as revenue.

Q2 2019 revenue is higher than Q1 2019 by $125,000 reflecting a full quarter of revenue from the tenant in Hanna, Alberta, and changes in the straight-line revenue.

Q1 2019 revenue reflects an amount received for accelerated rent from a tenant that vacated their premises prior to the expiry date of their lease. The full amount of rent due to the term of the lease was $182,207. Revenues have increased this year compared to last year due to additional tenants in the buildings acquired over the last twelve months.

Q4 2018 revenue from investment property increased with the addition of new leases on land acquisitions and two new tenants on property acquisitions, the Skyway building, and Dynomax building. Revenue of $1,992,928 is non-recurring revenue generated from the accelerated rent adjustment for early termination of a lease. Q4 revenues also increased with additional billings to tenants for annual reconciled occupancy cost recoveries.

In Q3 2018 revenue was impacted by the amortization of tenant inducements relating to one lease that was terminated when the tenant was placed in receivership. The total amortization was $336,364. The unamortized balance of straight-line rent associated with a lease terminated in Fort McMurray, Alberta was fully amortized in Q3 2018. This resulted in a decrease to rental revenue of $162,652.

During Q2 2018 the Company started receiving revenue from the Skyway building and an additional land lease.

Fluctuations in revenue quarter to quarter will often be the result of one or more of the following:

- revenue generated from new leases
- amortization of tenant inducements
- increases due to the reconciliation of operating costs to budget at each Q4
- changes in straight-line revenue due to lease renewals and new leases.

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

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

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

Net valuation gains (losses) per quarter:

2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
$ 1,103,099	$ (148,530)	$ (33,127)	$ (1,453,502)	**$ 805,792**	$ (4,702,567)	$ 235,704	$ 185,145

Q4 2019 unrealized gains are net of small losses. The largest gains occurred on two properties, 3 acres of vacant land in west Edmonton where land was revalued to market at Q4 2019 based on similar land values in the immediate area. The second property is a multi-tenant plaza that is the type of property currently in high demand in Edmonton. This property was revalued based on similar properties available for sale or sold in the immediate area.

Q1 2019 unrealized losses reflect small gains and losses on all the properties where revaluing the properties to market values takes into consideration the amortization of straight-line rents and deferred leasing. Any amounts capitalized to the properties during the quarter will have a downward adjustment to the value to maintain current market values. During Q1 2019, three properties had larger write downs due to events that occurred subsequent to the year-end. A tenant vacated 32,762 ft^2 or 34% of a multi-tenant building and Management completed major repairs and improvements to the interior space to market it for lease. The lower value on this property reflects the loss in revenue and the costs to release the space. During the latter part of Q1 2019, a tenant requested some relief from their lease obligations. Management agreed to reduce their rent to the term of their lease. All other inputs remaining the same, the lower revenue from this lease caused a large decrease in the value of the property.

Q4 2018 had small property by property decreases to maintain the values at the current market rates. These small losses were offset by the gain on one of the properties that was under construction during the year in Hanna, Alberta. At Q4 2018, the building was substantially complete with a signed lease in place. The tenant took occupancy in Q1 2019. At Q4 2018, the property could be reliably measured at fair value less the construction costs to complete.

Q3 2018 net losses are primarily the result of one property in Fort McMurray, Alberta. During Q3 2018 the Company agreed to an early lease termination for a tenant resulting in an accelerated rent adjustment of $2,992,928 (less a provision for impairment of $1,000,000) that was reported as income in Q4 2018. Concurrent with the negotiations to release the tenant from its lease obligations, Management agreed to a new lease with a large national tenant that took occupancy of the building on July 1, 2018. The new lease rental revenue is lower than the lease that was terminated due to decreased market rates in Fort McMurray. All other inputs remaining the same, the effect of the lowered income from the new lease, meant a decrease of $4,464,828 in the fair value of the land and building. Rent from the new tenant commenced in Q4 2018. The balance of net losses at Q3 2018 in the amount of $237,739 is typical of this time of year where capital improvements and capitalization of property taxes on vacant land, will increase the cost for accounting purposes. A negative revaluation is required to keep the values at market rates.

While a considerable number of properties had increases in the contracted revenue stream, which increases the value when applying a capitalization ("cap") rate, the Company has chosen to keep the values the same on some of the properties by adjusting the cap rates upward during 2018 and 2019. 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, which includes straight-line rent, leasing fees, and tenant inducements if any.

At Q4 each year, 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 impact on earnings for the fourth quarter.

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.

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 Q4 2019 is 9,496,442 compared to Q4 2018 at 9,583,642. The Company received approval to renew its normal course issuer bid which expires on September 2, 2020. During the current year, the Company purchased 90,500 shares for a total cost of $361,082. Of those shares, 87,200 were canceled with a charge to retained earnings of $292,419. The remaining 3,300 shares will remain in the treasury until canceled.

In the prior year, the Company purchased 30,800 shares for a total cost of $128,890. All the shares were canceled with a charge to retained earnings of $109,496.

There were 475,000 share options issued and outstanding under the Company's stock option plan that expired on August 26, 2019. There are currently no options outstanding.

DIVIDENDS

The Company issued a press release on 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. As at year end, Management and the Board of Directors had not set a date for the resumption of a dividend.

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 $1,038,486 (Q4 2018 - $931,553) 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 competitive rates of $65 per hour (Q4 2018 - $50-$65 per hour) for labour, plus truck charges, equipment use, and parts charges. Sable provides its own trucks, tools, and equipment to perform property maintenance. Imperial Equities recovers most of the Management and 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 involving Management in maintaining the property, as opposed to how much the tenant is involved.

Project fees in the amount of $101,140 (Q4 2018 – Nil) were paid to Sable for large scale tenant repairs to a leased space where the tenant vacated leaving considerable damage.

▶ **Acquisition, disposition, and leasing fees** in the aggregate of $298,669 (Q4 2018 – $1,098,318) were paid to North American Realty Corp. ("NARC") a Company controlled by Sine Chadi. In the current year, $113,250 was paid to NARC for the acquisitions of the ALS building, the Sable building, a three-acre parcel of land, and the RME building. Leasing fees were $134,119 for new, and renewed leases during the year, and a disposition fee of $51,300 was paid for the sale of a building in Edmonton. Fees and commissions are in line with current industry standards and are comparable or favorable to similar transactions undertaken by the Company with unrelated parties.

▶ **Leased office space and parking** were paid to Sable in the aggregate amount of $100,200 (Q4 2018 – $97,750). Imperial Equities shares office space with Sable and pays $8,350 per month (Q4 2018 - $8,146 per month). In the prior year, warehouse lease fees to store materials owned by Imperial were paid in the amount of $5,918 and were discontinued in Q1 2018.

▶ **Fees for the Chief Financial Officer** of $200,000 (Q4 2018 - $200,000) were paid to Sable for the services provided by the Company's Chief Financial Officer who is not paid directly by Imperial Equities.

▶ **Rent collected from** Sable for commercial lease space was $22,104 at Q4 2019 (Q4 2018 - Nil). Sable currently leases a 7,871 ft^2 building from the Company, in Edmonton, Alberta.

▶ **Rent collected from** Sable Realty Corp. a company controlled by Sine Chadi, a director and officer of the Company, was $24,000 during the current year (Q4 2018 - Nil). Sable Realty Corp. leases commercial space in one of the Company's multi-tenant buildings in Edmonton, Alberta. Realty commissions were paid to Sable Realty Corp. in the amount of $51,300 (Q4 2018 – Nil) for the disposition of an investment property during the year.

▶ **Charitable donations** were made to the Chadi Family Foundation, a private charitable foundation, of which Sine Chadi is a director. During the current year, the Board of Directors approved a charitable donation in the amount of $67,025 (Q4 2018 – Nil).

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** $52,500 at Q4 2019 (Q4 2018 - $45,000). Fees per meeting are currently $2,500. The fees paid are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations.

Compensation to key Management personnel

▶ **The Company's key Management personnel include** President Sine Chadi who is also a director and significant shareholder of the Company. Total salary paid to Mr. Chadi during the year was $300,000, unchanged from the prior year.

Unsecured interim financing from a company owned 100% by a director and major shareholder

Interim party financing from North American Mortgage Corp. totaling $750,000 was received and repaid with interest at an annual rate of 6% during Q1 2019. The total interest paid was $5,633.

In the prior year during Q1 2018, interim financing in the amount of $50,000 was received from North American Mortgage Corp. The total amount was repaid without interest in Q1 2018.

Unsecured interim financing from a company under common control

In the current year, interim financing of $1,050,000 was received from a company that is under common control by Sine Chadi. During the prior year, interim financing of $4,020,000 was received from this company and remained outstanding at Q3 2019, bringing the total balance outstanding to $5,070,000 at Q3 2019. The $5,070,000 was repaid in full during the current year. Total interest paid was $19,287 calculated at an annual rate of 6%.

Unsecured interim financing from directors and shareholders

In the current year, $200,000 was received from a director and shareholder. It was repaid with interest at an annual rate of 6%. The total interest paid was $1,184.

In the prior year, the balance of other financing outstanding on September 30, 2017, of $1,300,000 was repaid with interest at an annual rate of 6% along with additional loans received of $2,500,000 during the year. The total interest paid was $43,685.

> "Management is extremely vigilant and maintains a close watch on fluctuations in interest rates. 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."

LIQUIDITY, CAPITAL RESOURCES, AND SOLVENCY

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

	September 30, 2019	September 30, 2018
Income from operations	$ 12,504,230	$ 11,788,601
Available unused credit facilities	$ 146,788	$ 1,542,328
Cash provided by operating activities	**$ 9,927,677**	**$ 7,180,380**

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

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

Investment properties that are unencumbered with debt total $17,204,993 at September 30, 2019. The ratio of debt to assets is 53% at September 30, 2019 providing possible leverage opportunities in the future.

At September 30, 2019, there are two mortgages totaling $10,544,415 and shown as current liabilities. The Company has renewed one mortgage for a further five years and intends to renew the other mortgage as it comes due. When mortgages are renewed, the Company may have the option of increasing the debt on a particular property, subject to the lender's approval, to provide increased capital. There is a risk to the Company that mortgages that are up for renewal may not be renewed or may not be renewed at the same rates and therefore the monthly P&I may change. Total monthly principal and interest payments at September 30, 2019, are $733,007. Annual payments of $8,796,084 will be covered with cash flow from operations.

During the current year, the Company received increases to both credit facilities from $20,000,000 to $26,500,000. Additional investment properties were added to the secured properties with this increase. There was no change to any of the financial covenants.

Other sources of funds include the loan receivable of $828,063 (before a provision of $100,000) which should contractually provide monthly cash receipts of $105,850. Subsequent to the year-end the Company disposed of the short-term investments of $276,000. Total proceeds received were $262,595.

The Company has no other contractual commitments to purchase or sell assets, other than as disclosed above, and as disclosed in Note 21 of the consolidated financial statements.

CRITICAL ESTIMATES OF THE CURRENT ECONOMIC ENVIRONMENT AND OUTLOOK

▸ **The economic environment that Imperial operates in could** be adversely affected by tenants that may be challenged by unfavorable economic conditions within our economy.

During Q1 2019, an Edmonton based tenant asked Management for some relief from their current lease obligations due to cash flow issues. Management agreed to amend rent for the duration of the lease.

Early in 2017, a tenant with direct exposure to the oil and gas industry contacted Management to advise of cash flow challenges. During Q3 2018, Management completed negotiations to accept an accelerated rent adjustment for early termination of this tenant's lease. The total net rent adjustment of $1,992,928 was recorded in revenue in Q4 2018 (Note 4). Simultaneous with this lease termination, was a new 11-year lease agreement with a large national tenant who wished to take over this space in Fort McMurray, Alberta. Rental income from the new tenant commenced in Q4 2018.

To date, there are no indications from any other tenants that they will not be able to pay their rent.

Imperial continues to be very successful with all its financing requirements and diligently monitors the risk factors when considering 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 Imperial if a tenant fails to make contracted rental payments.

Portfolio of Tenants

▸ One of the Company's internal performance drivers is to ensure the quality of the tenant base is strong. Most of the Company's tenants are large and able to withstand a little economic turbulence. The Company does not have a tenant that makes up 10% or more of the rental revenue.

Mix of Tenant Base	Institutional	Multi-National	National	Regional Large	Regional Medium	Local Small	Totals
% of Occupied GLA	8%	43%	26%	9%	8%	6%	100%
% of Annual Rental Revenue	3%	50%	25%	13%	4%	5%	100%

The Company's annual rental revenue is the 12-month revenue stream from contracted rents, also called Minimum Rent or Basic Rent in the Company's leases, and excludes revenues from property taxes and insurance, operating expense recoveries, and month to month leases.

As shown above, Imperial's real estate portfolio is predominately made up of large single-tenant buildings that are leased to multinational, national and large regional tenants.

Most tenants have been with Imperial for many years and the Company conducts due diligence on all prospective clients. Notwithstanding the size of each individual tenant, Imperial's risks involve losing tenants due to unforeseen and poor economic conditions.

The risk of vacancy of any leased space is the Company's 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 became vacant, the carrying costs and mortgage payments if any, could be paid for with existing cash flows from operations. At Q4 2019, Imperial's occupancy rate is 96.3% year to date.

As with all the Company's past transactions, future opportunities will be looked at through proper due diligence, industry and geographical locations, and minimizing risk.

▸ **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 may be externally appraised for their current market value if the lender requires. During Q1 2019, three mortgages were extended at their term dates and two new conventional mortgages were received. During Q4 2019, one mortgage was renewed for a further five-year term.

Factors that influence market values of investment properties are the income generated from the property, demand, vacancy rates, term of the current lease, the 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.

In one property in Fort McMurray, Alberta where the tenant vacated early in 2018, the lender required the Company to place additional security and collateral against this mortgage, by depositing funds into GIC's held to the maturity date of the mortgage, July 1, 2019. This requirement was based on the new lease signed with another company at lower rates than the previous lease. The lower income generated from the property caused a valuation loss of over $4 million during the prior year. During Q3 2019, this mortgage was paid in full and a new mortgage was granted for a further five-year term. The funds held in GIC's as additional security were released to the Company.

The total fair value of the investment properties at Q4 2019 is $218,468,890 which includes $17,204,993 of properties unencumbered with debt. The mortgages and bank operating facilities against specific properties total $115,093,327 or 53% of the investment properties. Management believes the amount of debt against the properties is low enough to absorb any decline in values and support our ability to refinance.

▸ **Lease rates** will adjust downward if the 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, it is expected that the demand for space decreases and therefore the lease rate would decrease accordingly. Imperial is mindful of these risks. Management believes that any further leases that are up for renewal in the next twelve months will likely be renewed at the same rates, but the Company will be responsive to economic conditions..

▸ **Interest rates** on mortgages that are up for renewal may rise as the Bank of Canada continues to keep inflation in check by increasing its benchmark interest rates. All the mortgages that were up for renewal in the last twelve months were renewed at higher rates than the prior terms, except the most recent mortgage which was renewed at a lower rate than the previous term. 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 includes 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 promoting 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 strictly 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

In Q4 2018, the Company placed deposits of $665,000 pursuant to conditional agreements to purchase investment properties. Subsequent to the year-end, $445,000 were applied to the acquisitions in Q1 2019 and the remaining $200,000 was refunded to the Company.

In Q4 2018, the Company had construction costs to complete the two buildings under development. Total contracted costs not incurred at September 30, 2018 were $1,521,661. During Q1 2019, both buildings were completed, and both are now occupied with tenants.

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 available to the Company which is generally available on a short-term basis. 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

Adoption of accounting standards

IFRS 9, "Financial Instruments" replaces IAS 39 and introduces a new classification and measurement model with three classification categories, 'amortized cost', 'fair value through profit and loss' and 'fair value through other comprehensive income', for financial assets, as well as an expected loss impairment model that requires more timely recognition of expected credit losses and a new hedge accounting model. The Company has adopted IFRS 9 retrospectively and there were no adjustments upon transition. Financial assets which include cash and cash equivalents, restricted cash, accounts receivable and loan receivable were previously classified as Loans and Receivables are now classified and measured at amortized cost. This change in classification did not result in any changes in the measurement of financial assets. The Company was required to revise its impairment methodology under IFRS 9 for its financial assets, to account for expected credit losses. To measure the expected credit loss, financial assets have been grouped based on shared credit risk characteristics and the days past due. There was no significant impact on the measurement, recognition or disclosures of financial assets and liabilities.

IFRS 15, "Revenue from Contracts with Customers" was issued in May 2014 and provides a single comprehensive model to account for revenue arising from contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of the standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those good and services. The Company's most material revenue stream is rental revenue and it is outside the scope of the new standard however the property operating expense recoveries do fall within IFRS 15. The adoption of the new standard did not have a material impact on the consolidated statements of income and comprehensive income. The Company's pattern of revenue recognition is unchanged and there were no adjustments to the opening retained earnings on the adoption of this standard.

IAS 40 was issued in December 2016 with an amendment effective January 1, 2018, that requires an asset to be transferred to or

from Investment Property only when there is a change in use. A change in use occurs when the property meets or ceases to meet, the definition of investment property and there is evidence of the change in use. The Company adopted these amendments and clarifications in its consolidated financial statements on a retroactive basis and it did not result in any impact.

The Company adopted the Amendments to IFRS 3, "Business Combinations" ("IFRS 3 Amendments") effective October 1, 2018, in advance of its mandatory effective date. The amendments clarify the definition of a business in determining whether an acquisition is a business combination or an asset acquisition. It has removed the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs and the reference to an ability to reduce costs, and requires, at a minimum, the acquired set of activities and assets to include an input and a substantive process to meet the definition of a business. IFRS 3 Amendments also provides for an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. If substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set of activities and assets is determined to not be a business and no further assessment is needed. This election is made separately for each transaction. The Company has adopted the standard prospectively and all acquisitions in the current year are considered asset acquisitions. Applying the IFRS 3 Amendments did not have an impact on the consolidated financial statements.

After the adoption of the IFRS 3 "Amendments", the Company will account for business combinations in which control is acquired under the acquisition method. When an acquisition is made, the Company considers the inputs, processes, and outputs of the acquiree in assessing whether it meets the definition of a business. If the acquired set of activities and assets lack a substantive process in place but will be integrated into the Company's existing operations, the acquisition ceases to meet the definition of a business and is accounted for as an asset acquisition. Assets acquired through asset acquisitions are initially measured at cost, which includes transaction costs incurred.

Future accounting standards

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 assessed this standard and consistent with IAS 17, leases with tenants will be accounted for as operating leases, in the same manner, they are currently being reported. The adoption of this standard is not expected to have a material impact on the 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.

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.

(a) 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 judgment 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 the 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.

(b) 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 include capitalization rates and normalized net operating income (which is influenced by the inflation rate, interest rates, vacancy rates, structural reserves, and standard costs) by the 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 judgment 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.

Valuation of the loan receivable

The valuation of the loan receivable is based on Management's best estimate of the collectability of the principal balance. Management monitors the loan receivable for indications of impairment on an ongoing basis.

MEASURES NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Throughout the MD&A, Management will use measures that will include debt and unencumbered investment properties. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations presented by other issuers. Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one 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.

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. Management has initiated measures to mitigate such material weakness with the addition of new staff to segregate duties.

Imperial Equities is a Venture Issuer and is not required to certify the design and evaluation of the disclosure controls and procedures and internal control over financial reporting and has not completed such an evaluation. There are inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for Imperial and therefore there may be additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

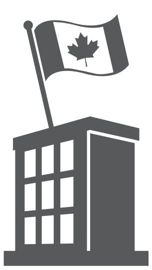
The CFO is employed by Sable Realty & Management Ltd. and in addition to performing the accounting and reporting functions of the Company, the CFO also provides accounting functions to numerous other private companies owned and operated by the CEO. There is the potential for conflict of interest regarding 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.

All proposed acquisitions are discussed at the audit committee stage. Once all internal conditions are met, an independent appraisal is ordered. Upon the successful closing of the transaction, acquisition fees charged by the asset manager, a related party, are disclosed to the audit committee. The Audit Committee provides oversight of financial statements and the 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.



"We are delighted to report that Imperial Equities is once again among the top 1000 publicly traded companies in the country."

“With the acquisition of two agricultural properties, Imperial is well underway in developing the agricultural “AG” division within our real estate portfolio. Imperial’s near-term goal is to acquire several more AG properties throughout the prairie region with a focus particularly on Alberta and Saskatchewan.”

PROPERTY PERFORMANCE

ALS BUILDING

- 9450 – 17 Avenue, Edmonton, Alberta
- Acquired by Imperial Equities: 2018
- 3.78 Acres of land
- 29,450 Total square feet

2019 PROPERTY DETAILS

Located just south of 23 Avenue and Parsons Road (99 Street) and just metres away from the incredibly popular South Edmonton Common, Canada's largest retail power centre, is the ALS Building. Positioned prominently in the Edmonton Research Park, the ALS Building is situated on 3.78 acres of beautifully landscaped land with ample paved parking and easy access to anywhere in the city.

Construction of this 29,450 ft^2 single occupant industrial/office building was completed in 2004. Markedly, a state-of-the-art laboratory facility that is constructed using a steel superstructure and a combination of precast concrete, decorative split faced block, stucco and a liberal amount of glazing. The 12,225 ft^2 office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The 17,225 ft^2 of built out laboratory space incorporates a host of specifically technical work stations and equipment that will rival any laboratory on the globe.

The highly advanced air handling systems maintain a sterile environment fitting for the operations of ALS. The building is fully sprinklered and powered by a 1200 amp 600 volt electrical service.

MEET THE TENANT

ALS Canada Ltd. – The ALS laboratory in Edmonton is a premier full-service organic, inorganic, and industrial hygiene laboratory in Western Canada. As one of the largest laboratories in the ALS Global network, the Edmonton location has been delivering reliable testing services with unsurpassed quality for more than 30 years. Clients include successful organizations across the globe in all sectors of oil and gas industry, government and consulting and engineering.

As one of the largest environmental laboratory networks in the world, ALS has the resources and expertise to meet the analytical needs of any project. ALS provides a full range of environmental testing services, specializing in the analysis of air, soil, sediment, water, and much more. Experienced experts at ALS are ready to provide the reliable data that helps clients make informed decisions about projects.

ALS Canada along with its parent, ALS Global, take great pride in providing personalized solutions and services to each and every one of its clients while maintaining core values of efficiency, safety and diversity in the workplace.

780-413-5227 | www.alsglobal.com | TSX:ALS

THE CAPITAL BUSINESS PARK

2019 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.

1 5730/40 – 118 Avenue Edmonton, AB
Acquired by Imperial Equities: 1999
Build to Suit: 2012
4.10 Acres of land
28,411 Total square feet

MEET THE TENANTS

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 - 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

CENTRAL
DISTRIBUTION BUILDING

11415 – 120 Street Edmonton, AB
Acquired by Imperial Equities: 2005
3.83 Acres of land
101,861 Total square feet

2019 PROPERTY DETAILS

▸ **Imperial's largest building** is this 101,861 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.

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. -** 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.

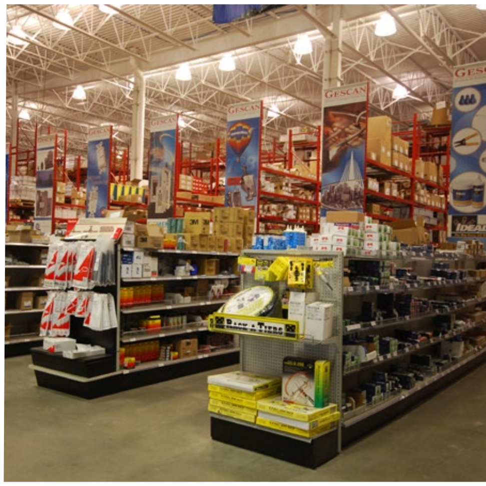
780-426-2673 | www.amresupply.com

▸ **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

COPPERTONE I
BUILDING

- Coppertone Industrial Common
  15103 – 121A Avenue Edmonton, AB
- Developed by Imperial Equities: 2004
- 2.34 Acres of land
- 22,939 Total square feet



2019 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 westend 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 a 22,939 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 copper 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 prairie region. Gescan forms part of Sonepar Canada and Sonepar worldwide. 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.

780-455-7171 | www.gescan.com

COPPERTONE II
BUILDING

- Coppertone Industrial Common
  12015 - 152 St, Edmonton, AB
- Developed by Imperial Equities: 2012
- 5.13 Acres of land
- 21,801 Total square feet

2019 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 1,721 square feet of prime office space and 20,080 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 the theme of the Coppertone Industrial Common 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 moulded tanks. Rotational moulding is an efficient and effective process for moulding hollow, complex and vertical shapes. The process uses heat to melt and fuse plastic resin in a closed mould, without utilizing pressure. All of Norwesco's equipment has been customized to improve the speed and efficiency of the manufacturing process.

780-474-7440 | www.norwescocanada.com

COPPERTONE III
BUILDING

Coppertone Industrial Common
11921 – 152 St, Edmonton, AB
Developed by Imperial Equities: 2018
1.25 Acres of land
12,124 Total square feet

2019 PROPERTY DETAILS

Within Imperial's Coppertone Industrial Common is a cluster of first-rate service and industrial buildings with one common theme. Each of our buildings share a copper facade that creates a look of quality that stands head and shoulders above anything in the immediate area and more notably they are immediately identified as an Imperial Equities' property. The newest addition to Coppertone Industrial Common is our Coppertone III property.

Developed by Imperial Equities in 2018 this innovative 12,124 ft^2 building has incorporated many of the LEEDS building standards and is situated on 1.25 acres of completely serviced and surfaced land. The ultra modern 3,500 ft^2 office component is positioned on 2 levels and features two separate stairwells each with exterior access. The warehouse/shop boasts elements that will rival most LEEDS certified buildings with fully automated LED lighting, energy efficient mechanical systems and even a built-in oil separator.

MEET THE TENANT

Ledcor Group - is a diversified construction company with teams of people who are proven in their industries. They work to design, build, transport, operate and maintain projects all over North America. They believe that projects are about more than concrete and steel. They are about people and the power of partnerships with employees, communities, contractors and clients.

Ledcor believes in building trust in the places where they do business—whether that's by engaging honestly, by giving back, by putting safety first, or by looking for smarter, more sustainable ways to get the job done right.

www.ledcor.com

COPPERTONE VII
BUILDING

2019 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 sited 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. 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 - 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

COPPERTONE VI BUILDING

Coppertone Industrial Common
12004/40 – 149 Street, Edmonton, AB
Acquired by Imperial Equities: 2017
2.82 Acres of land
47,652 Total square feet

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

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 - 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 - 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

- Coppertone Industrial Common
  12212 – 152 Street, Edmonton, AB
- Acquired by Imperial Equities: 2016
- 1.84 Acres of land
- 7,266 Total square feet

2019 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.

780-643-8787 | www.frontiersupply.ca

DAY & ROSS
CROSSDOCK FACILITY

- 11727 – 178 Street Edmonton, AB
- Acquired by Imperial Equities: 2002
- 4.79 Acres of land
- 22,594 Total square feet

2019 PROPERTY DETAILS

Situated on 4.79 acres in the Armstrong Industrial area of northwest Edmonton is the Day and Ross Crossdock facility. The 22,594 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 2,594 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 1,200 power units, 2,000 trailers and more than 2,500 dedicated and experienced employees and owner-operators located in terminals and other facilities across Canada.

www.dayross.com

DERRICK BUILDING

- 3403 – 74 Avenue, Edmonton, AB
- Acquired by Imperial Equities: 2017
- 3.76 Acres of land
- 34,404 Total square feet

2019 PROPERTY DETAILS

▶ **The Derrick Building** is located along the highly desirable 34 Street in southeast Edmonton's established Weir Industrial district. The property consists of 3.76 acres of serviced industrial land and is situated at the southwest 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 23,400 square foot shop features an abundance of grade doors, a total of 5 overhead cranes with individual craneways and driven by a 1,200 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.

780-437-5000 | www.derrickdisposal.net

DYNOMAX
BUILDING

- 7501 – 42 Street, Leduc, AB
- Acquired by Imperial Equities: 2018
- 3.81 Acres of land
- 41,630 Total square feet

2019 PROPERTY DETAILS

The Dynomax Building is located in the newly developed and highly desirable industrial corridor connecting Nisku with the city of Leduc, Alberta. The property consists of 3.81 acres of serviced industrial land and is situated at the northeast corner of the intersection which affords access to and from 2 major thoroughfares. The large rectangular site has excellent exposure and is easily accessed by surrounding arterials including the QE II highway.

Construction of this 41,630 ft^2 single occupant industrial building was completed in 2014. Distinctly, a first-class building constructed using a steel superstructure and a combination of concrete block, stucco, and metal cladding. The 8,030 ft^2 office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The exterior of the office component incorporates quality features such as an abundance of large windows, decorative rock and a stucco facade.

The shop/warehouse areas comprise a total of 33,600 ft^2 with all the latest in engineering technology, including an in-floor water recycling system. There are 8 five-ton cranes on 4 individual craneways, all powered by a 1600 amp service. The components of the mechanical systems that include heating, air conditioning and make up air are all state of the art. The building is fully sprinklered and has a large paved parking lot with an abundance of energized parking stalls. The property is fully serviced, fenced and beautifully landscaped.

MEET THE TENANT

Dynomax Drilling Tools Inc. – A supplier of leading performance drilling products engineered for the oil and gas industry that provides high value products and services for vertical, directional and horizontal drilling operations worldwide. With the guidance of industry leaders Dynomax has been designing, testing and producing high-performance downhole drilling tools and components for oilfield exploration and development. Beginning with just a small team, they've grown to comprise global representation with operations in Canada, the United States, the Netherlands and the United Arab Emirates.

780-986-3070 | www.dynomaxdrillingtools.com

EPCOR BUILDING

- 6005 – 72A Avenue Edmonton, AB
- Developed by Imperial Equities: 2008
- 7.66 Acres of land
- 58,393 Total square feet

2019 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

EPCOR – through its wholly owned subsidiaries, builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States. The Company also provides electricity, natural gas and water products and services to residential and commercial customers. EPCOR, headquartered in Edmonton, is an Alberta Top 70 employer.

www.epcor.ca

ESSENTIAL ENERGY
BUILDING

- 77 Queensgate Crescent, Red Deer, AB
- Acquired by Imperial Equities: 2014
- 10 Acres of land
- 43,396 Total square feet

2019 PROPERTY DETAILS

Developed in the Red Deer's modish business park this 43,396 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.

403-263-6778 | www.essentialenergy.ca | TSX:ESN

INDEPENDENT SUPPLY BUILDING

- 11418 – 120 Street Edmonton, AB
- Acquired by Imperial Equities: 2004
- 1.58 Acres of land
- 25,580 Total square feet

2019 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, site, 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.

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.

780-451-4744 | www.ischvacr.com

MYE CANADA
BUILDING

7115 Girard Road Edmonton, AB
Acquired by Imperial Equities: 2002
2.0 Acres of land
50,000 Total square feet

2019 PROPERTY DETAILS

▸ **The MYE Canada 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

▸ **MYE Canada -** is an Edmonton based state of the art bottling facility supplying the private label market throughout Canada. With a total of 11 production 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 in the international market, namely the United States and China. Products include various sizes of reverse osmosis bottled water, bottled spring water, bottled soda pop, bottled carbonated water, and specialized production of caps and bottle molds when desired. Sizes include 350 ml up to 18.9 L bottles.

With their state of the art facilities, MYE Canada 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 any other in the industry. MYE Canada's biodegradable products require no sunlight or oxygen to degrade in landfills, making them completely biodegradable.

780-486-6663 | www.myecanada.com

NAIT
DISTRIBUTION BUILDING

- 11311 – 120 Street Edmonton, AB
- Acquired by Imperial Equities: 2005
- 3.37 Acres of land
- 70,000 Total square feet

2019 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 Edmonton alone approaches $1.7 billion annually.

www.nait.ca

ROCKY MOUNTAIN
EQUIPMENT BUILDING

- 6425 – 55 Avenue, Vegreville, AB
- Acquired by Imperial Equities: 2019
- 5.89 Acres of land
- 33,295 Total square feet

2019 PROPERTY DETAILS

The Rocky Mountain Equipment Building is located in the heart of the town of Vegreville, Alberta. The property consists of 5.89 acres of serviced industrial land and is situated along 55 Avenue, which provides for easy access to and from 2 major thoroughfares being the Yellowhead Highway and Highway 16A. The large square site is all level, fully fenced and has a completely hard surfaced parking lot.

There are four buildings on the site totaling 33,295 ft^2 and each serve a specific purpose for the operations of Rocky Mountain Equipment (RME). The main building is 25,775 ft^2 and serves as a show room, parts room, general offices and a modern service centre, all on one level. Construction is a combination of concrete block, stucco, and metal cladding all wrapping a steel superstructure. The building is fully sprinklered, fire monitored and includes mechanical systems such as HVAC combined with a hot water heating system all powered by an 800 amp electrical service.

A newer 5,440 ft^2 service shop is located facing the rear of the main building. There are 10 large overhead grade doors that access 10 service bays that serve as overflow during peak farming seasons. The remaining two buildings on site serve as parts and merchandise storage.

MEET THE TENANT

Rocky Mountain Equipment (RME) - is a consolidator of agriculture and construction equipment dealerships, primarily focused around the CNH (Case-New Holland) brands. RME is the largest independent dealer of Case IH and Case Construction equipment in Canada, and the second largest in the world. RME's business employs nearly 1000 people directly and serves tens of thousands more customers and their employees. Operating 37 dealerships across Alberta, Saskatchewan and Manitoba as well as customers radiating beyond those three provinces, RME's goal is to bring professional, stable, and dependable equipment partnerships to its customers.

The RME dealership network has continued to grow since 2007 and the search for acquisition opportunities continues. The RME vision is to become a North American industry leader through being a dependable equipment partner for our customers.

780-632-6677 | www.rockymtn.com

OLIVER CROSSING

2019 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 10 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

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. - 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

10304/36 - 111 Street Edmonton, AB
Acquired by Imperial Equities: 1999
1.25 Acres of land
16,207 Total square feet

Prive - Melding the allure of trendsetting exclusivity with contemporary entertainment, Prive 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. Prive 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

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

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

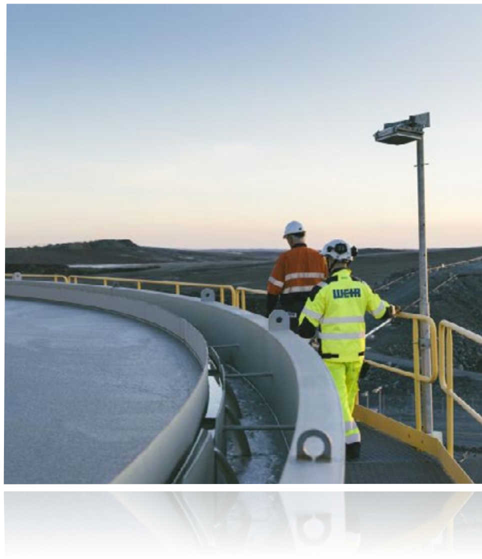
Sable Realty Corp. - Established in 1987, Sable Realty Corp. is a locally owned and operated real estate brokerage in Edmonton, Alberta. Since its inception, Sable Realty Corp, has achieved more than $100 million dollars worth of residential and commercial transactions. Sable's team of real estate professionals reflect the diversity, community and character of Edmonton. Our agents work collaboratively, together and with clients, sharing expertise and knowledge, all focused on maximizing outcomes for their clients.

Sable prides itself on being responsive to clients, understanding that buying a home or business often is the biggest transaction in your life. We provide dedicated service and the most current information and tools to ensure we are linked tightly within a marketplace that is changing every minute.

780-429-4168 | www.sablerealty.ca

SEABOARD CANADA BUILDING

- 4737 – 97 Street, Edmonton, AB
- Acquired by Imperial Equities: 2016
- 6.8 Acres of land
- 75,000 Total square feet



2019 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.

780-438-1122 | www.weiroilandgas.com

SKYWAY CANADA BUILDING

- 7303 – 36 Street, Edmonton, AB
- Acquired by Imperial Equities: 2017
- 2.19 Acres of land
- 24,855 Total square feet

2019 PROPERTY DETAILS

The Skyway Canada Building is located at the core of southeast Edmonton's established Weir Industrial district. The property consists of 2.19 acres of serviced industrial land with a 24,855 square foot industrial building. The large rectangular site is situated at the corner of 36 Street and 73 Avenue and provides effortless access onto 34 Street which connects to surrounding arterials including Sherwood Park Freeway, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday.

The Skyway building is archetypical of the industrial fabrication facilities that exist on the landscape of any industrial area. The long rectangular shaped building has 30 foot ceilings and is constructed of pre-engineered steel with a band of translucent wall panels along the underside of the roof overhang. These translucent panels allow for natural lighting throughout the interior of the building. The fully sprinklered building also includes features such as in slab floor heating along with several wall to wall radiant tubes. There are 3 bridge cranes ranging in size from 10 – 50 tons and a craneway that spans the entire length of the building. The property is fully serviced and all fenced.

MEET THE TENANT

Skyway Canada - is one of the country's leading providers of scaffold, shoring, fireproofing, insulation and rope access solutions. Experience and expertise in the design, engineering, delivery and maintenance of Skyway's systems has set the highest industry standards for quality and safety.

Skyway Canada has been safely supporting its customers since 1967. The company, which is Canadian owned and operated, has 190 full-time employees and averages 800 employees in the field, with Branches in Toronto, Sarnia, Thunder Bay, Edmonton, Calgary, Whitecourt and Pouce Coupe. Skyway operates under the Skyhigh name in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec and has branches in Calgary, Edmonton, Saskatoon, Bolton, and Montreal.

780-417-8007 | www.skycan.ca

TEAM INDUSTRIAL
SERVICE BUILDING

- 2507 – 84 Avenue Edmonton, AB
- Acquired by Imperial Equities: 2001
- 4.0 Acres of land
- 33,500 Total square feet

2019 PROPERTY DETAILS

Situated on a four acre site, this building is a single tenant custom constructed industrial building measuring 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.

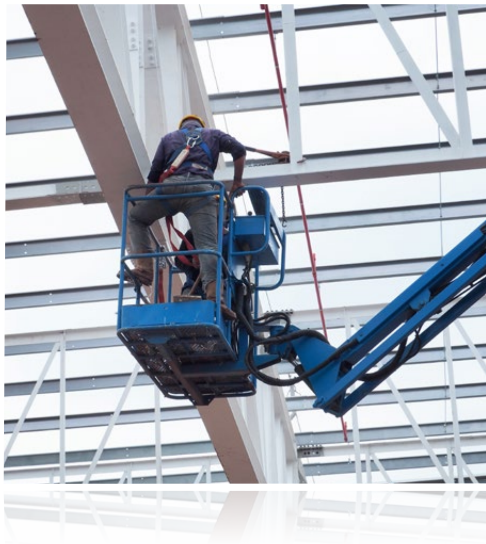
MEET THE TENANT

Team Industrial Services - 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.

780-417-7777 | www.teamindustrialservices.com
NASDAQ:TISI

UNITED RENTALS
FORT MCMURRAY

- 140 TaigaNova Crescent, Fort McMurray, AB
- Developed by Imperial Equities: 2011
- 5.4 Acres of land
- 26,400 Total square feet



2019 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. The company has an integrated network of 1,198 rental locations in North America and 11 in Europe. In North America, the company operates in 49 states and every Canadian province. The company's approximately 18,800 employees serve construction and industrial customers, utilities, municipalities, homeowners and others. The company offers approximately 3,800 classes of equipment for rent with a total original cost of $14.5 billion. United Rentals is a member of the Standard & Poor's 500 Index, the Barron's 400 Index and the Russell 3000 Index® and is headquartered in Stamford, Conn. Additional information about United Rentals is available at unitedrentals.com.

780-743-9555 | www.unitedrentals.com | NYSE:URI

UNITED RENTALS
FORT SASKATCHEWAN

- 11141 – 89 Avenue Fort Saskatchewan, AB
- Acquired by Imperial Equities: 2008
- 2.3 Acres of land
- 6,000 Total square feet

2019 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.

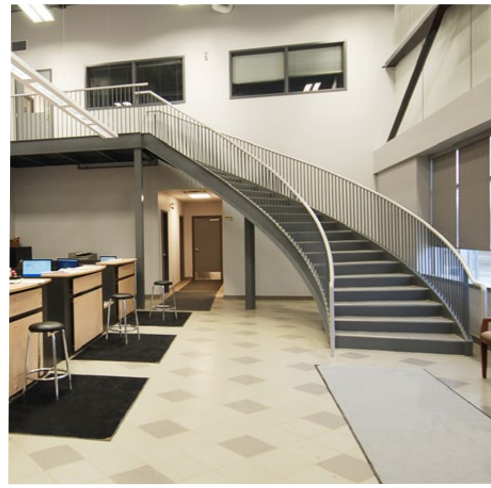
MEET THE TENANT

United Rentals ("UR") - United Rentals, Inc. is the largest equipment rental company in the world. The company has an integrated network of 1,198 rental locations in North America and 11 in Europe. In North America, the company operates in 49 states and every Canadian province. The company's approximately 18,800 employees serve construction and industrial customers, utilities, municipalities, homeowners and others. The company offers approximately 3,800 classes of equipment for rent with a total original cost of $14.5 billion. United Rentals is a member of the Standard & Poor's 500 Index, the Barron's 400 Index and the Russell 3000 Index® and is headquartered in Stamford, Conn. Additional information about United Rentals is available at unitedrentals.com.

780-743-9555 | www.unitedrentals.com | NYSE:URI

WAJAX BUILDING

- 205 MacAlpine Crescent, Fort McMurray, AB
- Acquired by Imperial Equities: 2014
- 6 Acres of land
- 25,000 Total square feet



2019 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 state of the art and architecturally pleasing Wajax Building. Situated on 6 acres of prime industrial property, the site provides easy access and exposure to and from the two main thoroughfares.

Construction of the Wajax 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

Wajax - As a leading industrial products and service provider, Wajax has been serving major Canadian industries for well over a century and a half. As one of the oldest businesses in Canada, Wajax has played an active role in the development of the country's infrastructure. Its roots trace back to 1858 when B.J. Coghlin opened a blacksmith shop in Montreal. The business continued to grow steadily in manufacturing and in 1954 it acquired its first mobile equipment subsidiary – a manufacturer of portable pressure pumps by Watson Jack & Co. Limited. With that the brand "Wajax" was born.

Today, Wajax operates more than 100 branches across Canada and represents a wide range of leading world-wide manufacturers. The company continues to expand and acquire additional and highly specialized companies to service the construction, industrial/commercial, transportation, the oil sands, forestry, oil and gas, metal processing, and mining market sectors.

1-877-469-2529 | www.wajax.com | TSX:WJX

LAND FOR DEVELOPMENT

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

12.9 ACRES

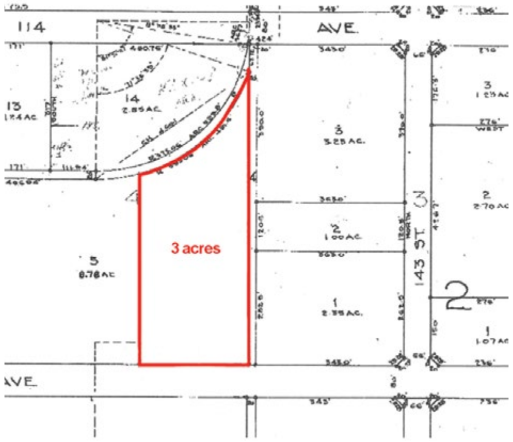
2019 PROPERTY DETAILS

▶ **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 build to suit opportunity to develop the site.

14420 – 112 Avenue, Edmonton, AB

3.0 ACRES

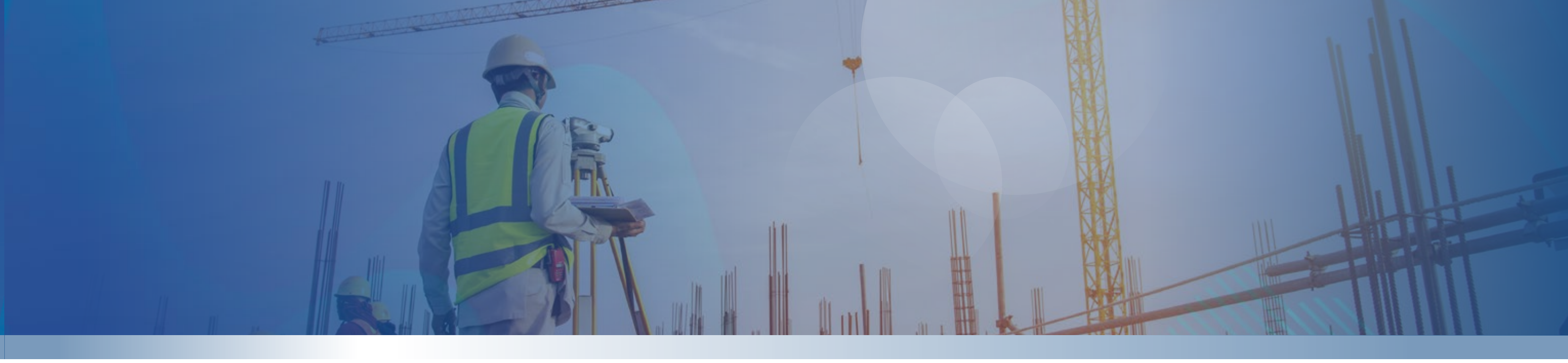


2019 PROPERTY DETAILS

▶ **Conveniently** located between 142 Street and 149 Street in central west Edmonton this 3 acre parcel of land has all the attributes for a classic build to suit building for any type of business. The site, in the heart of the highly desirable Huff Bremner Industrial area, affords easy access to and from any of the major thoroughfares in Edmonton. Its connectivity to arterial roadways permitting truck traffic renders this site one of the more attractive locations anywhere in the city.

The property is largely rectangular in shape and is flat, fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The site is electrified and features a large number of individual electrical plugs specifically designed for large transport truck usage. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

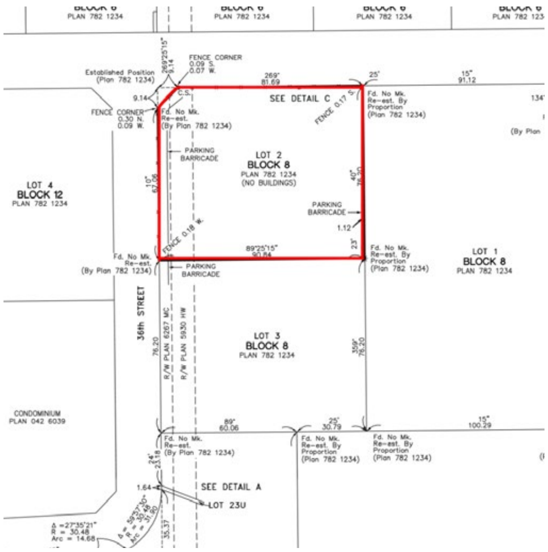
Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.



3503 – 74 Avenue, Edmonton, AB

1.70 ACRES

2019 PROPERTY DETAILS



▸ **Nestled** in the highly desirable Weir Industrial area of southeast Edmonton is this 1.70 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor.

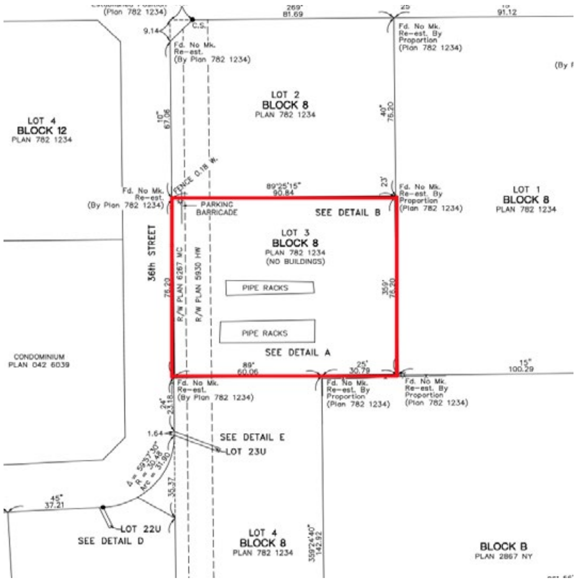
This corner lot is square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. Accessed off of 74 Avenue, the site features an extra wide approach with remote opening and locking gates. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.

7335 – 36 Street, Edmonton, AB

1.71 ACRES

2019 PROPERTY DETAILS



▸ **Nestled** in the highly desirable Weir Industrial area of southeast Edmonton is this 1.71 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor.

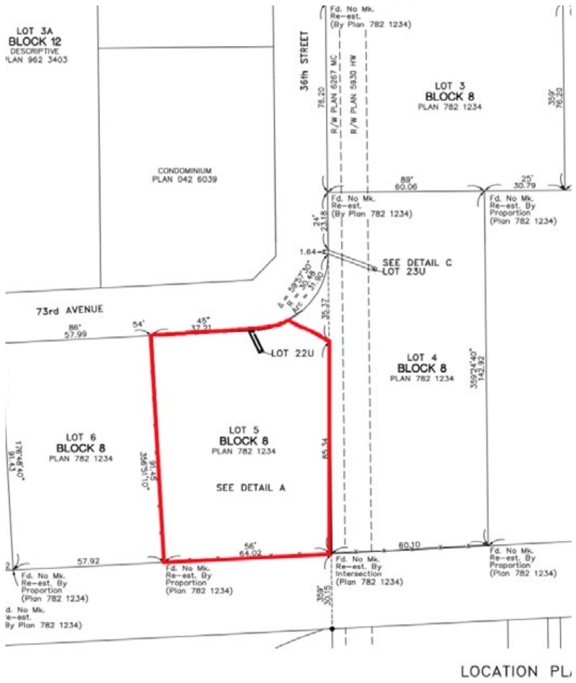
The property is square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.

3603 – 73 Avenue, Edmonton, AB

1.49 ACRES

2019 PROPERTY DETAILS



▸ **Located** in the highly desirable Weir Industrial area of southeast Edmonton is this 1.49 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor.

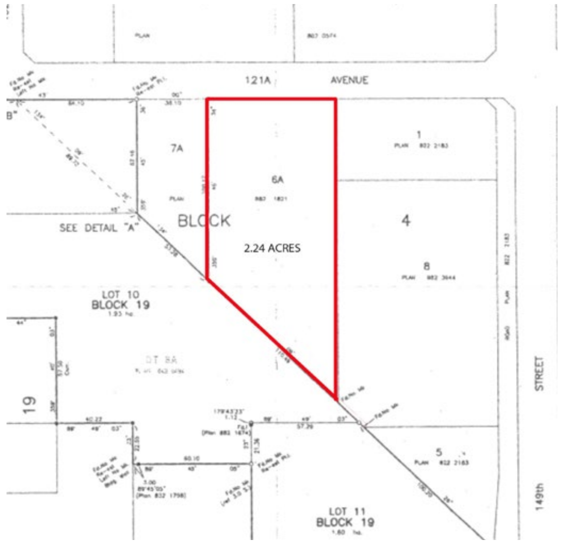
The property is practically square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.

15003 – 121a Avenue, Edmonton, AB

2.24 ACRES

2019 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

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Independent Auditor's Report

To the Shareholders of
Imperial Equities Inc.

Opinion

We have audited the consolidated financial statements of Imperial Equities Inc. (“the Company”), which comprise the consolidated statements of financial position as at September 30, 2019, and September 30, 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2019 and September 30, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Heather Murk.

Edmonton, Canada

Grant Thornton LLP

December 3, 2019

Chartered Professional Accountants

IMPERIAL EQUITIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT SEPTEMBER 30,

	Notes	2019	2018
Assets			
Investment properties	3	218,468,890	206,710,736
Total non-current assets		**218,468,890**	**206,710,736**
Loan receivable	4	728,063	1,009,825
Receivables	6	279,846	242,792
Prepaid expenses and deposits	7	661,714	1,218,946
Restricted cash	8	-	400,000
Short term investments	5	276,000	373,500
Cash and cash equivalents		1,035,322	2,343,520
Total current assets		**2,980,945**	**5,588,583**
Total Assets		**221,449,835**	**212,299,319**
Liabilities			
Mortgages	8	72,647,419	64,146,206
Security deposits		558,030	611,654
Deferred taxes	12(b)	12,901,426	14,299,347
Total non-current liabilities		**86,106,875**	**79,057,207**
Current portion of mortgages	8	15,850,616	21,280,840
Other financing	22 (b)	-	4,020,000
Bank operating facilities	9	26,353,212	18,457,672
Payables and accruals	10	800,176	3,145,876
Income taxes payable		857,306	915,477
Total current liabilities		**43,861,310**	**47,819,865**
Total Liabilities		**129,968,185**	**126,877,072**
Equity			
Issued share capital	15(a)	5,962,095	6,030,758
Contributed surplus	15(b)	-	593,750
Retained earnings		85,519,555	78,797,739
Total Equity		**91,481,650**	**85,422,247**
Total Equity and Liabilities		**221,449,835**	**212,299,319**

Guarantees, contingencies, and commitments (Note 19)
Post-reporting date events (Note 23)

See accompanying notes to the consolidated financial statements.

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

	Notes	2019	2018
Rental revenue	14,18(a)	**16,597,908**	15,243,208
Property operating expenses	14,18(b)	**(4,093,678)**	(3,454,607)
Income from operations		**12,504,230**	11,788,601
Finance costs	11	**(4,055,610)**	(2,950,726)
Administration expenses		**(1,564,127)**	(1,292,322)
Amortization of deferred leasing		**(298,272)**	(278,603)
Loss on sale of investment property	3	**(76,791)**	-
Unrealized (loss) gain on short term investments		**(97,500)**	73,500
Valuation net losses from investment property	3	**(532,060)**	(3,475,926)
Income before income tax		**5,879,870**	3,864,524
Income tax recovery (expense)	12(a)	**540,616**	(1,521,911)
Net income and comprehensive income		**6,420,486**	2,342,613
Earnings per share basic and diluted	16	**0.67**	0.24

See accompanying notes to the consolidated financial statements.

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

	Number of shares	Capital stock	Contributed surplus	Retained earnings	Total
October 1, 2018	9,583,642	$ 6,030,758	$ 593,750	$ 78,797,739	$ 85,422,247
Shares repurchased during the year	-	(13,727)	-	-	(13,727)
Shares cancelled during the year	(87,200)	(54,936)	-	(292,420)	(347,356)
Expired stock options	-	-	(593,750)	593,750	-
Net income	-	-	-	6,420,486	6,420,486
Balance September 30, 2019	9,496,442	$ 5,962,095	$ -	$ 85,519,555	$ 91,481,650

	Number of shares	Capital stock	Contributed surplus	Retained earnings	Total
October 1, 2017	9,614,442	$ 6,050,152	$ 593,750	$ 76,564,622	$ 83,208,524
Shares repurchased and cancelled during the year	(30,800)	(19,394)	-	(109,496)	(128,890)
Net income	-	-	-	2,342,613	2,342,613
Balance September 30, 2018	9,583,642	$ 6,030,758	$593,750	$ 78,797,739	$ 85,422,247

See accompanying notes to the consolidated financial statements.

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

	Notes	2019	2018
Operating activities			
Net income from operations		**6,420,486**	2,342,613
Finance costs		**4,055,610**	2,950,726
Items not affecting cash:			
Non-cash accelerated rent adjustment	13 a)	**(900,000)**	(1,749,709)
Amortization of discount on loan receivable		**-**	(3,586)
Amortization of tenant inducements		**4,586**	336,364
Amortization of deferred leasing commissions		**298,272**	278,603
Fair value losses on investment properties		**532,060**	3,475,926
Unrealized loss (gain) on short term investments		**97,500**	(73,500)
Loss on the sale of invesment property		**76,791**	-
Straight-line rental revenue		**94,359**	(141,838)
Deferred income taxes		**(1,397,922)**	489,114
Leasing commissions		**(220,020)**	(1,078,511)
Net change in operating working capital	13 a)	**865,955**	354,178
Cash provided by operating activities		**9,927,677**	7,180,380
Investing activities			
Purchase of investment properties		**(11,514,213)**	(16,130,567)
Completed property under development		**(1,888,941)**	(7,145,418)
Improvements and additions to investment properties		**(608,014)**	(408,968)
Payment of tenant inducements		**(137,565)**	-
Proceeds from loan receivable		**-**	500,000
Net proceeds on sale of investment property		**1,604,535**	-
Net change in investing working capital	13 a)	**(1,678,451)**	3,211,410
Cash used in investing activities		**(14,222,649)**	(19,973,543)
Financing activities			
Proceeds from new mortgages		**19,600,000**	16,350,000
Repayment of mortgages on maturity		**(10,168,734)**	(4,813,093)
Repayment of mortgages through principal instalments		**(5,617,362)**	(5,509,782)
Repayment of mortgage on sale of investment property		**(743,021)**	-
Restricted cash held in guaranteed investment certificates		**400,000**	(400,000)
Amortization of deferred finance fees		**97,435**	86,773
Fees associated with new or renewed mortgages		**(97,332)**	(87,084)
Advances from other financing		**2,000,000**	6,570,000
Repayment of other financing		**(6,020,000)**	(3,850,000)
Finance costs		**(4,055,610)**	(2,950,726)
Purchase of common shares for cancellation		**(361,082)**	(128,890)
Net advances on bank operating facilities		**7,895,540**	8,951,557
Net change in financing working capital	13 a & b)	**56,940**	74,592
Cash provided by financing activities		**2,986,774**	14,293,347
(Decrease) increase in cash and cash equivalents		**(1,308,198)**	1,500,184
Cash and cash equivalents, beginning of year		**2,343,520**	843,336
Cash and cash equivalents, end of year		**1,035,322**	2,343,520

See accompanying notes to the consolidated financial statements.

1. Description of the Company

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

2. Significant accounting policies

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

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. 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 development 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 leasing commissions.

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(e)). 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 development

The cost of properties under development includes direct development costs, realty taxes, and borrowing costs directly attributable to the development. Investment properties under development 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 development 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 development at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

Borrowing costs related to properties under development

Borrowing costs associated with direct expenditures on properties under development 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 finance costs along with amortization of deferred finance fees, and net of interest income.

(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 for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. 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. Prior to the adoption of the amendments to IFRS 3 (Note 2(r)), the definition of a business was 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. 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 any 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 statements of comprehensive income. 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 had no impairment loss been recognized.

(e) Investment property held for sale

Investment property is categorized as held for sale where the property 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 property 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 a property 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 property held for sale. On reclassification to or from investment property held for sale, investment property that is measured at fair value continues to be so measured.

(f) 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 fulfillment 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 recognized 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.

(g) Segment reporting

Operating segments are defined as components of the Company for which separate financial information is available and is evaluated by the chief operating decision-maker in allocating resources and assessing performance. The CODM is the President and Chief Executive Officer who has determined there are two reportable segments beginning in the current fiscal year, an agricultural division and an industrial/retail division. All the Company's operations are solely in Canada and are under one business, commercial real estate. The CODM and the board of directors will evaluate the performance of the segments based on income from operations and have set a predetermined level of resources to be allocated to the growth of the agricultural division.

(h) 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.

(i) 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.

(j) Revenue recognition

Contracted rental revenue is recognized and measured in accordance with IAS 17 *Leases*. Revenue commences when a tenant has a right to occupy the leased asset. Base rents or minimum rents in lease contracts are 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.

Rental revenue includes recoveries of property taxes, insurance, and operating expenses. Operating expense recoveries from tenants are providing a service to the tenant and therefore are non-lease components. IFRS 15 *Revenue from Contracts with Customers* requires revenue recognized from non-lease components to be disclosed separately from other sources of revenue. Operating expense recoveries are recognized over time for services rendered in the period they are earned. 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. Rental revenue also includes accelerated rent adjustments that occur when the Company agrees to allow a tenant to terminate their lease in advance of the contractual lease term. The proceeds of the negotiated rent adjustment are recognized in income when it is receivable, and there is no ongoing contractual obligation.

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.

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 an unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

(k) Fair value measurements

The Company measures certain non-financial assets such as investment property, at fair value at the end of each reporting period. 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 enough 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.

(l) Financial instruments

Financial assets 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 flow from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. For financial assets, the Company applies the general approach to recognize impairment losses which requires losses to be recognized from possible defaults in the next twelve months. Short term investments are initially recognized at fair value and subsequently measured at fair value through profit and loss.

Financial liabilities are recognized when the Company becomes party to the contractual provisions of the financial instruments and they are derecognized when they are extinguished, discharged, canceled, or expire.

<u>Classification and measurement</u>

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured in two categories: amortized cost or FVTPL.

The following summarizes the Company’s classification and measurement of financial assets and liabilities:

	Classification and Measurement
Financial Assets	
Cash, cash equivalents and restricted cash	Amortized cost
Short term investments	FVTPL
Receivables and loans receivable	Amortized cost
Financial Liabilities	
Bank operating facilities	Amortized cost
Payables and accruals	Amortized cost
Other financing	Amortized cost
Mortgages	Amortized cost
Security deposits	Amortized cost

The Company does not have any derivatives embedded in financial or non-financial contracts.

(m) Cash and cash equivalents and restricted cash

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less. Restricted cash in the prior year represents cash held in guaranteed investment certificates as collateral, pursuant to certain lender agreements.

(n) Stock-based compensation

The Company has established a stock option plan for its directors, management and key employees as described in Note 17. 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 options 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 that 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.

(o) Normal course issuers bid

Common shares purchased under the normal course issuer 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 canceled, the transaction value, including costs, reduces capital stock.

(p) 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 property under development is available for use. This judgment is applied when the property is substantially complete and is sometimes concurrent with occupancy.

In the normal course of operations, the Company acquires investment properties. At the time of the 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) Classification of tenant incentives

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. When the payments add future value to the space independent of the lease in place, such costs are capitalized to the investment property. If the costs incurred are specific to the lessee, and do not have stand-alone value, these costs are treated as tenant incentives and amortized on a straight-line basis to revenue over the lease term in accordance with SIC 15, Operating leases – incentives.

(iv) 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.

(q) 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 development is set out in Note 3.

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

Investment property under development is valued at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

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 development. 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 judgment 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.

(iv) Valuation of the loan receivable

The valuation of the loan receivable is based on management's best estimate of the collectability of the principal balance. Management monitors the loan receivable for indications of impairment or reversals of impairment on an ongoing basis.

(r) Adoption of accounting standards

The Company has adopted the following standards in its consolidated financial statements.

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 Company has adopted the standard and there was no impact on the consolidated financial statements.

IFRS 9, Financial Instruments replaces IAS 39 and introduces a new classification and measurement model with three classification categories, 'amortized cost', 'fair value through profit and loss' and 'fair value through other comprehensive income', for financial assets, as well as an expected loss impairment model that requires more timely recognition of expected credit losses and a new hedge accounting model. The Company has adopted IFRS 9 retrospectively and there were no adjustments upon transition. Financial assets which include cash and cash equivalents, restricted cash, accounts receivable and loan receivable were previously classified as Loans and Receivables are now classified and measured at amortized cost. This change in classification did not result in any changes in the measurement of financial assets. The Company was required to revise its impairment methodology under IFRS 9 for its financial assets, to account for expected credit losses. To measure the expected credit loss, financial assets have been grouped based on shared credit risk characteristics and the days past due. There was no significant impact on the measurement, recognition or disclosures of financial assets and liabilities.

IFRS 15, "Revenue from Contracts with Customers" was issued in May 2014 and provides a single comprehensive model to account for revenue arising from contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of the standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those good and services. The Company's most material revenue stream is rental revenue and it is outside the scope of the new standard however the property operating expense recoveries do fall within IFRS 15. The adoption of the new standard did not have a material impact on the consolidated statements of income and comprehensive income. The Company's pattern of revenue recognition is unchanged and there were no adjustments to the opening retained earnings on the adoption of this standard.

IAS 40 was issued in December 2016 with an amendment effective January 1, 2018, that requires an asset to be transferred to or from investment property only when there is a change in use. A change in use occurs when the property meets or ceases to meet, the definition of investment property and there is evidence of the change in use. The Company adopted these amendments and clarifications in its consolidated financial statements on a retroactive basis and it did not result in any impact.

The Company adopted the Amendments to IFRS 3, Business Combinations ("IFRS 3 Amendments") effective October 1, 2018, in advance of its mandatory effective date. The amendments clarify the definition of a business in determining whether an acquisition is a business combination or an asset acquisition. It has removed the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs and the reference to an ability to reduce costs, and requires, at a minimum, the acquired set of activities and assets to include an input and a substantive process to meet the definition of a business. IFRS 3 Amendments also provides for an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. If substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set of activities and assets is determined to not be a business and no further assessment is needed. This election is made separately for each transaction. The Company has adopted the standard prospectively and all acquisitions in the current year are considered asset acquisitions. Applying the IFRS 3 Amendments did not have an impact on the consolidated financial statements.

After the adoption of the IFRS 3 Amendments, the Company will account for business combinations in which control is acquired under the acquisition method. When an acquisition is made, the Company considers the inputs, processes, and outputs of the acquiree in assessing whether it meets the definition of a business. If the acquired set of activities and assets lack a substantive process in place but will be integrated into the Company's existing operations, the acquisition ceases to meet the definition of a business and is accounted for as an asset acquisition. Assets acquired through asset acquisitions are initially measured at cost, which includes transaction costs incurred.

Future accounting standards

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 assessed this standard and consistent with IAS 17, leases with tenants will be accounted for as operating leases, in the same manner, they are currently being reported. The adoption of this standard is not expected to have a material impact on the 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

	Income Producing Properties	Properties Under Development	Held For Development	Total Investment Properties
Opening balance at September 30, 2018	$ 186,853,753	$ 9,340,565	$ 10,516,418	**$ 206,710,736**
Additions:				
Property improvements and additions	475,141	-	-	**475,141**
Capitalized property taxes and other	-	-	132,873	**132,873**
Construction costs	-	1,888,941	-	**1,888,941**
Leasing commissions	220,020	-	-	**220,020**
Property acquisitions	9,834,476	-	1,679,737	**11,514,213**
Tenant inducements, net of amortization	132,982	-	-	**132,982**
Change in straight-line rental revenue	(94,359)	-	-	**(94,359)**
Sale of investment property	(1,681,325)	-	-	**(1,681,325)**
Transfer to (from)	11,229,506	(11,229,506)	-	**-**
Revaluation gains (losses), net	(969,525)	-	437,465	**(532,060)**
Amortization of deferred leasing commissions	(298,272)	-	-	**(298,272)**
Ending balance at September 30, 2019	**$ 205,702,397**	**$ -**	**$ 12,766,493**	**$ 218,468,890**

	Income Producing Properties	Properties Under Development	Held For Development	Total Investment Properties
Opening balance at September 30, 2017	$ 174,447,425	$ -	$ 11,448,900	**$ 185,896,325**
Additions:				
Capitalized property taxes and other	-	20,420	122,109	**142,529**
Capitalized interest	-	86,354	-	**86,354**
Property improvements	408,968	-	-	**408,968**
Construction costs	-	6,916,537	-	**6,916,537**
Leasing commissions	821,747	256,764	-	**1,078,511**
Property acquisitions	15,707,210	105,839	317,518	**16,130,567**
Change in straight-line revenues	141,838	-	-	**141,838**
Revaluation (losses) gains, net	(4,058,468)	704,651	(122,109)	**(3,475,926)**
Amortization of deferred leasing	(278,603)	-	-	**(278,603)**
Amortization of tenant inducements	(336,364)	-	-	**(336,364)**
Transfers (from) to	-	1,250,000	(1,250,000)	**-**
Ending balance at September 30, 2018	**$ 186,853,753**	**$ 9,340,565**	**$ 10,516,418**	**$ 206,710,736**

Valuation methodology and processes

The fair value of investment properties at each reporting period is determined internally by management using assumptions and market information obtained from industry professionals and qualified external appraisers. Management uses inputs from external appraisers as additional sources of information when recording property-specific attributes. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, all the investment properties are classified as Level 3 assets. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the above periods.

Management's primary internal valuation model is based on a capitalization of the forecasted normalized net operating income approach. The Company determines the forecasted normalized net operating income using a one-year income forecast for each property based on current in-place rents and assumptions about occupancy, structural and vacancy reserves, less cash outflows expected to operate and manage each 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.

Land with holding income including Oliver Crossing, and land held for development are valued based on sale data within the market area. The Company's executive management team is responsible for determining fair value measurements including verifying all major inputs included in the valuation. Management, along with the Audit Committee, discusses the valuation process and key inputs 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, 2019	**September 30, 2018**
Range of capitalization rates applied to investment properties	4.50% - 8.50%	5.00% - 7.17%
Fair values of properties where cap rates were applied	$ 193,391,689	$ 181,766,587
Weighted average cap rates	6.27%	6.26%
Fair value impact of increasing average cap rate by 0.25%	$ (7,417,369)	$ (6,968,691)
Fair value impact of a 1% decrease in net operating income	$ (1,933,930)	$ (1,817,669)
Oliver Crossing		
Fair value	$ 8,400,000	$ 8,400,000
Impact of a $10 change in price per square foot	$ 525,000	$ 525,000
Land held for development		
Average price per acre of land	$ 163,349	$ 163,349
Number of acres	64.38	64.38
Total fair values	$ 10,516,497	$ 10,516,418
Impact of a 10% change in average price per acre	$ 1,051,650	$ 1,051,642
Property available for lease		
Coppertone III – 12,024 sf, Edmonton, AB	$ -	$ 3,473,629
Impact of a $10 change in price per square foot	$ -	$ 119,989
Land under lease agreements with tenants		
Number of acres leased	7.90	4.90
Average price per acre	$ 779,837	$ 798,104
Total fair values of leased land	$ 6,160,710	$ 3,910,710
Impact of a 10% change in average price per acre	$ 616,071	$ 391,071

One investment property entitles the lessee to purchase the land and building under an Option to Purchase agreement that expires January 15, 2021.

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

	September 30, 2019	September 30, 2018
Straight line rent receivable	$ 1,453,543	$ 1,547,901
Tenant inducements	132,979	-
Leasing commissions	1,554,400	1,632,652
	$ 3,140,922	$ 3,180,553

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

4. Loan receivable

	September 30, 2019	September 30, 2018
Loan receivable, beginning of year	$ 1,009,825	$ 496,414
Additional loan receivable	-	2,200,000
Reversal of (provision for) impairment	900,000	(1,000,000)
Principal payments received	(1,181,762)	(686,589)
Balance, end of the year	**$ 728,063**	**$ 1,009,825**

The contractual receivable at September 30, 2019 is $828,063 (September 30, 2018 - $2,009,825). During the current period, the Company reinstated a portion of the receivable that was previously considered impaired. The reversal amount of $900,000 was recorded as revenue in the current year. Monthly installments are to be received until May 1, 2020.

In the prior year, an accelerated rent adjustment of $2,992,928 was negotiated with a tenant that was granted early termination of their lease. Contractual consideration was as follows:

Cash received on the termination date	$ 243,219
150,000 common shares of the tenant’s company valued at $2.00 per share at the termination date	300,000
Adjustment to the balance of the mortgage payable to the tenant	249,709
Monthly installments of $105,850 for 22 months inclusive of interest at an annual rate of 6%	2,200,000
Total contractual accelerated rent adjustment	2,992,928
Adjustment to fair value on initial recognition	(1,000,000)
Accelerated rent adjustment	**$ 1,992,928**

The loan receivable of $496,414 on September 30, 2017, was received in full during the prior year.

5. Short – term investments

Short-term investments are common shares acquired in the settlement of the accelerated rent adjustment in the prior year (Note 4).

Level 1 Measurement	September 30, 2019	September 30, 2018
Marketable securities, beginning of year	$ 373,500	$ -
Value of shares acquired	-	300,000
Change in fair value	(97,500)	73,500
Balance at the end of the year	**$ 276,000**	**$ 373,500**

6. Receivables

	September 30, 2019	September 30, 2018
Tenant receivables	$ 277,965	$ 136,324
Accrued interest	4,140	10,772
Other	7,741	-
Excise taxes receivable and rebates receivable	-	111,757
Provision for impairment	(10,000)	(16,061)
Receivables, net	**$ 279,846**	**$ 242,792**

The tenant receivables include invoices for occupancy costs that are reconciled at year-end and subsequently collected.

7. Prepaid expenses and deposits

	September 30, 2019	September 30, 2018
Prepaid operating expenses	$ 610,775	$ 497,507
Deposits on offers to purchase investment property	-	665,000
Security deposits with municipalities	50,939	56,439
Total prepaid expenses and deposits	**$ 661,714**	**$ 1,218,946**

Prepaid operating expenses are for property taxes and insurance.

On September 30, 2018, the Company had refundable deposits of $665,000 on agreements to purchase investment property. Of the total deposits, $445,000 was applied to three acquisitions and the remaining $200,000 was refunded, all in Q1 2019.

8. Mortgages

	Maturity	Rate	September 30, 2019	September 30, 2018
*	November 1, 2019	3.334%	8,966,286	9,414,128
*	January 1, 2020	3.410%	1,578,129	1,742,156
	January 1, 2021	2.980%	3,485,483	3,740,559
	January 1, 2021	2.980%	5,393,160	5,787,844
	April 1, 2021	2.880%	5,581,728	5,982,442
	April 1, 2021	2.948%	3,034,587	3,231,172
	October 1, 2021	2.470%	6,086,078	6,676,895
	October 1, 2021	2.470%	7,416,065	7,936,856
	February 1, 2022	3.040%	5,794,009	6,172,934
	June 1, 2022	2.730%	2,209,502	2,404,821
	December 1, 2022	3.670%	3,728,639	3,943,735
	December 1, 2022	3.671%	3,387,629	3,583,038
	January 1, 2023	3.570%	-	811,376
	February 1, 2023	3.750%	2,044,271	2,159,649
	October 1, 2023	3.950%	509,368	622,274
	October 1, 2023	4.090%	6,014,888	6,300,000
	November 1, 2023	4.330%	4,126,623	-
	December 1, 2023	4.648%	4,919,773	-
	January 1, 2024	4.300%	2,401,720	2,569,227
	January 1, 2024	4.300%	1,906,127	2,039,948
	August 1, 2024	3.300%	10,156,050	10,550,178
	Total mortgages		$ 88,740,115	$ 85,669,230
	Less: current portion of principal payments		(15,850,616)	(21,280,840)
	Less: balance of unamortized finance fees		(242,080)	(242,184)
			$ 72,647,419	**$ 64,146,206**
	Weighted average rate		**3.35%**	**3.13%**

*Mortgages due in the next twelve months

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, except for one mortgage that matured July 1, 2019. Additional security and collateral for the lender of this mortgage included monthly installments of $100,000 held in interest-bearing GIC's, for a total debt service reserve in the aggregate of $1,300,000. Upon renewal of the mortgage on July 1, 2019, the additional security was released. On September 30, 2018 installments pursuant to the security agreement were $400,000 and were classified as restricted cash.

9. Bank operating facilities

	September 30, 2019	September 30, 2018
Bank operating facilities	**$ 26,353,212**	**$ 18,457,672**

The Company has two credit facilities set out as follows:

1) An operating line of credit (LOC) with a limit of $13,500,000 (September 30, 2018 - a limit of $10,000,000).

   This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2019, of $13,372,362 (September 30, 2018 - $9,888,223). The credit facility bears interest at prime plus 1% per annum (September 30, 2018 – prime plus 1% per annum) and is secured by specific revenue-producing properties with combined fair values of $46,341,730 (September 30, 2018, specific revenue-producing properties with combined fair values of $39,870,611). The Company pays a standby fee of .25% per annum (September 30, 2018 - .25% per annum) payable monthly on the undrawn 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 1.25 can be maintained, less the Prior Debt on the properties, (unchanged from September 30, 2018): or b) the level at which a Loan to Value Ratio of 70% 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 (unchanged from September 30, 2018). For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

   Debt Service Coverage Ratio ("DSCR") is the net operating income, divided by the debt service.

   - *Debt service* = annual principal and interest payments based on 25-year amortization and an interest rate that is the greater of 5.0% (September 30, 2018 - 5.0%) 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 ("LTV") is the total debt on the secured properties divided by the current market value of the secured properties.

Loan Covenant Requirements:	Min. 90% Occupancy	DSCR 1.25	LTV 70%
September 30, 2019	Yes	2.89	69%
September 30, 2018	Yes	1.12	72%

   The Company was not in breach of its covenants at September 30, 2019.

   On September 30, 2018, the Company did not meet the DSCR requirement of 1.25 or the LTV of 70%, however, the lender approved the LOC limit of $10,000,000 until March 31, 2019, at which date it was renewed for a further year. Subsequent to March 31, 2019 the LOC was increased from $10,000,00 to $13,500,000.

2) An additional operating LOC with a limit of $13,000,000 (September 30, 2018 – a limit of $10,000,000).

   This credit facility bears interest at prime plus .95% per annum (unchanged from September 30, 2018) and is secured by specific revenue-producing properties with combined fair values at September 30, 2019 of $73,601,828 (September 30, 2018 - $64,956,941).

There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at September 30, 2019 is $12,980,850 (September 30, 2018 - $8,569,449).

10. Payables and accruals

	September 30, 2019	September 30, 2018
Trade payables	$ 98,659	$ 1,814,114
Accrued loan interest	245,670	228,729
Current portion of tenant security deposits	47,068	25,624
Accrued liabilities	162,309	734,175
Prepaid rents	246,470	343,234
Total payables and accruals	**$ 800,176**	**$ 3,145,876**

Trade payables and accrued liabilities at September 30, 2018, include construction payables and holdbacks for projects that were completed during the current year.

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. Finance costs

The components of finance costs are as follows:

	September 30, 2019	September 30, 2018
Interest on mortgages	$ 3,018,716	$ 2,435,159
Interest on bank operating facilities	1,022,476	496,210
Interest on other unsecured financing	6,817	62,971
Amortization of deferred finance fees	97,435	86,773
Capitalized interest to properties under development	-	(86,354)
Interest income	(89,834)	(44,033)
	$ 4,055,610	**$ 2,950,726**

12. Income taxes

a) Provision for income taxes

Components of income tax (recovery) expense

	September 30, 2019	September 30, 2018
Current tax expense	$ 857,306	$ 1,032,797
Deferred tax (recovery) expense	(1,397,922)	489,114
	$ (540,616)	**$ 1,521,911**

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:

	2019	2018
Income before income taxes	$ 5,879,870	$ 3,864,524
Expected income tax expense at 26.75% (2018 - 27%)	$ 1,572,865	$ 1,043,421
Increase (decrease) resulting from:		
Non-taxable items	5,809	(19,691)
Change in unrecognized temporary differences	2,760	-
Tax rate differentials and tax rate changes	(2,122,050)	498,181
	$ (540,616)	**$ 1,521,911**

b) Deferred taxes

Deferred tax assets are attributable to the following:

	September 30, 2019	September 30, 2018
Financing fees	$ 313	$ 6,259
Donations	27,378	-
Deferred tax assets	27,691	6,259
Offset of tax	(27,691)	(6,259)
Net deferred tax assets	**$ -**	**$ -**

Deferred tax liabilities are attributable to the following:

	2019	2018
Straight-line rent receivable	$ 334,315	$ 417,933
Investment properties	12,236,412	13,436,855
Short-term investments	-	9,923
Finance fees	878	79
Deferred leasing	357,512	440,816
Deferred tax liabilities	12,929,117	14,305,606
Offset of tax	(27,691)	(6,259)
Net tax liabilities	**$ 12,901,426**	**$ 14,299,347**

$30,273,649 (September 30, 2018 - $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. In addition, $24,000 (September 30, 2018 - $Nil) related to short-term investments in marketable securities were similarly not recognized because it was not probable that taxable profit will be available against which the associated deductible temporary difference (capital losses) can be utilized.

13. Supplemental consolidated cash flow information

a) Changes in working capital

Net change in operating working capital	September 30, 2019	September 30, 2018
Decrease in receivables	$ (37,054)	$ (161,259)
Decrease in loans receivable	1,181,762	190,175
Increase in prepaid expenses and deposits	(107,768)	(103,740)
(Decrease) increase in payables and accruals	(59,190)	80,133
(Decrease) increase in income taxes payable	(58,171)	62,752
(Decrease) increase in security deposits	(53,624)	286,117
	$ 865,955	**$ 354,178**
Net change in investing working capital		
Decrease in deposits in trust for property acquisitions	$ 665,000	$ 852,049
(Decrease) increase in construction payables and accruals	(2,343,451)	2,359,361
	$ (1,678,451)	**$ 3,211,410**
Net change in financing working capital		
Decrease in refundable deposits with lenders	$ -	$ 41,000
Increase in accrued interest payable	56,940	33,592
	$ 56,940	**$ 74,592**

	September 30, 2019	September 30, 2018
Interest paid	$ 4,084,236	$ 2,980,033
Income taxes paid	$ 915,370	$ 970,044

	September 30, 2019	September 30, 2018
Non-cash transactions		
Accelerated rent adjustment		
Common shares received	$ -	$ 300,000
Discharge of mortgage payable	-	249,709
Loan receivable, net of a provision for impairment	-	1,200,000
Reversal of provision for impairment	(900,000)	-
	$ (900,000)	$ 1,749,709

b) Reconciliation of the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

	Opening Balance October 1, 2018	Transactions During Period	Closing Balance September 30, 2019
Mortgages, excluding transactions fees	85,669,232		
Proceeds of new mortgages		19,600,000	
Repayment of mortgages upon maturity		(10,168,734)	
Repayment of mortgage on sale of investment property		(743,021)	
Repayment of mortgages through principal instalments		(5,617,362)	88,740,115
Restricted cash held in guaranteed investment certificates	(400,000)	400,000	-
Unamortized finance fees Note 8	(242,184)		
Amortization of finance fees		97,435	
Fees associated with new or renewed mortgages		(97,332)	(242,080)
Other financing	4,020,000		
Advances from other financing		2,000,000	
Repayment of other financing		(6,020,000)	-
Finance costs from statements of comprehensive income		(4,055,610)	
Purchase of common shares for cancellation		(361,082)	
Bank operating facilities	18,457,672		
Net advances on bank operating facilities		7,895,540	26,353,212
Accrued interest on financing Note 10	228,729	56,940	285,669
Cash provided by financing activities		**2,986,774**	

Prior Year	Opening Balance October 1, 2017	Transactions During Period	Closing Balance September 30, 2018
Mortgages, excluding transactions fees	79,891,814		
Proceeds of new mortgages		16,350,000	
Discharge of mortgage payable (non cash)		(249,709)	
Repayment of mortgages upon maturity		(4,813,093)	
Repayment of mortgages through principal instalments		(5,509,782)	85,669,230
Restricted cash held in guaranteed investment certificates	-	(400,000)	(400,000)
Unamortized finance fees Note 8	(241,873)		
Amortization of finance fees		86,773	
Fees associated with new or renewed mortgages		(87,084)	(242,184)
Other financing	1,300,000		
Advances from other financing		6,570,000	
Repayment of other financing		(3,850,000)	4,020,000
Finance costs from statements of comprehensive income		(2,950,726)	
Purchase of common shares for cancellation		(128,890)	
Bank operating facilities	9,506,115		
Net advances on bank operating facilities		8,951,557	18,457,672
Refundable deposit with lenders Note 7	(41,000)		
Deposit returned		41,000	-
Accrued interest on financing Note 10	195,136	33,593	228,729
Addback non cash transaction		249,709	
Cash provided by financing activities		**14,293,347**	

14 Segmented Information

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

September 30,	Agricultural Division		Industrial & Retail Division		Corporate		CONSOLIDATED	
	2019	2018	2019	2018	2019	2018	2019	2018
Rental revenue, contractual amount	$ 505,613	$ -	$ 11,755,780	$ 10,629,580	$ -	$ -	$ 12,261,393	$ 10,629,580
Property tax and insurance recoveries	62,098	-	2,382,330	1,972,272	-	-	2,444,428	1,972,272
Operating expense recoveries	11,414	-	897,411	842,954	-	-	908,825	842,954
Accelerated rent adjustment	-	-	1,082,207	1,992,928	-	-	1,082,207	1,992,928
Amortization of tenant inducements	-	-	(4,586)	(336,364)	-	-	(4,586)	(336,364)
Straight-line rental revenue	62,981	-	(157,340)	141,838	-	-	(94,359)	141,838
Rental revenue	642,106	-	15,955,802	15,243,208	-	-	16,597,908	15,243,208
Property operating expenses								
Property taxes and insurance	(62,098)	-	(2,382,330)	(1,972,272)	-	-	(2,444,428)	(1,972,272)
Operating expenses								
Repairs and maintenance	(2,139)	-	(836,816)	(781,912)	-	-	(838,954)	(781,912)
Management fees	(22,564)	-	(672,992)	(599,505)	-	-	(695,556)	(599,505)
Utilities	-	-	(114,740)	(100,918)	-	-	(114,740)	(100,918)
subtotals	(86,801)	-	(4,006,877)	(3,454,607)	-	-	(4,093,678)	(3,454,607)
Income from operations	555,305	-	11,948,925	11,788,601	-	-	12,504,230	11,788,601
Finance costs								
Interest on mortgages	(174,627)	-	(2,844,089)	(2,435,159)	-	-	(3,018,716)	(2,435,159)
Interest on bank operating facilities	-	-	-	-	(1,022,476)	(496,210)	(1,022,476)	(496,210)
Interest on other unsecured financing	-	-	-	-	(6,817)	(62,971)	(6,817)	(62,971)
Amortization of deferred finance fees	(6,031)	-	(91,404)	(86,773)	-	-	(97,435)	(86,773)
Capitalized interest	-	-	-	86,354	-	-	-	86,354
Interest income	-	-	-	-	89,834	44,033	89,834	44,033
subtotals	(180,658)	-	(2,935,493)	(2,435,578)	(939,459)	(515,148)	(4,055,610)	(2,950,726)
Administration expenses	-	-	-	-	(1,564,127)	(1,292,322)	(1,564,127)	(1,292,322)
Amortization of deferred leasing	(10,698)	-	(287,574)	(278,603)	-	-	(298,272)	(278,603)
Unrealized gains (losses) on short term investments	-	-	-	-	(97,500)	73,500	(97,500)	73,500
Loss on the sale of investment property	-	-	(76,791)	-	-	-	(76,791)	-
Valuation net gains (losses) from investment property	197,503	-	(729,563)	(3,475,926)	-	-	(532,060)	(3,475,926)
Income (loss) before income tax	561,452	-	7,919,504	5,598,494	(2,601,086)	(1,733,970)	5,879,870	3,864,524
Income tax recovery (expense)	150,188	-	(2,118,467)	(1,497,597)	2,508,895	(24,314)	540,616	(1,521,911)
Net income (loss) and total comprehensive income (loss) for the year	$ 711,640	$ -	$ 5,801,037	$ 4,100,897	$ (92,191)	$ (1,758,284)	$ 6,420,486	$ 2,342,613
Investment properties	$ 10,399,824	$ -	$ 208,069,066	$ 206,710,736			$ 218,468,890	$ 206,710,736
Mortgages	$ 4,919,773	$ -	$ 83,820,342	$ 85,669,230			$ 88,740,115	$ 85,669,230
Additions to investment properties	$ -	$ -	$ 608,014	$ 408,968			$ 608,014	$ 408,968

15. Share capital

a) The Company has unlimited authorized common share capital.

	September 30, 2019	September 30, 2018
Number of shares issued		
Balance beginning of year	9,583,642	9,614,442
Shares cancelled	(87,200)	(30,800)
Ending number of shares	**9,496,442**	**9,583,642**
Capital stock		
Balance beginning of year	$ 6,030,758	$ 6,050,152
Shares held in treasury	(13,727)	-
Shares cancelled during the period	(54,936)	(19,394)
Ending capital stock	**$ 5,962,095**	**$ 6,030,758**

The Company received approval from the TSX Venture Exchange to purchase up to 479,182 common shares representing 5% of the outstanding shares under a normal course issuer bid ("NCIB") that expires September 2, 2020. During the current year, the Company repurchased 90,500 shares for a total cost of $361,082. Of the shares repurchased, 87,200 were cancelled and the excess of the purchase price over the costs of the shares in the amount of $292,420 was charged to retained earnings. The remaining 3,300 shares are held in treasury until cancelled.

During the prior year, 30,800 shares were repurchased for a total cost of $128,890. All the repurchased shares were canceled and the excess of the purchase price over the cost of the shares in the amount of $109,496 was charged to retained earnings.

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. During the current year, all the outstanding options expired, and the contributed surplus was recorded to retained earnings.

	September 30, 2019	September 30, 2018
Contributed surplus, beginning of the year	$ 593,750	$ 593,750
Expired options	(593,750)	-
Contributed surplus, end of the year	**$ -**	**$ 593,750**

16. Earnings per share

The following are the weighted average number of shares outstanding:

	September 30, 2019	September 30, 2018
Net income and comprehensive income	$ 6,420,486	$ 2,342,613
Weighted average shares outstanding – basic	9,554,980	9,598,215
Unexercised dilutive options	-	21,184
Weighted average shares outstanding – diluted	9,554,980	9,619,399
Earnings per share – basic and diluted	**$ .67**	**$ .24**

17. 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, 2018	475,000	$ 4.25	.92
Expired options	(475,000)	$ 4.25	-
Ending balance at September 30, 2019	**-**	**-**	**-**

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Yrs.)
Opening balance at October 1, 2017	475,000	$ 4.25	1.92
Ending balance at September 30, 2018	**475,000**	**$ 4.25**	**.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 to the Plan 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. There are currently no options outstanding.

18. Rental revenue

The Company leases commercial properties under operating leases with lease terms generally between 5 and 20 years. Some leases have options to extend for further five-year terms and some small leases are month to month.

a) Rental revenue

	September 30, 2019	September 30, 2018
Rental revenue, contractual amount	$ 12,261,393	$ 10,629,580
Property tax and insurance recoveries	2,444,428	1,972,272
Operating expense recoveries	908,825	842,954
Accelerated rent adjustment	1,082,207	1,992,928
Amortization of tenant inducements	(4,586)	(336,364)
Straight-line rental revenue	(94,359)	141,838
Rental revenue on statements of comprehensive income	**$ 16,597,908**	**$ 15,243,208**

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

	2019	2018
No later than one year	$ 12,599,688	$ 11,219,026
2 – 5 years	36,258,373	35,524,690
Over 5 years	24,404,330	18,892,089
	$ 73,262,391	**$ 65,635,805**

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

b) Property operating expenses

	September 30, 2019	September 30, 2018
Property taxes and insurance	$ 2,444,428	$ 1,972,272
Operating expenses		
Repairs and maintenance	838,954	781,912
Management fees	695,556	599,505
Utilities	114,740	100,918
	$ 4,093,678	**$ 3,454,607**

19. Guarantees, contingencies, and commitments

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 22.

20. Capital risk management

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

	September 30, 2019	September 30 2018
Mortgages	$ 88,740,115	$ 85,669,230
Bank operating facilities	26,353,212	18,457,672
Other financing	-	4,020,000
Total debt financing	115,093,327	108,146,902
Equity	91,481,650	85,422,247
Total capital	**$ 206,574,977**	**$ 193,569,149**

21. Financial instruments

	September 30, 2019	September 30, 2018
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 1,035,322	$ 2,343,520
Restricted cash	-	400,000
Short term investments	276,000	373,500
Receivables, net of provisions	279,846	242,792
Loan receivable, net of provision	728,063	1,009,825
	$ 2,319,231	**$ 4,369,637**
Financial liabilities		
Other financial liabilities		
Bank operating facilities	$ 26,353,212	$ 18,457,672
Payables and accruals	800,176	3,145,876
Other financing	-	4,020,000
Security deposits	558,030	611,654
Mortgages	88,740,115	85,669,230
	$ 116,451,533	**$ 111,904,432**

The carrying value of cash and cash equivalents, restricted cash, receivables, loan receivable, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the near-term maturity of those instruments. The fair value of short - term investments is a level 1 measurement valued at the quoted market price. The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at September 30, 2019 is $88,682,977 (September 30, 2018 - $84,553,051). 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 3.555% (September 30, 2018 – 4.090%).

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 $267,965 at September 30, 2019 (September 30, 2018 - $120,263), cash and cash equivalents of $1,035,322 (September 30, 2018 - $2,343,520), and loan receivable of $728,063, net of a provision of $100,000 (September 30, 2018 - $1,009,825 net of a provision of $1,000,000).

Credit risk on trade receivables arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions. Restricted cash was held in GIC's with a financial institution and was released as security when a specific mortgage was renewed during the year. Credit risk associated with the loan receivable arises from the possibility that the counterparty may experience financial difficulty and be unable to make the contractual payments.

For accounts receivable and the loan receivable the Company applies the general approach to recognize expected credit losses in the next twelve months. Management uses historical credit losses adjusted for current and forward-looking information which may affect the ability of the customers to settle receivables. Historically the Company has very little credit losses as most tenants have been able to meet their financial obligations. The resulting allowance has been set at $10,000 on September 30, 2019 (September 30, 2018 – $16,061).

The loan receivable was incurred in 2018 when a tenant was granted early termination of their lease in Fort McMurray Alberta. The resultant accelerated rent adjustment included a receivable from the tenant which was to be payable over 22 months. At that date, Management was not certain of their ability to continue payments for 22 months to repay their debt and at September 30, 2018 a provision in the amount of $1,000,000 was recorded. During the current year, the Company received all contractual payments and Management reversed the loan provision proportionate to their payments. The current provision for impairment of the loan receivable is $100,000 at September 30, 2019 (September 30, 2018 - $1,000,000).

Accounts receivable and loan receivable are written off when there is no reasonable expectation of recovery.

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, 2019 is $26,353,212 (September 30, 2018 - $18,457,672). 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 $263,532 (September 30, 2018 - $184,577). The Company minimizes its exposure to interest rate risk to the extent that all mortgages except one have fixed rates with terms of five years. One mortgage was renewed during the year at a fixed rate for a further one-year term.

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

During the current year, the Company received two new conventional mortgages secured against a new property acquisition and one building that was newly constructed. Three mortgages were renewed for further five - year terms and one mortgage was renewed for one year. Concurrent with the renewal of a specific mortgage on July 1, 2019, the restricted cash held in GIC's totaling $1,300,000 was released to the Company. The proceeds of $1,300,000 plus interest were used to repay other financing.

During the current year, the Company received an increase of $3,000,000 to the limit on one of the Company's bank operating facilities. A further $3,500,000 increase to the limit of the second facility was finalized during the last quarter. An investment property purchased in the third quarter was purchased using available credit facilities. This new property was used as additional security to increase the limit of the second credit facility.

The Company will be able to meet its future obligations through normal operations, current credit facilities and the use of related-party interim financing.

Contractual obligations at September 30, 2019

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 18,437,048	$ 44,360,063	$ 33,410,035	$ -	$ 96,207,146
Payables and accruals	800,176	-	-	-	800,176
Security deposits	47,069	200,454	32,538	325,037	605,098
	19,284,293	44,560,517	33,442,573	325,037	97,612,420
Operating facilities	26,353,212	-	-	-	26,353,212
	$ 45,637,505	**$ 44,560,517**	**$ 33,442,573**	**$ 325,037**	**$ 123,965,632**

Contractual obligations at September 30, 2018

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 23,730,510	$ 35,111,505	$ 33,739,056	$ -	$ 92,581,071
Payables and accruals	3,145,876	-	-	-	3,145,876
Construction contracts	1,521,661	-	-	-	1,521,661
Security deposits	25,624	87,354	179,430	344,870	637,278
	28,423,671	35,198,859	33,918,486	344,870	97,885,886
Other financing	4,020,000	-	-	-	4,020,000
Debt service reserve (Note 8)	900,000	-	-	-	900,000
Operating facilities	18,457,672	-	-	-	18,457,672
	$ 51,801,343	**$ 35,198,859**	**$ 33,918,486**	**$ 344,870**	**$ 121,263,558**

22. 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.

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	$65/hour for labour plus charges for truck, equipment, and parts (September 30, 2018 - $50-$65/hour)
Project fees	large scale improvements to tenant space are negotiated at the time services are requested

Payments to North American Realty Corp.:

Leasing	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 3% of the value of lease renewals to a maximum of five years
Acquisitions	1% of the purchase price of the property
Dispositions	3% of the sale price of investment property

Payments for the year ending September 30,		**2019**		**2018**
Property management and maintenance fees	$	1,038,486	$	931,553
Project fees		101,140		-
Acquisition fees		113,250		159,588
Disposition fees		51,300		-
Leasing fees		134,119		938,730
Total payments	**$**	**1,438,295**	**$**	**2,029,871**
Amounts payable at September 30,	**$**	**3,245**	**$**	**10,684**

b) *Other related party transactions*

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

		2019		**2018**
Leased office space and parking	$	100,200	$	97,750
Fees for the Chief Financial Officer		200,000		200,000
Leased warehouse space		-		5,918
Rent at Sable Centre		(22,104)		-
Net payments for the year	**$**	**278,096**	**$**	**303,668**

ii) Sable Realty Corp. a company controlled by Sine Chadi leases space at one of the Company's commercial properties. The total lease revenue received by the Company was $24,000 (September 30, 2018 – Nil). Realty commissions were paid to Sable Realty Corp. in the amount of $51,300 for the disposition of an investment property during the year (September 30, 2018 – Nil).

iii) Chadi Family Foundation is a private charitable foundation of which Sine Chadi is a director. During the current year, the board of directors approved a donation to the foundation in the amount of $67,025 (September 30, 2018 – Nil).

iv) 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 September 30, 2019 were $52,500 (September 30, 2018 – $45,000).

v) 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, 2019, was $300,000 (September 30, 2018 - $300,000).

vi) Other financing, unsecured

Related Parties	Balance Oct 1'18	Advances	Repayments	Balance 30-Sep-19
NAMC[1]	$ -	$ 750,000	$ (750,000)	$ -
Imperial Land Corp.[2]	4,020,000	1,050,000	(5,070,000)	-
Sine Chadi, Shareholder[3]	-	200,000	(200,000)	-
Total	**$ 4,020,000**	**$ 2,000,000**	**$ (6,020,000)**	**$ -**

Related Parties	Balance Oct 1'17	Advances	Repayments	Balance Sep 30'18
NAMC[1]	$ -	$ 50,000	$ (50,000)	$ -
Diane Buchanan, Shareholder[3]	-	1,200,000	(1,200,000)	-
Jamel Chadi, Shareholder[3]	1,300,000	1,300,000	(2,600,000)	-
Imperial Land Corp.[2]	-	4,020,000	-	4,020,000
Total	**$ 1,300,000**	**$ 6,570,000**	**$ (3,850,000)**	**$ 4,020,000**

1. North American Mortgage Corp. ("NAMC") is controlled by Mr. Sine Chadi, President of the Company. Total interest paid at an annual rate of 6% on September 30, 2019, was $5,633. (No interest was paid on the repayment of the loan in the prior year due to the short-term nature of the loan.)

2. Imperial Land Corp. is controlled by Mr. Sine Chadi, President of the Company. Total interest paid at an annual rate of 6% on September 30, 2019, was $19,287 (September 30, 2018 – accrued interest at an annual rate of 6% totaled $19,287).

3. Loans repaid to shareholders totaling $200,000 were repaid with interest at an annual rate of 6%. Total interest paid at September 30, 2019, was $1,184. In the prior year, $3,800,000 was repaid with interest at an annual rate of 6%. Total interest paid at September 30, 2018, was $43,685.

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

23. Post-reporting date events

Subsequent to the year ending, the Company disposed of all the short-term investments for total gross proceeds of $262,595.

24. Authorization of the audited consolidated financial statements

The consolidated financial statements for the year ending September 30, 2019 (including comparatives) were authorized for issue by the Board of Directors on December 3, 2019.

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

BOARD OF DIRECTORS

SINE CHADI / CEO & Chairman of the Board

Sine is the founder of Imperial Equities Inc. and has been the principal driver of its growth and development, overseeing all day-to-day aspects of the Corporation's development and management.

▸ Sine has worked in the real estate and development industries for more than 40 years. He is the owner of several companies involved in real estate sales, asset management, property management and mortgage financing. Sine was also elected to the Alberta Legislature in 1993, where he served until 1997 in the Alberta Liberal Caucus, as Chair of the Edmonton Caucus, Finance critic, Economic Development and Trade critic and the Science and Technology critic as well as a member of the Public Accounts Committee.

Sine is a prominent community leader who has actively and financially supported many community groups and charities. He was fundraising chair of a recent $7 million campaign for the Glenrose Rehabilitation Hospital Foundation, where he also served as a Board Member for many years. The Chadi Family Foundation, of which Sine is Chair, made a lead donation of $1 million to the Glenrose Hospital Foundation's Capital Campaign in 2018. He currently serves a Director of the Parkinson Association of Alberta, and of the Gordon and Diane Buchanan Family Foundation. He has also served on the Board of the Capital Care Foundation and continues to financially support the organization. Sine is a renowned philanthropist and fundraiser in the Edmonton area, donating and raising millions of dollars on behalf of a myriad of organizations. He has received numerous awards for his business achievements and community involvement including being recognized as a Finalist for Ernst & Young's Entrepreneur of the Year (2008), a recipient of the Queen Elizabeth Golden Jubilee Medal (2002), Alberta Centennial Medal (2005) and the Queen Elizabeth II Diamond Jubilee Medal (2012). Sine was inducted to the City of Edmonton Hall of Fame (2013).

DIANE BUCHANAN / Director

Diane has worked in the real estate industry and the Edmonton business community for more than 30 years.

▸ She is the former CEO of Advanced Panel Products Ltd. and a former real estate agent who owned several real estate brokerages and has developed several real estate properties including the Union Bank Inn, a 4-star hotel in downtown Edmonton. Diane is also the CEO of Yorkshire Equities and Chair of the Gordon and Diane Buchanan Family Foundation, which has donated more than $15 million to charitable causes to date.

Diane also developed the Buchanan Centre, a world-class wellness centre for Albertans impacted by Parkinson's disease. She continues to lead the development of an endowment fund to ensure Centre sustainability. Diane's community leadership was recognized in 2019 by being named to the City of Edmonton Hall of Fame. She has also been an active Rotarian for many years and is a member of the Royal Alexandra Hospital Foundation Board, a founding member of the Lois Hole Hospital for Women Foundation, and a volunteer/event organizer for the Edmonton Humane Society, as well as a ongoing supporter of multiple community and arts organizations.

KEVIN L. LYNCH / Director

Kevin is a partner with Bennett Jones in its Edmonton office.

In his legal practice, he acts for corporations, financial institutions and private equity firms in mergers and acquisitions, financings, commercial real estate financings and corporate/commercial matters. An active member of the community, Kevin has previously volunteered for sports organizations, school boards, condominium boards, and has assisted with fund raising for hospital foundations. More recently he has been actively involved in campaigns to increase the awareness of the life-giving gift that is organ donation.

DAVID MAJESKI / Director

Dave retired from the Royal Bank of Canada in 2015 after 47 years of continuous service.

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. Dave is a graduate of the Institute of Corporate Directors – Rotman Directors Education Program. He is an active community supporter and serves on a number of not for profit boards and associations including the Edmonton Police Foundation. In 2013, Dave 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.

SUSAN GREEN / Director

Susan is an experienced board director with demonstrated success on public, private and not-for-profit sector boards.

Susan is a director on both the Canada Revenue Board of Management and the Great Western Brewing Company Ltd. She was chair of the Alberta Liquor and Gaming Commission and was a director, officer and owner of Guardian Chemicals Inc. She served as Vice President of External Relations at the University of Alberta and previously held senior executive leadership roles at the Alberta Cancer Board, the Alberta Cancer Foundation and the Government of Alberta. She is presently serving/has served on or as chair on the executive committee of provincial, national and international organizations such as Habitat for Humanity, Crossroads International, Peter Lougheed Leadership College, Pearson College of the Pacific, the Rotary Club of Edmonton Glenora, Edzimkulu: A Society for Children with AIDS in South Africa and the Lieutenant Governor of Alberta Arts Awards Foundation. She holds an honours Bachelor of Arts degree from the University of Alberta, certificates from the Banff School of Advanced Management, the Niagara Institute, the Foundation of Administrative Justice and has her designation from the Institute of Corporate Directors. She is the recipient of Daughter of the Year Award 2017, an Honorary Degree from MacEwan University (2014), the Queen's Diamond Jubilee Award (2013), Global Woman of Vision (2006), the Alberta Centennial Medal (2005) and VentureMagazine's 2016 Top 50.

DR. ROBERT WESTBURY / Director

Dr. Westbury has devoted countless hours of his time as an organizer, fundraiser and champion of many laudable causes.

He has volunteered for numerous organizations, including the Citadel Theatre, the United Way, Kids Kottage, Edmonton Northlands, Kids with Cancer, and the Edmonton Homeless Commission, to name only a fraction. He has received multiple honours for career achievements including being named to the Order of Canada and the Alberta Order of Excellence, and receiving the Queen's Jubilee Medal, the Alberta Centennial Medal, the Alberta Star of the Millennium Volunteer Award and the Queen's Diamond Jubilee Medal. He has been inducted into the City of Edmonton's Community Service Hall of Fame. Dr. Westbury holds Bachelor degrees in Arts and Education, a Graduate Diploma in Administration, a Masters of Education Degree, his PhD and an honorary Doctor of Laws. After beginning his career as an educator, he shifted his focus more than once and is currently TELUS' Chief Advisor, Capital Region Relations & Innovation.

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ANNUAL MEETING

Date: March 12, 2020
Time: 2:00 pm
Place: Conference Room A and B
Concourse Level Scotia Place
10060 Jasper Avenue | Edmonton, Alberta

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