2ND QUARTER REPORT

Ending March 31, 2019

IMPERIAL EQUITIES INC.

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It has often been said that Canada's financial prosperity and that of Alberta's fossil fuel based economy largely depends on the world price for oil. With oil prices rebounding after several years of lackluster performance, it appears that Alberta may be on track to right its economic woes. The price of a barrel of West Texas Intermediate (WTI) is currently more than $60.00 USD and although it's higher than it was a year ago, the price is double what it was 3 years ago.

Any increase in the price of a barrel of WTI should positively affect the price of Alberta's oil, called Western Canadian Select (WCS) which continues to trade at a considerable discount to WTI. It is widely recognized that beyond the boundaries of Canada, the only significant market for Alberta's WCS is the United States and if Alberta is to realize a more equitable price for its oil it must have the ability to sell it abroad.

Although Alberta has oil reserves that rival most known reserves anywhere in the world, we still struggle to find a way to get our oil to tidewater. After more than a decade of intense debate in our country we still don't have a consensus to move forward on the development of additional pipeline capacity to any coastline in Canada. After much consultation and court battles the federal government, who now owns the existing Trans Mountain Pipeline, appears to be close to receiving the necessary approvals to complete the project which would triple the output capacity of the existing pipeline. Alberta remains resolute in its resolve to see this project to its completion.

Despite the issues surrounding the oil and gas sector, one bright beacon of economic progress has been the construction activity in Edmonton and municipalities throughout the greater Edmonton area. For years Edmonton has lagged behind its Canadian counterparts in keeping up with demand within all sectors of real estate development. The recent boom in residential, office and retail construction, particularly in downtown Edmonton which can now boast having the tallest skyscraper west of Toronto, has helped protect this part of the province from the economic decline brought about by an unstable fossil fuel market. Most real estate sub-sectors have continued to enjoy a relatively healthy market. Imperial Equities has long concentrated on the Edmonton marketplace and its industrial real estate sector in particular. Remarkably, industrial lease rates in Imperial's portfolio of industrial properties in Edmonton have not waned and in fact have remained relatively constant. Lease renewals over the past 36 months have, for the most part, yielded rates and terms that are equal or higher than the previous leases.

The development of our Coppertone III which began in Q1 2018 was completed in Q1 2019. Constructed on 1.2 acres of serviced industrial land, Imperial commenced its construction without a prearranged tenant. Although this practice is unusual for Imperial, it was considered a sound undertaking given that its size, appearance, layout & location being the most desirable type of property in Edmonton. Lease negotiations with a large multinational corporation began shortly after construction completion and were finalized in this Q2 2019 and the new tenant obtained immediate occupancy. This new building is another jewel within our own Coppertone Industrial Common located in the highly desirable part of northwest Edmonton's Mitchell industrial area. Imperial created Coppertone Industrial Common back in 2004 and now has a total of 5 buildings and a vacant parcel of land that will easily accommodate 2 more new buildings. The common theme among these buildings is the copper cladding and curtain wall finishes that make these industrial buildings superior to any other buildings in the area. Management is always vigilant in identifying potential acquisitions of properties within the Coppertone expanse.

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 ft2 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 ft2 ancillary building to the lease which would effectively increase the total leased space to 28,891 ft2. 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 this Q2, the tenant had a grand opening gala event which was attended by Imperials management personnel, representatives from Cervus Equipment and John Deere Canada along with an overwhelming majority of the town's residents.

Imperial's portfolio largely consists of industrial properties which remains the cornerstone of our company. There are many sectors of real estate and several industrial subsectors. For some time now, management has been considering investing in a subsector of industrial real estate through the creation of an agricultural division. Assets in this division would consist of properties that cater to the agricultural industry such as farm implement dealerships similar to the recent development of the John Deere project in Hanna. In this Q2, Imperial identified three potential acquisition targets and has one currently under contract. The other two remain under close consideration. Details of the creation of a new "Ag Division" will likely be announced in Q4, 2019.

Our pursuit to grow a large portfolio of industrial real estate properties has us exploring throughout Canada. Management has been very active in searching for revenue producing properties that fit our criteria including properties in cities as well as smaller markets throughout Alberta and other parts of the country. Competition for quality properties throughout Canada remains uncompromising and the uncertainty surrounding interest rates incumbers matters even further. Despite these challenges Imperial has been able to organically expand its portfolio year over year. Several opportunities are currently being explored and will likely be acted upon in our upcoming Q3, 2019.

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 2 years we have experienced a measured but continuous rise in Canadian interest rates. Starting in July of 2017, for the first time in seven years, the BOC raised its key interest rate by 0.25% to 0.75%. During the subsequent ten announcements ending on October 24, 2018, the BOC on 4 different occasions, raised the key interest rate by a further 1% to the current set rate of 1.75%. With every increase announced by the BOC, financial institutions were quick to react and raise their prime lending rates accordingly.

The BOC has been using its key interest rate in an attempt to keep inflation at around 2 percent. Economic growth in Canada has improved throughout much of 2017 and 2018 which in turn has triggered increased inflation. Lower rates that were in place to encourage individuals and companies to borrow more have increased the demand for goods and services which consequently creates higher prices thus increasing the inflation rates. For several decades, the BOC has been following its inflation fighting policies and has recently agreed with Canadians that its one size fits all policy has exposed many problems and a rewriting of the policy may be due. Recently, the BOC announced that it will launch the most sweeping review into alternatives to its current 2 percent inflation policy as it prepares for the expiration of the existing policy in 2021. It is interesting to note that with every BOC key interest rate announcement since October 24, 2018, rates have remained unchanged.

Most property acquisitions completed by Imperial are accomplished by leveraging the asset. Developing strong relationships with established lenders is of great importance given that borrowing is an integral component to our industry. The ability for a company to finance its real estate assets at the lowest rates possible is as prudent as negotiating the highest priced lease rate. Despite the recent increases in interest rates, Imperial has experienced a marginal increase but continues to maintain a relatively low weighted average interest rate of 3.36 percent. 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 still 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 ratio 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 commercial 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, we have remained steadfast in ensuring the mortgage and other financing debt to the value of our properties remains relatively low. The current ratio is an impressive 57%.

Imperial's real estate portfolio is a source of pride for all who helped advance it to where we are at today. Since its inception, Imperial has been resolute in ensuring the quality of its assets are superior and the scale of its tenant base being primarily international, national or large regional. Our steadfast resolution to stay committed to these principals has certainly allowed us to forge forward on a solid foundation which should hold Imperial in good stead in the event of an economic downturn. Our entire portfolio has a year to date occupancy of 98%. Continuing to expand our real estate portfolio with quality tenants is a priority for management. Our growth will not abate and is expected to increase throughout 2019 and 2020.

Maintaining a standard worthy of being included in the Imperial portfolio requires continuous care and upkeep of each property. Our asset management team is continually vigilant of potential maintenance problems and recommends the appropriate corrective actions when identified. This process serves to ensure that our properties remain in good condition with contented tenants. Ensuring that our properties are fully leased and generating revenue is paramount.

On March 7, 2019 Imperial Equities held the 21st Annual General Meeting of the Shareholders. A remarkable milestone meeting that was filled with both shareholder and spectator attendance that yielded excellent participation. This year shareholders approved and elected the slate of 5 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 meeting.

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 this year's annual 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.

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

Sincerely,

Sine Chadi
Chief Executive Officer and Chairman of the Board

IMPERIAL EQUITIES INC. MD&A AS AT MAY 15, 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 interim financial statements for the quarter ended March 31, 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. 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 their expertise as well as the opinions of other professionals in this industry. While management may consider these statements to be reasonably optimistic and favorable, the opinions and estimates of future trends are subject to risk and uncertainties. Readers are encouraged to read the risk factors identified in Note 21 of our 2018 annual consolidated financial statements and this MD&A. Any forward-looking statements in our report should not be relied upon as facts, as actual results may differ from estimates.

ADDITIONAL NON-IFRS MEASURES

Adjusted EBITDA, Unadjusted Property NOI, Debt and Total Debt are non-IFRS financial measures and should not be considered as an alternative to net income or net income and comprehensive income, cash flow from operations or any other measure prescribed under IFRS. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations reported by other Canadian real estate 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

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

Since operations began in 1998, Imperial Equities has achieved solid growth each year for the past 21 years. The Board of Directors along with corporate Management are all committed to the continued growth of the Company with much vigor and enthusiasm.

STRATEGIC DIRECTION

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

The fundamental strategic goals that drive our Company are:

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

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

KEY PERFORMANCE DRIVERS

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee the business activities. The CEO and CFO have been with the Company since becoming publicly traded 21 years ago. There is a strong Board of Directors with significant real estate experience to guide decisions surrounding strategic direction and achieving the goals and objectives of the Company. This dedication and professional experience of Imperial's management team has helped the Company achieve positive earnings every year the Company has been in business.

Management monitors the success of Imperial by measuring how well we are meeting our strategic directives. External performance drivers that affect our business include the overall economic health of industries operating in the province of Alberta. Alberta is 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 in our evaluation of the strength of their lease covenant. Another external driver to our success is interest rates related to financing of our properties. The investment properties are financed with conventional mortgages that leave the Company with an exposure to possible increases in interest rates, affecting our operating income and cash flow. 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.

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

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

SUMMARY OF PERFORMANCE INDICATORS

	Six months ending **March 31, 2019**	Year ending **September 30, 2018**
Number of investment properties	**35**	32
Number of properties under development	**0**	2
Number of properties held for future development	**4**	3
Gross leasable area (GLA) square feet	**863,342**	810,018
Total raw land under lease with tenants	**9.9 acres**	6.9 acres
Building occupancy year to date	**98.0%**	99.9%
Average lease term to maturity in years	**4.54**	4.53
GLA of leases renewed during the period	**48,973**	24,687
New tenant leases during the peiod, total GLA	**55,726**	115,963
Total square footage of leases expiring within twelve months	**8,000**	81,735
Total GLA of space available for lease	**40,075**	32,762
% operating expense recoveries	**76%**	81%
Adjusted EBITDA	**$ 5,565,889**	$ 8,694,291
Ratio of debt on encumbered properties	**57%**	55%
Weighted average interest rates on mortgages	**3.36%**	3.13%
Investment property improvements	**$ 387,400**	$ 408,968
Number of charities receiving donations	**7**	16

Total property acquisitions year to date

- Acquisition of ALS Canada building in Edmonton, 29,450 ft^2 November 2018
- Acquisition of Sable building in Edmonton, 7,313 ft^2 November 2018
- 3 acres of vacant land in NW Edmonton, Alberta, November 2018

Completed properties under development in the current period

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

Properties held for lease or future development

- 12.9 acres in Strathcona County, Alberta
- 2.24 acres in NW Edmonton, Alberta
- 49.25 acres in Hanna, Alberta
- 3 acres in NW Edmonton, Alberta

Gross leaseable area (GLA) increased increased by 53,324 square feet since September 30, 2018 with the addition of an ancillary building on the Cervus site in Hanna, Alberta totalling 4,437 square feet. Coppertone III construction was completed in Q1 2019 adding 12,124 square feet, and the two new property acquisitions, the ALS building and the Sable building, added a further 36,763 square feet.

▸ **The total raw land under lease with tenants** is now 9.9 acres at March 31, 2019 and includes the following properties:

- 1.7 acres in SE Edmonton, Alberta under lease with an existing tenant
- 1.71 acres in SE Edmonton, Alberta under lease with an existing tenant
- 1.49 acres in SE Edmonton, Alberta under lease with an existing tenant
- 2.00 acres in NW Edmonton, Alberta under lease with an existing tenant
- 3 acres in NW Edmonton, Alberta under lease with four new tenants

LEASING ACTIVITIES

	6 Months **March 31, 2019**	12 Months **September 30, 2018**
Total GLA square feet at beginning of period	**810,018**	719,079
Expiring GLA at beginning of period	**(81,735)**	(24,687)
GLA early lease terminations	**-**	(25,024)
GLA of tenant lease renewals	**48,973**	24,687
GLA new leases	**36,763**	91,509
GLA new leases on property under development	**12,124**	24,454
GLA lease amendments	**4,437**	-
GLA leases expired	**(7,313)**	-
GLA square feet available for lease	**40,075**	-
Total GLA square feet at end of period	**863,342**	**810,018**

LEASE RETENTION

	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	$ 10.60	5 years
Edmonton, Alberta	21,127	$ 18.00	$ 18.00	5 years
	48,973			
Edmonton, Alberta	**7,313**	$ 11.92	Tenant vacated	

*per square foot

One of the performance drivers of the Company is to ensure a low turnover of tenants to minimize any periods of vacancy. During the current period, 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.

The 7,313 ft^2 building was purchased with the knowledge that the current tenant was vacating, and the Company could repurpose the building and place a new tenant. During Q2 2019 the tenant vacated when their lease expired, and the Company has undertaken significant leasehold improvements to facilitate the occupancy of a new tenant expected in Q3 2019.

New lease GLA increased 36,763 ft^2 with two new tenant leases acquired with the two new acquisitions, the ALS building 29,450 ft^2 and the Sable building 7,313 ft^2 in Edmonton, Alberta.

A new tenant was placed in the building recently developed called Coppertone III which is 12,124 ft^2. Rent commences for this tenant in Q3 2019.

A lease agreement for the build to suit project in Hanna, Alberta was amended to include an additional ancillary building totalling 4,437 ft^2.

There is one tenant lease in Edmonton, Alberta expiring during the next twelve months totalling 8,000 ft^2.

Current square feet available for lease includes 32,762 ft^2 in one of the Company's multi tenant buildings that recently underwent large scale leasehold improvements. The remaining 7,313 ft^2 pertains to the Sable building which is also under renovations for a new tenant.

AVERAGE ANNUAL LEASE RATES
PER SQUARE FOOT

	6 Months **March 31, 2019**	6 Months **March 31, 2018**
Edmonton, Alberta	**$ 11.55**	$ 10.63
Red Deer, Alberta*	**$ 25.92**	$ 24.89
Fort Saskatchewan, Alberta*	**$ 35.40**	$ 42.80
Fort McMurray, Alberta	**$ 43.26**	$ 47.39
Leduc, Alberta	**$ 15.70**	$ -
Hanna, Alberta	**$ 18.24**	$ -

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

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.

Most of the Company's leases are renewed at higher rates than the previous lease rates, and in fewer cases, the rates have stayed the same. In Fort Saskatchewan and Fort McMurray, a lease renewal and a new lease had a decrease in the rate from the previously expiring lease rates. The previous leases were for long extended periods of time with escalations throughout the terms. Due to the slow down in activity in the oil patch sector, lease rates for renewals and a new lease were lowered to match current market conditions. The Company has not experienced any vacancies in these cities. Some of the new leases in place 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. Edmonton 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.

INVESTMENT PROPERTY CAP RATES

	March 31, 2019			September 30, 2018	
Location	**Total GLA sf**	**Range Cap Rates**	**Rate Change**	**Total GLA sf**	**Range Cap Rates**
Edmonton, Alberta	651,926	5.00% - 7.00%	↓	638,677	5.00% - 7.17%
Red Deer, Alberta	43,396	6.33%	↔	43,396	6.33%
Fort Saskatchewan, Alberta	6,000	6.38%	↑	6,000	6.30%
Fort McMurray, Alberta	51,424	6.14% - 6.25%	↑	51,424	6.14% - 6.19%
Leduc, Alberta	41,630	6.85%	↔	41,630	6.85%
Hanna, Alberta	28,891	7.00%	↓	28,891	7.17%
	823,267			810,018	
Available for lease, Edmonton, AB	40,075				
Total GLA square feet	**863,342**			**810,018**	

LEASE TERMS AT MARCH 31, 2019

Single Tenant Buildings	
Square Feet	**Maturity Year**
8,000	2019
25,580	2020
52,890	2021
240,207	2022
75,151	2023
66,335	2024
26,400	2026
29,450	2027
116,630	2028
25,024	2029
28,891	2038
694,558	

Weighted Average Remaining Lease Terms: **5.41 years**

Multi Tenant Buildings	
Square Feet	**Maturity Year**
4,798	Month to Month
80,970	2020
2,941	2021
9,037	2022
9,836	2023
21,127	2024
128,709	

Weighted Average Remaining Lease Terms: **2.97 years**

Total GLA of in place leases	823,267
Available GLA for lease	40,075
Total GLA at March 31, 2019	**863,342**

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

	March 31, **2019**	September 30, 2018
% Operating expense recoveries	**76%**	**81%**

Operating expense recoveries are budgeted annually and reconciled every 12 months on a tenant by tenant basis. All the Company's leases are triple net leases which allows the landlord to recover operating costs. 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 of time 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. This tenant is experiencing some cash flow problems and the Landlord is working closely with the tenant to ensure they can meet their future lease obligations. The percentage of recoveries to expenditures should increase in the next two quarters with new tenants beginning to pay rent, and with lower seasonal costs such as snow removal and utilities. Management ensures operating expense recoveries are maximized for our shareholders.

▸ **ADJUSTED EBITDA** is used by the Company as a performance measure. Adjusted EBITDA is a non-IFRS financial measure and does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other real estate issuers.

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

ADJUSTED EBITDA

	March 31, 2019	September 30, 2018
Net income and total comprehensive income	**$ 506,648**	**$ 2,342,613**
Add (subtract):		
Valuation net losses on investment property	1,486,629	3,475,926
Straight-line rental revenue	75,847	(141,838)
Finance costs	2,067,496	2,950,726
Amortization of loan discount	-	(3,586)
Amortization of deferred leasing	138,641	278,603
Amortization of tenant inducements	-	336,364
Income taxes	1,151,128	1,521,911
Other non recurring	-	(1,992,928)
Unrealized losses (gains) on short term investments	139,500	(73,500)
ADJUSTED EBITDA	**$ 5,565,889**	**$ 8,694,291**

Other non recurring at September 30, 2018 is for an accelerated rent adjustment, net of a provision of $1,000,000.

	March 31, 2019	September 30, 2018
ADJUSTED EBITDA	$ 5,565,889	$ 8,694,291
Interest on financing	$ 2,076,900	$ 3,080,694
Interest coverage ratio	2.68	2.82

The adjusted EBITDA shows cash generated from regular operations to service the interest on financing, maintain the properties, and fund further growth.

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

	March 31, 2019	September 30, 2018
Total capital improvements during the period	**$ 387,400**	**$ 408,968**

Capital improvements during the current period include parking lot upgrades, new rooftop 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 our properties and tenants, the Company has enjoyed quality of work while ensuring costs are very competitive.

The Company is also investing heavily in energy efficiency by replacing expensive, inefficient interior and exterior light fixtures with LED replacements, thus reducing the operating costs to the tenant, 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.

Total Debt

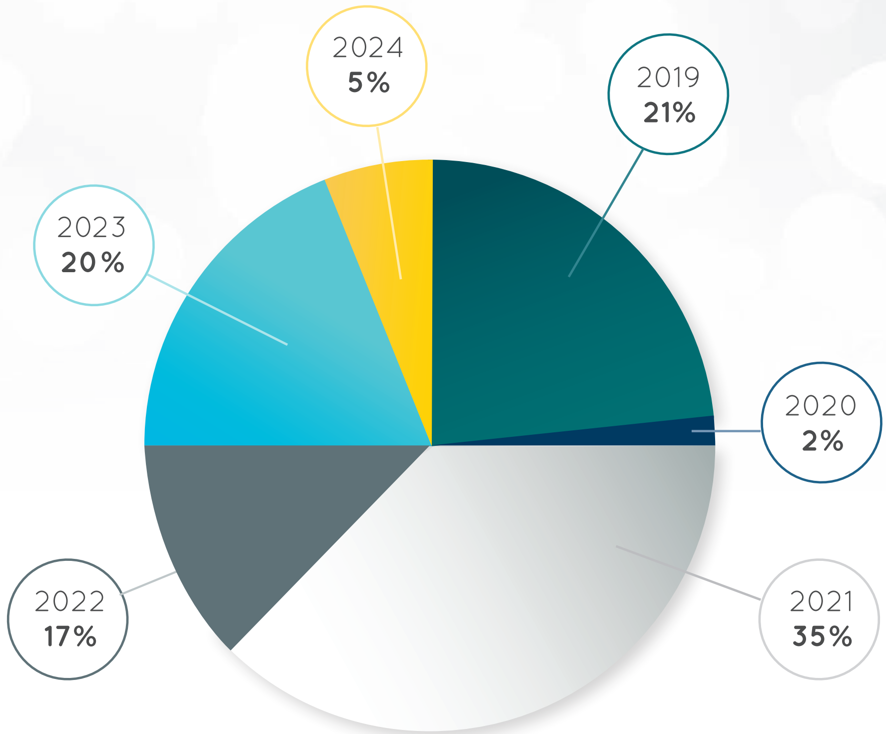
Total debt is a non-IFRS financial measure and does not have any standard meaning prescribed by IFRS. Total debt as calculated by the Company may differ from similar computations reported by other Canadian real estate issuers and accordingly may not be comparable to similar computations reported by such issuers. Management considers total debt to be a useful measure for evaluating the possible leverage the Company may have on its investment properties to consider additional financing opportunities, if any.

DEBT ENCUMBERED ON INVESTMENT PROPERTIES

	March 31, **2019**	September **30, 2018**
Investment properties	$ 216,093,118	$ 206,710,736
Less: clear title properties	(20,728,821)	(17,900,757)
Investment properties encumbered with debt	$ 195,364,297	$ 188,809,979
Balance of mortgages excluding transaction fees	$ 92,290,051	$ 85,669,230
Bank operating facilities	19,722,253	18,457,672
Total debt on encumbered properties	$ 112,012,304	$ 104,126,902
Ratio of debt on encumbered properties	**57%**	**55%**

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. Clear title properties at March 31, 2019 include raw land, the Sable building and Coppertone III. (September 30, 2019 clear title properties include raw land and Coppertone III).

MORTGAGE MATURITIES



Weighted average interest rates on the mortgages have increased to 3.36% at Q2 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 the newest acquisition the ALS Building, and the completed building in Hanna, Alberta.

With construction of Coppertone III complete and a new tenant who will begin paying rent in Q3 2019, the Company is currently in the process of acquiring conventional mortgage financing with one of the Company's current lenders.

The amount of debt secured against the value of investment properties is 57% at March 31, 2019 compared to 55% at September 30, 2018. The Company believes this debt ratio to be low enough to allow for opportunities upon mortgage renewals to increase the leverage if necessary, subject to the lender's approval.

Another of the Company's goals is to provide donations to a wide variety of charities in the community. Throughout the last fiscal year, the Company donated a total of $76,000 to 16 local charities. At March 31, 2019 a total of $28,700 has been donated to 7 charities. Further information on the Company's charitable giving can be found on the company's website.

PERFORMANCE HIGHLIGHTS
DURING Q1 and Q2 2019

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 7,313 ft^2 building** situated along the Yellowhead Trail in northeast Edmonton. The total purchase price was $975,000.

During Q1 the Company completed the **build to suit, 24,454 ft^2 building** in Hanna, Alberta on 16.5 acres along with an additional 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 has 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.

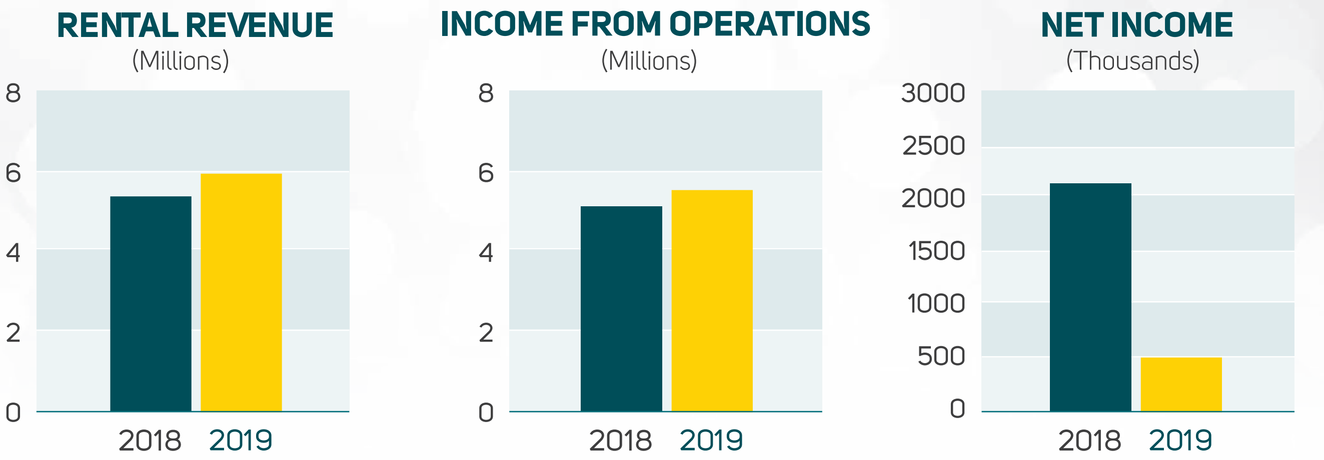
During Q1 two mortgages were renewed for further five-year terms and one mortgage was renewed for a one-year term. An increase in the interest rates during the quarter affected the **weighted average rate of interest on all mortgages which is now 3.36%** at March 31, 2019 (September 30, 2018 – 3.13%).

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 the Company signed month to month **leases with four individual tenants** to lease sections of the 3 acres of vacant land acquired in NW Edmonton. Annual revenue of over $61,000 will offset property taxes while the Company pursues development opportunities.

During Q2 the Company placed a refundable deposit on a conditional agreement to **purchase a revenue producing** property in **Vegreville, Alberta**. The total purchase price is $2,650,000.

PERFORMANCE RESULTS
ENDING MARCH 31,



With the addition of several investment property acquisitions during the last year, the rental revenue and income from operations has increased year over year. Net income was negatively affected at March 31, 2019 with net valuation losses recorded on the investment properties of $1,486,629 compared to net valuation gains last year of $420,849. During the current period, 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. The Company lowered the value on this property due to the decreased revenue and the associated lease up costs to place a new tenant.

Also affecting current year net income is the unrealized losses of $139,500 on short term investments.

RESULTS OF OPERATIONS AND CASH FLOWS

For over five years the Company has enjoyed better than 99% occupancy in its properties. This Q2 2019 the year to date occupancy dipped slightly to 98.0% with one large space currently available for lease and a small building currently under renovations to place a tenant. There have been no significant changes in operations for each quarter during 2018 or 2019, except for fluctuations in earnings resulting from the fair valuations of investment properties.

Net valuation (losses) gains per quarter:

2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
$ (33,127)	$(1,453,502)	$ 805,792	$(4,702,567)	$ 235,704	$ 185,145	$ 280,967	$ (197,446)

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 increasing contracted revenue streams which would otherwise drive the value upwards.

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 feet 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 and the expected costs to lease it. The second property is where a tenant requested a reduction in their rent to the term of their lease. The loss in revenue is reflected in a lower valuation of the 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.

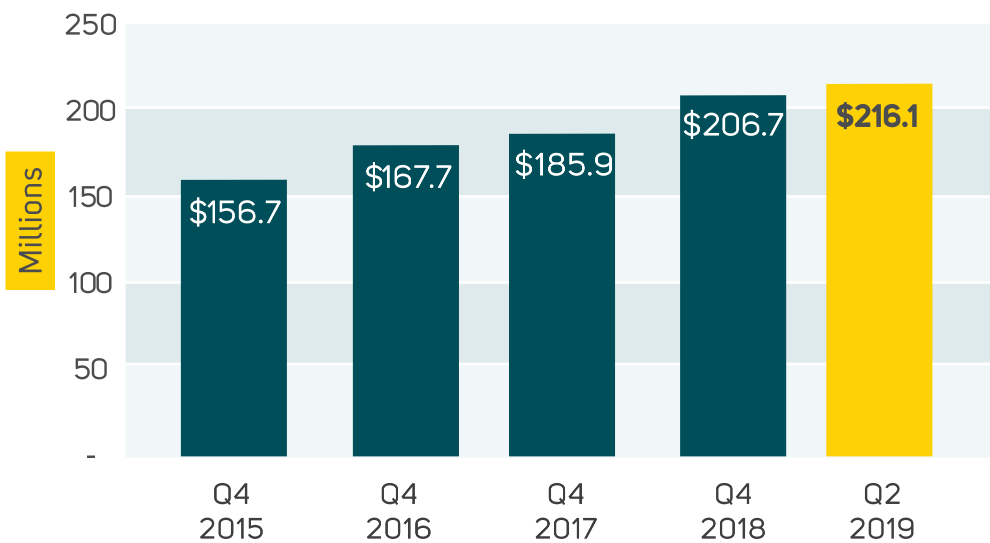
At Q3 2018 the Company agreed to an early lease termination for a tenant in Fort McMurray Alberta. An accelerated rent adjustment in the amount of $1,992,928 was reported as income in Q4 2018. Concurrent with the negotiations to release the tenant from their lease obligations, Management agreed to a 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 impact of the recession, and the major fires that ravaged the Fort McMurray region, means the city is still restructuring to its former glory. 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.

The net fair value losses at Q3 each year are often the result of small increases in the revenue stream which typically cause fair value increases, netted against items capitalized. 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.

At each quarter during 2017, 2018 and 2019, 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.

FAIR MARKET VALUE OF INVESTMENT PROPERTIES

FOR THE YEARS ENDING SEPTEMBER 30, AND AT Q2 2019



Valuation net gains or (losses) from investment property are the result of market values at each reporting date, 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, strength of tenant, term of lease, lease rate, age of building, size of building, construction of building and any unique features of the building. Given that not all industrial properties are the same, management will apply these factors to each property in determining a capitalization rate. If a property has all favourable factors, the valuation will likely be calculated using the low end of the capitalization rate range.

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

Finance costs include interest on financing, net of interest income and amortization of deferred finance fees. Interest on financing is up at Q2 2019 compared to Q2 2018 due to additional mortgages received, rising interest rates on new and renewed mortgages, an increase in other financing, and increased use of the bank credit facilities. The Company utilized the lines of credit and related party financing in the last twelve months to assist with new acquisitions.

Income from operations in the current period 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. Rental revenue is also higher in 2019 over 2018 due to the increased activity in acquisitions and new leases in the last twelve months.

Administrative expenses are lower this year compared to last year due to a reversal of a bad debt provision in the amount of $600,000 at Q2 2019. Administrative expenses would be higher this year due to an increase in employees and associated salaries but are slightly lower with a decrease in charitable donations this year. Charitable donations are not evenly spread throughout the year.

Regular administrative expenses include salaries, annual finance fees on 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.

Unrealized losses on short term investments are the result of valuing the securities at mark to market.

CHANGES IN CASH FLOWS

- **Cash provided by operating activities** was $5,371,796 at Q2 2019 (Q2 2018 – $4,006,300). 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 acquisitions with tenants. In the prior year there were cash outflows for leasing fees of $270,577 compared to $196,743 at Q2 2019.

- **Cash used in investing activities** was $12,681,117 at Q2 2019 (Q2 2018 – $5,442,834). There were three property acquisitions this year totalling $8,887,820 and two buildings under construction during 2018 were completed in Q1 2019, with additional construction costs of $1,611,536. This compares to four acquisitions in the prior year at a cost of $5,733,699. Changes in working capital associated with investing activities will temporarily skew the figures positively or negatively. At Q2 2019 accounts paid for construction payables created negative cash flows of $1,794,361 compared to positive cash flows at Q2 2018 of $1,945,982.

- **Net cash provided by financing activities** was $5,212,132 at Q2 2019 compared to $855,548 at Q2 2018. At Q2 2019 the Company has received $9,400,000 of new mortgages compared to net proceeds received at Q2 2018 of $5,236,907. The credit facilities were used to assist with closing the property acquisitions and fund the construction projects. In addition to regular principal payments on the mortgages, one lender requires the Company to deposit a total of $1,300,000 (monthly instalments of $100,000) in GIC's until a specific mortgage matures in Q3 2019. Total GIC's held under this agreement at Q2 2019 are $1,000,000 (Q2 2018 – Nil).

Finance costs increased this year by $596,317 compared to last year with new and renewed mortgages at slightly higher interest rates.

During Q1 and Q2 2019 the Company purchased 43,700 common shares under the normal course issuer bid for a total cost of $172,677 (Q2 2018 - a total of 30,800 shares were purchased for a total cost of $57,580).

At Q2 2019 there was a net decrease in cash of $2,097,189 compared to a decrease in cash at Q2 2018 of $580,986.

SIGNIFICANT BALANCE SHEET CHANGES

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

Changes since the fiscal year end of September 30, 2018 are detailed below.

	Income Producing Properties	Completed 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	387,400	-	-	**387,400**
Construction costs	-	1,611,536	-	**1,611,536**
Leasing commissions	196,743	-	-	**196,743**
Property acquisitions	7,211,562	-	1,676,258	**8,887,820**
Change in straight-line revenues	(75,847)	-	-	**(75,847)**
Revaluation losses, net	(1,405,284)	(81,345)	-	**(1,486,629)**
Amortization of deferred leasing	(138,641)	-	-	**(138,641)**
Ending balance at March 31, 2019	**$193,029,686**	**$10,870,756**	**$ 12,192,676**	**$ 216,093,118**

Leasing commissions during the current period were for three lease renewals and one new lease. Property acquisitions include the ALS building, the Sable Centre and 3 acres of vacant land all in Edmonton, Alberta.

- **Mortgages** at Q2 2019 have a balance of $92,290,050 (Q4 2018 - $85,669,230). During Q1 2019 two new mortgages totalling $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. The Company is currently in the process of placing new conventional mortgage financing on Coppertone III which should be in place in Q3 2019.

At Q2 2019 there are three mortgages up for renewal in the next twelve months with combined principal balances of $21,148,442 which are shown as current liabilities. GIC's in the amount of $1,000,000 (Q4 2018 - $400,000) are held as additional security for one mortgage that matures in July 2019. The Company intends to renew the mortgages as they come due. Netted against mortgages on the consolidated interim statements of financial position is the balance of unamortized fees associated with new or renewed mortgages, totalling $243,479 at Q2 2019 (Q4 2018 – $242,184).

- **Loan receivable** of $1,027,785 at Q2 2019 is net of a $400,000 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 instalments that includes interest at an annual rate of 6%. An impairment provision of $1,000,000 was applied to this loan at September 30, 2018. Contractual instalments were received in Q1 and Q2 2019 and the Company reversed a portion of the provision for impairment. Management will continue to re-evaluate the provision at each reporting period, and should conditions change positively, any reversal will be recorded at that time.

- **Receivables** of $3,036 at Q2 2019 and $242,792 at Q4 2018 are net of an allowance for doubtful accounts of $10,000 (September 30, 2018 - $16,061). Receivables at Q4 2018 included taxes and rebates of $111,757 and the balance was for tenant receivables and accrued interest.

- **Prepaid expenses and deposits** have a balance at Q2 2019 of $168,310 (Q4 2018 - $1,218,946) relating to property insurance premiums, and security deposits with municipalities. The Company has placed a refundable deposit of $100,000 on a conditional offer to purchase investment property. The Company is currently in the due diligence phase of the offer.

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

- **Restricted cash** of $1,000,000 at Q2 2019 (Q4 2018 - $400,000) is held as collateral with one of the Company's major lenders as additional security for a specific mortgage that matures in July 2019. Total monthly instalments of $100,000 to an aggregate of $1,300,000 are held in interest bearing GIC's and are redeemable upon the payout of the mortgage.

- **Short–term investments** are common shares held for trading. The value at Q2 2019 is $234,000 (Q4 2018 - $373,500). The shares are recorded at the quoted market value at each reporting date. Management will look to the disposition of these investments in the next quarter.

- **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 Q2 2019 and Q4 2018 remains at $4,020,000 and bears interest at an annual rate of 6% (Q4 2018 – 6%). Other financing is due to related parties and has no specific dates of repayment.

- **Bank operating facilities** at Q2 2019 have a balance of $19,722,253 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 construction of two buildings.

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

CREDIT FACILITIES

	March 31, 2019	September 30, 2018
Bank credit facilities	$ 20,000,000	$ 20,000,000
Amounts drawn on facilities	(19,722,253)	(18,457,672)
Available credit facilities	**$ 277,747**	**$ 1,542,328**

- A LOC with a limit of $10,000,000 (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 $10,000,000 unchanged from the prior year. 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 interim financial statements. The Company was not in breach of any loan covenants throughout both reporting years.

- **Payables and accruals** are $1,183,503 at Q2 2019 (Q4 2018 - $3,145,876). Accruals at Q2 2019 include interest on mortgages, prepaid rents from tenants, and accrued property taxes. (Q4 2018 – interest on mortgages, prepaid rents from tenants and construction payables).

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Revenue	3,850,537	3,721,321	5,497,881	2,930,792	3,486,193	3,328,342	3,396,004	3,319,384
Total Comprehensive (Loss) Income	1,393,144	(886,496)	3,395,251	(3,163,279)	1,449,203	661,438	1,860,217	564,313
EPS-Basic	0.15	(0.10)	0.35	(0.33)	0.15	0.07	0.19	0.06
EPS-Diluted	0.15	(0.10)	0.35	(0.33)	0.15	0.07	0.19	0.06

QUARTERLY CHANGES IN THE REVENUE

Q2 2019 revenue is higher then 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 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. Additional revenue of $1,992,928 is non-recurring revenue generated from the accelerated rent adjustment for an early termination of a lease. Q4 revenues also increased with additional billings to tenants for annual reconciled operating cost recoveries.

In Q3 2018 revenue was impacted by the amortization of tenant inducements relating to one lease that was terminated where 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. At Q1 2018 revenue increased with the addition of one new land lease.

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

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 Q2	2019 Q1	2018 Q4	2018 Q3	**2018 Q2**	2018 Q1	2017 Q4	2017 Q3
$(33,127)	$(1,453,502)	$805,792	$(4,702,567)	$235,704	$185,145	$280,967	$(197,446)

Q1 2019 unrealized losses reflect small gains and losses on all the properties where revaluing the properties to market values takes into consideration 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. Two properties had larger write downs this quarter. A multi tenant building has a vacancy where a tenant was occupying 32,762ft2 or 34% of the building. After the tenant vacated, Management completed major improvements to the interior space, and it is being actively marketed for lease. The lower value on this property reflects the loss in revenue and the costs to release the space. Another property has a single tenant that 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 their lease obligations, Management agreed to a new lease with a large national tenant that took occupancy of the building July 1, 2018. The new lease rental revenue is lower than the lease that was terminated due to decreased market rates in Fort McMurray. The impact of the recession, and the major fires that attacked the Fort McMurray region, means the city is still recovering to its former glory. 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 are 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 2017 and 2018. 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 Q2** 2019 remains unchanged from Q4 2018 at 9,583,642. The Company received approval to renew its normal course issuer bid which expires on August 30, 2019. During the current period, the Company purchased 43,700 shares for a total cost of $172,677. All the shares will remain in treasury until cancelled.

In the prior year, the Company purchased 13,500 shares for a total cost of $57,580. All the shares were held in treasury until cancelled.

At Q2 2019 there are 475,000 share options issued and outstanding under the Company’s stock option plan. The options entitle the holder to one common share in exchange for each option held at an option price of $4.25. The options expire August 26, 2019.

DIVIDENDS

The Company issued a press release January 14, 2015 announcing the suspension of the dividend payments until further notice, due to the uncertainty surrounding the Alberta economy and oil prices. Dividend distribution is determined by the board of directors after evaluating the earnings of the Company and the overall outlook for the economy. Dividends are declared and paid, based on the common shares owned at the record date. Shareholders are cautioned that past issuance of dividends by the Company does not guarantee that future dividends will be issued.

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

RELATED PARTY TRANSACTIONS

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

- **Property management and maintenance fees** in the amount of $522,560 (Q2 2018 - $441,535) 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 $50-$65 per hour (Q2 2018 - $50-$65 per hour) for labour, plus equipment 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.

- **Leasing, acquisition and disposition fees** in the aggregate of $221,869 (Q2 2018 – $217,154) were paid to North American Realty Corp. ("NARC") a Company controlled by Sine Chadi. In Q1 and Q2 2019, $87,750 was paid for the acquisitions of the ALS building, the Sable building, and a three-acre parcel of land. During Q2 2019 leasing fees were $134,119 for new and renewed leases during the quarter. 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.

- **Office rent, parking and warehouse lease space** were paid to Sable in the aggregate amount of $50,100 (Q2 2018 – $48,000). Imperial Equities shares office space with Sable and pays $8,000 per month. Warehouse lease fees to store materials owned by Imperial were discontinued in Q1 2018.

- **Fees** paid in the amount of $100,000 (Q2 2018 - $100,000) were paid to Sable for the services provided by the Company's Chief Financial Officer who is not paid directly by Imperial Equities.

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

Contracts with Sable and NARC have been in place since 1999 with no changes to the terms. They can be viewed on-line at www.Sedar.com. These contracts and the associated fees and rates were approved by the board of directors.

Paid to directors

Directors' fees paid for attending directors' meetings were $27,500 at Q2 2019 (Q2 2018 - $27,500). 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 the President Sine Chadi who is also a director and significant shareholder of the Company. Total salary paid to Mr. Chadi during the period was $150,000 (2018 - $150,000).

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

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

During the prior year, interim financing of $4,020,000 was received from a company that is under common control by Sine Chadi. The loan is unsecured and bears interest at an annual rate of 6%. Total interest accrued at Q2 2019 is $140,204. (Q2 2018-Nil)

Unsecured interim financing from directors and shareholders

In the prior year, at Q1 2018, the balance of other financing outstanding at September 30, 2017 of $1,300,000 was repaid with interest at an annual rate of 6%. Total interest paid was $10,903.

LIQUIDITY, CAPITAL RESOURCES AND SOLVENCY

Adjusted EBITDA and cash flows from operations are the primary sources 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.

	March 31, 2019	September 30, 2018
Adjusted EBITDA	$ 5,565,889	$ 8,694,291
Interest coverage ratio	2.68	2.82
Available unused credit facilities	$ 277,747	$ 1,542,328
Cash flows from operations	$ 5,371,796	$ 4,006,300

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 a majority of the 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 debt free total $20,728,821 at March 31, 2019 and the current debt encumbered on properties is 57% of the fair value of the secured properties.

At March 31, 2019 there are three mortgages totalling $21,148,442 and shown as current liabilities. The Company intends to renew the mortgages as they come due and may have the option of increasing the debt on a particular property, subject to the lender's approval, to provide increased capital. There is 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 are $741,734. Annual payments of $8,900,808 will be covered with cash flow from operations.

The Company is in the process of placing conventional mortgage financing on the Coppertone III building and will apply the mortgage proceeds to bank operating facilities.

Other sources of funds include the loan receivable of $1,427,785 (before a provision of $400,000) at Q2 2019 which should contractually provide monthly cash receipts of $105,850. The Company will also look toward the disposition of short-term investments of $234,000 during Q3 2019.

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 interim 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 unfavourable economic conditions within our economy.

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

One very small tenant has resumed making payments on their arrears. The rent from this tenant amounts to one half of one percent of monthly rents and is not considered a financial threat if the tenant, in a worst-case scenario, had to vacate. At Q2 2019 and Q4 2018 Management included an allowance for bad debt for this tenant.

Early in 2017 a tenant with direct exposure to the oil and gas industry contacted Management to advise of their cash flow challenges and asked to defer part of their rent for one year. Upon the expiration of the deferred period in Q2 2018, Management extended the deferral to Q3 2018. 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 commenced in Q4 2018.

There are no other 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 the tenant fails to make contracted rental payments.

Portfolio of Tenants

One of the Company's 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 any one tenant that makes up 10% or more of the unadjusted annual property NOI.

Mix of Tenant Base	Multi-National	National	Regional Large	Regional Medium	Regional Small	Totals
% of Occupied GLA	44%	23%	18%	9%	9%	100%
% of Unadjusted Annual Property NOI	51%	23%	17%	4%	5%	100%
Unadjusted Annual Property NOI (000's)	$ 6,308	$ 2,909	$ 2,054	$ 470	$ 667	$ 12,408

Unadjusted annual property NOI is a non-IFRS financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other real estate issuers. The Company's unadjusted annual property NOI 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 operating expense recoveries and month to month leases. It is shown in the above chart to illustrate the majority of the Company's lease revenues are from large multi-national or national tenant.

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

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

The risk of vacancy of any leased space is the 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 could be paid for with existing cash flows from operations. At Q2 2019 Imperial's occupancy rate is 98.0% year to date.

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

- **Market values of the investment properties** can decrease if the demand for industrial properties lease space decreases and rental rates are reduced, or capitalization rates increase. Imperial's exposure to the market value of its real estate assets affects mortgages up for renewal. Properties with mortgages that are maturing in the next 12 months 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.

Factors that influence market values of investment properties are the income generated from the property, demand, vacancy rates, term of the current lease, strength of the current tenant, age of the building and location. Imperial is not aware of any obstacles at this date that would negatively affect its ability to refinance its buildings as the mortgages come due.

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 2019. Total deposits to GIC's will not exceed $1,300,000. 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.

The Company has determined that capitalization rates used to evaluate a property have moved slightly upward and when valuing the properties at each quarter, several properties were adjusted accordingly, which will create unrealized losses. The total fair value of the investment properties at Q2 2019 is $216,093,118. The mortgages and bank operating facilities encumbered on the properties leaves equity in the properties of $101,060,815 at Q2 2019. Management believes the equity will be enough to absorb any decline in values and support our ability to refinance.

▸ **Lease rates** will adjust downward if demand for industrial lease space decreases. As demand for this type of lease space goes up so does the lease rate. In any economic downturn, we could expect that the demand for space decreases and therefore the lease rate would decrease accordingly. Imperial is mindful of these risks. Management believes that any further leases that are up for renewal in 2019 will likely be renewed at the same or higher rates than the Company is currently achieving.

▸ **Interest rates** on mortgages that are up for renewal will likely rise as the Bank of Canada continues to keep inflation in check by increasing its benchmark interest rates. The mortgages that were up for renewal in the last twelve months were renewed at higher rates than the prior terms. New mortgages being placed now will be at slightly higher rates than we have been experiencing in the past few years. 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 prompting regular reviews of security measures to take appropriate steps to reduce this risk. While the Company is aware it cannot protect against all types of attacks and human error, management has an adequate defense against the most common ones. Policies to protect the Company's data from a breach include the following:

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

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

PLANNED EXPENDITURES

At Q2 2019 the Company has placed a deposit of $100,000 pursuant to an agreement to purchase an investment property for a total purchase price of $2,650,000. The Company is currently in the due diligence phase of the offer. Should the Company proceed, the acquisition will close in Q3 2019.

At Q4 2018, the Company had placed deposits of $665,000 pursuant to conditional agreements to purchase investment property. Subsequent to the year end, $445,000 were applied to the acquisitions in the period and the remaining $200,000 was refunded to the Company.

At 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 also 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

The Company has adopted the following standards in its consolidated interim 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 amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has adopted the standard and there was no impact on the consolidated interim financial statements.

IFRS 9, “Financial Instruments” (“IFRS 9”), issued in July 2014, and replaces IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 addresses the classification and measurement of all financial assets and financial liabilities within the scope of the current IAS 39 and a new expected credit loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting. Also included are the requirements to measure debt-based financial assets at either amortized cost or fair value through profit or loss (“FVTPL”) and to measure equity-based financial assets as either held-for-trading or as fair value through other comprehensive income (“FVTOCI”). No amounts are reclassified out of other comprehensive income (“OCI”) if the FVTOCI option is elected. Additionally, embedded derivatives in financial assets would no longer be bifurcated and accounted for separately under IFRS 9. A new general hedge accounting standard, was issued in November 2013, permitting additional hedging strategies used for risk management to qualify for hedge accounting. The IASB has set annual periods beginning on or after January 1, 2018 as the effective date for the mandatory application of IFRS 9. The Company has adopted the standard which did not result in any adjustments upon transition. The Company does not currently apply hedge accounting.

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

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.

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

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 interim financial statements.

(b) Critical judgments in applying accounting policies

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

(i) Leases

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

(ii) Investment property

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

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

(iii) Income tax

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

(c) Critical accounting estimates and assumptions

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

Investment properties

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

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

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

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are

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 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 may include Adjusted EBITDA, Debt and Total Debt, and Unadjusted Property NOI. 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.

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL STATEMENTS

for the Second Quarter
ending March 31, 2019

IMPERIAL EQUITIES INC.

Q2 2019 Financial Statements

NOTICE TO READERS OF THE INTERIM FINANCIAL STATEMENTS
The interim consolidated financial statements have not been reviewed by the Company's auditors and should be read in conjunction with the Company's 2018 annual consolidated financial statements.

IMPERIAL EQUITIES INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	(unaudited) March 31, 2019	(audited) September 30, 2018
Assets			
Investment properties	3	216,093,118	206,710,736
Total non-current assets		**216,093,118**	**206,710,736**
Loan receivable	4	1,027,785	1,009,825
Receivables	6	3,036	242,792
Prepaid expenses and deposits	7	168,310	1,218,946
Restricted cash	8	1,000,000	400,000
Short term investments	5	234,000	373,500
Cash and cash equivalents		246,331	2,343,520
Total current assets		**2,679,462**	**5,588,583**
Total Assets		**218,772,580**	**212,299,319**
Liabilities			
Mortgages	8	66,129,093	64,146,206
Security deposits		593,560	611,654
Deferred taxes	12(b)	15,041,688	14,299,347
Total non-current liabilities		**81,764,341**	**79,057,207**
Current portion of mortgages	8	25,917,479	21,280,840
Other financing	22 (b)	4,020,000	4,020,000
Bank operating facilities	9	19,722,253	18,457,672
Payables and accruals	10	1,183,503	3,145,876
Income taxes payable		408,786	915,477
Total current liabilities		**51,252,021**	**47,819,865**
Total Liabilities		**133,016,362**	**126,877,072**
Equity			
Issued share capital	14(a)	5,858,081	6,030,758
Contributed surplus	14(b)	593,750	593,750
Retained earnings		79,304,387	78,797,739
Total Equity		**85,756,218**	**85,422,247**
Total Equity and Liabilities		**218,772,580**	**212,299,319**

Guarantees, contingencies and commitments (Note 18)
Post-reporting date events (Note 23)

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
Three and six months ending March 31,

	Notes	Current Quarter 2019	Prior Year Quarter 2018	6 Months March 31 2019	6 Months March 31 2018
Rental revenue	17(a)	**3,085,757**	2,780,349	**6,046,585**	5,450,176
Property operating expense recoveries		**764,780**	705,844	**1,525,273**	1,364,359
Property operating expenses	17(b)	**(1,065,348)**	(859,479)	**(2,009,384)**	(1,648,776)
Income from operations		**2,785,189**	2,626,714	**5,562,474**	5,165,759
Finance costs	11	**(1,076,754)**	(764,402)	**(2,067,496)**	(1,471,178)
Administration expenses		**(56,829)**	(302,102)	**(72,432)**	(578,525)
Amortization of deferred leasing		**(71,934)**	(58,350)	**(138,641)**	(116,467)
Unrealized losses on short term investments	3	**(3,000)**	-	**(139,500)**	-
Valuation net losses from investment property	3	**(33,127)**	235,704	**(1,486,629)**	420,849
Income from operations before income tax		**1,543,545**	1,737,564	**1,657,776**	3,420,438
Income tax expense	12(a)	**(150,401)**	(288,361)	**(1,151,128)**	(1,309,799)
Net income and total comprehensive income for the period		**1,393,144**	1,449,203	**506,648**	2,110,639
Earnings per share, basic and diluted	15	**0.15**	0.15	**0.05**	0.22

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Six months ending March 31,

	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 period	-	(172,677)	-	-	(172,677)
Net income	-	-	-	506,648	506,648
Balance March 31, 2019	9,583,642	$ 5,858,081	$593,750	$ 79,304,387	$ 85,756,218

	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 during the period	-	(57,580)	-	-	(57,580)
Shares cancelled during the period	-	-	-	-	-
Net income	-	-	-	2,110,639	2,110,639
Balance March 31, 2018	9,614,442	$ 5,992,572	$593,750	$ 78,675,261	$ 85,261,583

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Three and six months ended March 31,

	Notes	Current Quarter 2019	Prior Year Quarter 2018	6 Months March 31 2019	6 Months March 31 2018
Operating activities					
Net income from operations		**1,393,144**	1,449,201	**506,648**	2,110,639
Finance costs		**1,076,754**	764,402	**2,067,496**	1,471,179
Items not affecting cash:					
Non-cash accelerated rent adjustment		**-**	-	**-**	-
Amortization of discount on loan receivable		**-**	-	**-**	(3,586)
Amortization of tenant inducements		**-**	9,091	**-**	18,182
Amortization of deferred leasing costs		**71,934**	58,351	**138,641**	116,467
Fair value changes on investment properties		**33,127**	(235,704)	**1,486,629**	(420,849)
Unrealized loss on short term investments		**3,000**	-	**139,500**	-
Straight-line rental revenue		**(93,999)**	(112,176)	**75,847**	(144,156)
Deferred income taxes		**22,124**	71,986	**742,341**	910,026
Initial diret leasing costs		**(196,743)**	(9,416)	**(196,743)**	(270,577)
Net change in operating working capital	13	**714,912**	(391,495)	**411,437**	218,975
Cash provided by operating activities		**3,024,253**	1,604,240	**5,371,796**	4,006,300
Investing activities					
Purchase of investment properties		**(24,112)**	(393,942)	**(8,887,820)**	(5,733,699)
Property under development		**(5,539)**	(1,775,307)	**(1,611,536)**	(1,775,307)
Improvements to investment properties		**(64,254)**	(24,303)	**(387,400)**	(111,724)
Proceeds from loan receivable		**-**	231,914	**-**	231,914
Net change in investing working capital	13	**(635,304)**	1,280,982	**(1,794,361)**	1,945,982
Cash used in investing activities		**(729,209)**	(680,656)	**(12,681,117)**	(5,442,834)
Financing activities					
Proceeds from new mortgages		**-**	2,225,000	**9,400,000**	10,050,000
Repayment of mortgages on maturity		**-**	-	**-**	(4,813,093)
Repayment of mortgages through principal instalments		**(1,452,127)**	(1,449,325)	**(2,779,181)**	(2,783,240)
Restricted cash held in guaranteed investment certificates		**(300,000)**	-	**(600,000)**	-
Amortization of deferred finance fees		**22,804**	22,576	**45,016**	43,387
Fees associated with new or renewed mortgages		**(17,005)**	(15,319)	**(46,311)**	(36,609)
Advances from other financing		**-**	-	**750,000**	50,000
Repayment of other financing		**-**	-	**(750,000)**	(1,350,000)
Finance costs		**(1,076,754)**	(764,402)	**(2,067,496)**	(1,471,179)
Purchase of common shares for cancellation		**(103,541)**	-	**(172,677)**	(57,580)
Net advances on bank operating facilities		**700,579**	(1,024,627)	**1,264,581**	1,171,472
Net change in financing working capital	13	**145,606**	78,831	**168,200**	52,390
Cash (used) provided by financing activities		**(2,080,438)**	(927,266)	**5,212,132**	855,548
		-	-	**-**	-
Increase (decrease) in cash and cash equivalents		**214,606**	(3,682)	**(2,097,189)**	(580,986)
Cash and cash equivalents, beginning of period		**31,725**	266,032	**2,343,520**	843,336
Cash and cash equivalents, end of period		**246,331**	262,350	**246,331**	262,350

See accompanying notes to the consolidated interim financial statements.

1. Nature of operations

Imperial Equities Inc. ("the Company") was incorporated in Edmonton, Alberta, Canada. The registered and operating office of the Company is 2151, 10060 Jasper Avenue, Edmonton, Alberta T5J 3R8. The Company's operations consist of the acquisition, development and redevelopment of commercial and industrial properties primarily in Edmonton and throughout Alberta. 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 interim 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, basis of presentation and consolidation

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

These consolidated interim 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 interim financial statements are prepared on a going concern basis and are presented in Canadian dollars, which is the Company's functional currency.

These consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements. These statements have not been reviewed by the Company's auditors and should be read in conjunction with the Company's 2018 annual consolidated financial statements. The preparation of interim financial statements in conformity with IAS34 requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The consolidated interim 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.

Comparative information in the consolidated interim financial statements includes reclassification of certain balances to provide consistency with current period classification. The current period classification more appropriately reflects the Company's core operations and any changes are not material to the financial statements as a whole.

(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 direct leasing costs.

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

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

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of re-development or development with a view to sale. Investment properties are reclassified to "Investment properties held for sale" when the criteria set out in IFRS 5 "Non-Current Asset Held for Sale and Discontinued Operations" are met (Note 2(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 to provide a return in the form of dividends, lower costs or other economic benefit. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied. Building and other asset acquisitions which do not meet the above definition of a business are recorded as an asset addition. There are no acquisitions which meet the definition of a business in the current or comparative year.

(d) Impairment of assets

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

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

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated 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 fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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

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

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

(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 decision makers in allocating resources and assessing performance. All the Company's operations are solely in Canada and are under one business, commercial real estate.

(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

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

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

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

Accelerated rent adjustments 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.

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

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

(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 sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

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

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

(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 flows 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 simplified expected credit loss approach, which requires expected lifetime losses to be recognized from initial recognition. 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, cancelled, or expire.

Classification and measurement

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 on 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 of less. Restricted cash 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 16. The Company uses the fair value method of accounting for stock options. The fair value of the option grants is calculated on the grant date for employees using the Black-Scholes Option Pricing Model and recognized as compensation expense over the vesting period of those granted options, adjusted for estimated forfeitures. The corresponding adjustment is recorded to contributed surplus. The fair value of the option grants to non-employees is calculated based on the value of the services provided in exchange for the option issue. When the options are exercised the proceeds received by the Company, together with the related amount in contributed surplus, are added to share capital. Forfeited or expired options are put back into the pool of available stock options for future grants. No adjustment is recorded for stock options that expire unexercised. For stock options which expire unexercised, the corresponding amount in contributed surplus is transferred to retained earnings. There is no adjustment to past compensation expense. Compensation expense related to forfeited options is reversed on the forfeiture date provided the options have not vested.

(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 cancelled, 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 judgement 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 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 includes capitalization rates and normalized net operating income (which is influenced by inflation rate, vacancy rates, and standard costs) by property, using property specific capitalization rates.

Investment property under 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 judgement and did not rely solely on historical transaction comparables. In these circumstances, there is more uncertainty than which exists in a more active market in estimating the fair values of investment property. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

(ii) Income taxes

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

(iii) Stock-based compensation

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

(iv) Valuation of 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.

(r) Adoption of accounting standards

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

IFRS 9, Financial Instruments replace IAS 39 and introduces a new classification and measurement model with three classification categories, 'amortized cost', 'fair value' 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 adoption of IFRS 9 did not result in any 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 as amortized cost. This change in classification did not result in any changes in 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 to the measurement, recognition or disclosures of financial liabilities.

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

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	Completed 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	387,400	-	-	**387,400**
Construction costs	-	1,611,536	-	**1,611,536**
Leasing commissions	196,743	-	-	**196,743**
Property acquisitions	7,211,562	-	1,676,258	**8,887,820**
Change in straight-line revenues	(75,847)	-	-	**(75,847)**
Revaluation (losses) gains, net	(1,405,284)	(81,345)	-	**(1,486,629)**
Amortization of deferred leasing	(138,641)	-	-	**(138,641)**
Ending balance at March 31, 2019	**$ 193,029,686**	**$ 10,870,756**	**$ 12,192,676**	**$ 216,093,118**

	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 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.

These factors were used to determine the fair value of investment properties at each reporting date. Investment properties are valued on a highest and best use basis. For all the Company's investment properties, except for the Oliver Crossing property, land held for development and unoccupied buildings, the current use is the highest and best use. The Company's executive management team is responsible for determining fair value measurements including verifying all major inputs included in the valuation. Management, along with the Audit Committee, discuss the valuation process and key inputs on a quarterly basis.

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

	March 31, 2019	**September 30, 2018**
Range of capitalization rates applied to investment properties	5.00% - 7.00%	5.00% - 7.17%
Fair values of properties where cap rates were applied	$ 190,601,506	$ 181,766,587
Weighted average cap rates	6.23%	6.27%
Fair value impact of increasing average cap rate by 0.25%	$ (7,315,028)	$ (6,968,691)
Fair value impact of a 1% decrease in net operating income	$ (1,866,590)	$ (1,817,669)

This calculation was used on all the investment properties except for Oliver Crossing, land held for development, land under lease agreements and unoccupied buildings.

The market value of Oliver Crossing is based on the total square footage of land multiplied by a dollar value per square foot. Land held for development is valued using management's research of similar vacant land that has sold recently or is available for sale. Land under lease agreements is valued at the market value of the land valued using management's research of similar land that has sold recently or is available for sale.

	March 31, 2019	**September 30, 2018**
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	$ 10,516,418	$ 10,516,418
Impact of a 10% change in average price per acre	$ 1,051,642	$ 1,051,642
Property available for lease		
Coppertone III – 12,024 sf, Edmonton, AB	$ -	$ 3,473,629
Sable Centre – 7,313 sf, Edmonton, AB	$ 987,959	-
Impact of a $10 change in price per square foot	$ 73,130	$ 120,256

Land under lease agreements with tenants

Number of acres leased	7.90	4.90
Average price per acre	$ 707,246	$ 798,104
Total fair values of leased land	$ 5,587,245	$ 3,910,710
Impact of a 10% change in average price per acre	$ 558,724	$ 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:

	March 31, 2019	September 30, 2018
Straight line rent receivable	$ 1,472,053	$ 1,547,901
Leasing costs	1,690,754	1,632,652
	$ 3,162,807	$ 3,180,553

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

4. Loan receivable

	March 31, 2019	September 30, 2018
Loan receivable, beginning of year	$ 1,009,825	$ 496,414
Additional loan receivable	-	2,200,000
Reversal, (provision) for impairment	600,000	(1,000,000)
Principal payments received	(582,040)	(686,589)
Balance, end of the period	**$ 1,027,785**	**$ 1,009,825**

The contractual receivable at March 31, 2019 is $1,427,785 (September 30, 2018 - $2,009,825). During the current period, the Company reinstated a portion of the receivable that was previously considered impaired. Monthly instalments 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 an 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 instalments 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 at September 30, 2017 was received in full during the prior year.

5. Short – term investments

Level 1 Measurement	March 31, 2019	September 30, 2018
Marketable securities, beginning of year	$ 373,500	$ -
Value of shares acquired	-	300,000
Change in fair value	(139,500)	73,500
Balance at the end of the period	**$ 234,000**	**$ 373,500**

6. Receivables

	March 31, 2019	September 30, 2018
Tenant receivables	$ 1,475	$ 136,324
Accrued interest	11,561	10,772
Excise taxes receivable and rebates receivable	-	111,757
Provision for impairment	(10,000)	(16,061)
Receivables, net	**$ 3,036**	**$ 242,792**

The tenant receivables at September 30, 2018 include invoices for occupancy costs that were reconciled at year end and subsequently collected.

7. Prepaid expenses and deposits

	March 31, 2019	September 30, 2018
Prepaid operating expenses	$ 11,871	$ 497,507
Deposits on offers to purchase investment property	100,000	665,000
Security deposits with municipalities	56,439	56,439
Total prepaid expenses and deposits	**$ 168,310**	**$ 1,218,946**

Prepaid operating expenses at March 31, 2019 are for insurance (September 30, 2018 - property taxes and insurance).

At March 31, 2019 a deposit of $100,000 was placed pursuant to an agreement to purchase a revenue producing property in the town of Vegreville, Alberta. The agreement includes 5.89 acres of land with a 25,775 square foot building and three ancillary buildings totalling 7,520 square feet. The total purchase price is $2,650,000 and the Company is in the due diligence phase.

At 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 in the first quarter, and the remaining $200,000 was refunded in Q1 2019.

8. Mortgages

	Maturity	Rate	March 31, 2019	September 30, 2018
*	July 1, 2019	3.450%	10,296,971	10,550,178
*	November 1, 2019	3.334%	9,192,058	9,414,128
*	January 1, 2020	3.410%	1,659,413	1,742,156
	January 1, 2021	2.980%	3,613,965	3,740,559
	January 1, 2021	2.980%	5,591,961	5,787,844
	April 1, 2021	2.880%	5,783,517	5,982,442
	April 1, 2021	2.948%	3,133,599	3,231,172
	October 1, 2021	2.470%	6,383,299	6,676,895
	October 1, 2021	2.470%	7,678,058	7,936,856
	February 1, 2022	3.040%	5,984,901	6,172,934
	June 1, 2022	2.730%	2,307,823	2,404,821
	December 1, 2022	3.670%	3,837,165	3,943,735
	December 1, 2022	3.671%	3,486,222	3,583,038
	January 1, 2023	3.570%	774,366	811,376
	February 1, 2023	3.750%	2,102,496	2,159,649
	October 1, 2023	3.950%	566,330	622,274
	October 1, 2023	4.090%	6,171,715	6,300,000
	November 1, 2023	4.330%	4,231,391	-
	December 1, 2023	4.648%	5,040,613	-
	January 1, 2024	4.300%	2,483,307	2,569,227
	January 1, 2024	4.300%	1,970,878	2,039,948
	Total mortgages		$ 92,290,051	$ 85,669,230
	Less: current portion of principal payments		(25,917,479)	(21,280,840)
	Less: balance of unamortized finance fees		(243,479)	(242,184)
			$ 66,129,093	**$ 64,146,206**
	Weighted average rate		**3.36%**	**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 with a maturity date of July 1, 2019. Additional security and collateral for the lender of this mortgage includes monthly instalments of $100,000 held in interest bearing GIC's, for a total debt service reserve in the aggregate of $1,300,000. Total instalments at March 31, 2019 are $1,000,000 (September 30, 2018 - $400,000) and are classified as restricted cash.

9. Bank operating facilities

	March 31, 2019	September 30, 2018
Bank operating facilities	**$ 19,722,253**	**$ 18,457,672**

At March 31, 2019 and September 30, 2018, the Company has two credit facilities set out as follows:

1) An operating line of credit (LOC) with a limit of $10,000,000 (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 March 31, 2019 of $9,967,110 (September 30, 2018 - $9,888,223). The credit facility bears interest at prime plus 1% per annum

(September 30, 2018 – interest at prime plus 1% per annum) and is secured by specific revenue producing properties with combined fair values of $39,971,147 (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 un-drawn portion of the facility. Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.25 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 = 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 is the total debt on the properties divided by the current market value of the properties.

The aggregate of the above calculation for each property is the “Preliminary Lending Value” . The “Final Lending Value” is $10,000,000 and will be accommodated by the Lender until March 31, 2019 at which time it will be adjusted back down to the preliminary Lending Value, as recalculated at that time. Any resulting margin shortfall is to be covered by the Company’s own resources.

At March 31, 2019 the debt service coverage ratio is 1.18 and the loan to value ratio is 71% (September 30, 2018 the debt service coverage ratio was 1.12 and the loan to value ratio was 72%).

The Company did not breach any financial covenants during the current year, or prior year. Subsequent to the quarter ending, the Company reduced the loan to value ratio to 70%.

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

This credit facility bears interest at prime plus .95% per annum and is secured by specific revenue producing properties with combined fair values at March 31, 2019 of $63,122,923 (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 March 31, 2019 is $9,755,142 (September 30, 2018 - $8,569,449).

10. Payables and accruals

	March 31, 2019	September 30, 2018
Trade payables	$ 64,497	$ 1,814,114
Accrued loan interest	396,929	228,729
Current portion of tenant security deposits	12,208	25,624
Accrued liabilities	516,423	734,175
Prepaid rents	193,446	343,234
Total payables and accruals	**$ 1,183,503**	**$ 3,145,876**

Trade payables and accrued liabilities at September 30, 2018 include construction payables for projects that were completed during the current period. Accrued liabilities at March 31, 2019 include property taxes of $497,655.

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:

	March 31, 2019	March 31, 2018
Interest on mortgages	$ 1,483,762	$ 1,208,480
Interest on bank operating facilities	466,587	216,400
Interest on other unsecured financing	126,551	10,902
Amortization of deferred finance fees	45,016	43,387
Interest income	(54,420)	(7,991)
	$ 2,067,496	**$ 1,471,178**

12. Income taxes

a) Provision for income taxes

Components of income tax expense

	March 31, 2019	March 31, 2018
Current tax expense	$ 408,786	$ 399,773
Deferred tax expense	742,342	910,026
	$ 1,151,128	**$ 1,309,799**

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	$ 1,657,776	$ 3,420,438
Expected income tax expense at 27%	$ 447,599	$ 923,518
Increase (decrease) resulting from:		
Non-taxable items	10,825	13,829
Tax rate differentials	692,704	372,452
	$ 1,151,128	**$ 1,309,799**

b) Deferred taxes

Deferred tax assets are attributable to the following:

	March 31, 2019	September 30, 2018
Financing fees	$ 10,657	$ 6,259
Marketable securities	18,832	-
Deferred tax assets	29,489	6,259
Offset of tax	(29,489)	(6,259)
Net deferred tax assets	**$ -**	**$ -**

Deferred tax liabilities are attributable to the following:	March 31, 2019	September 30, 2018
Straight-line rent receivable	$ 397,455	$ 417,933
Investment properties	14,217,135	13,436,855
Marketable securities	-	9,923
Finance fees	-	79
Deferred leasing	456,502	440,816
Deferred tax liabilities	15,071,092	14,305,606
Offset of tax	(29,489)	(6,259)
Net tax liabilities	**$ 15,041,603**	**$ 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.

13. Supplemental consolidated cash flow information

Net change in operating working capital	March 31, 2019	March 31, 2018
Decrease in receivables	$ 239,756	$ 50,906
Increase in loans receivable	(17,960)	-
Decrease in prepaid expenses and deposits	485,640	267,374
Increase in payables and accruals	228,786	195,692
Decrease in income taxes payable	(506,691)	(452,952)
(Decrease) increase in security deposits	(18,094)	157,955
	$ 411,437	**$ 218,975**
Net change in investing working capital		
Decrease in deposits in trust for property acquisitions	$ 565,000	$ 1,465,256
Decrease (increase) in construction payables and accruals	(2,359,361)	480,726
	$ (1,794,361)	**$ 1,945,982**
Net change in financing working capital		
Decrease in refundable deposits with lenders	$ -	$ 41,000
Increase in accrued interest payable	168,200	11,390
	$ 168,200	**$ 52,390**
Interest paid	$ 2,264,387	$ 1,424,392
Income taxes paid	$ 915,477	$ 852,724

14. Share capital

a) The Company has unlimited authorized common share capital.

	March 31, 2019	September 30, 2018
Number of shares issued		
Balance beginning of year	9,583,642	9,614,442
Shares cancelled	-	(30,800)
Ending number of shares	**9,583,642**	**9,583,642**

Capital stock

Balance beginning of year	$ 6,030,758	$ 6,050,152
Shares held in treasury	(172,677)	-
Shares cancelled during the period	-	(19,394)
Ending capital stock	**$ 5,858,081**	**$ 6,030,758**

The Company received approval from the TSX Venture Exchange to purchase up to 480,047 common shares representing 5% of the outstanding shares under a normal course issuer bid ("NCIB") that expires August 30, 2019. During the current period, the Company repurchased 43,700 shares for a total cost of $172,677. All the repurchased 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 cancelled 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.

	March 31, 2019	**September 30, 2018**
Contributed surplus, beginning and end of the period	**$ 593,750**	**$ 593,750**

15. Earnings per share

The following are the weighted average number of shares outstanding:

	March 31, 2019	**March 31, 2018**
Net income and comprehensive income for the period	$ 506,648	$ 2,110,639
Weighted average shares outstanding – basic	9,578,149	9,608,196
Unexercised dilutive options	-	18,138
Weighted average shares outstanding – diluted	9,578,149	9,626,334
Earnings per share – basic and diluted	**$ .05**	**$ .22**

At March 31, 2019 the effect of dilution of the options would have an antidilutive effect on earnings per share.

16. 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
Ending balance at March 31, 2019	**475,000**	**$ 4.25**	**.42**

	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. All the options outstanding as of March 31, 2019 and September 30, 2018 are exercisable.

17. 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

	March 31, 2019	March 31, 2018
Rental revenue, contractual amount	$ 6,122,432	$ 5,324,202
Amortization of tenant inducements	-	(18,182)
Straight line of rental revenue from leases	(75,847)	144,156
Rental revenue on statement of comprehensive income	**$ 6,046,585**	**$ 5,450,176**

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

	2019	2018
No later than one year	$ 12,407,810	$ 10,866,558
2 – 5 years	39,420,299	37,437,518
Over 5 years	27,055,121	17,951,590
	$ 78,883,230	**$ 66,255,666**

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

b) Property operating expenses

	March 31, 2019	March 31, 2018
Property taxes	$ 1,095,086	$ 904,760
Insurance	48,172	42,895
Repairs and maintenance	457,896	337,217
Management fees	341,418	300,069
Utilities	66,812	63,835
	$ 2,009,384	**$ 1,648,776**

18. 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 favourable terms or with interest rates as favourable as those of the existing debt. The Company mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, enhance the value of its real estate properties, and maintain high occupancy levels. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	March 31, 2019	September 30 2018
Mortgages	$ 92,290,050	$ 85,669,230
Bank operating facilities	19,722,253	18,457,672
Other financing	4,020,000	4,020,000
Total debt financing	116,032,303	108,146,902
Equity	85,756,218	85,422,247
Total capital	**$ 201,788,521**	**$ 193,569,149**

21. Financial instruments

	March 31, 2019	September 30, 2018
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 246,331	$ 2,343,520
Restricted cash	1,000,000	400,000
Short term investments	234,000	373,500
Receivables, net of provisions	3,036	242,792
Loan receivable, net of provision	1,027,785	1,009,825
	$ 2,511,152	**$ 4,369,637**
Financial liabilities		
Other financial liabilities		
Bank operating facilities	$ 19,722,253	$ 18,457,672
Payables and accruals	1,183,503	3,145,876
Other financing	4,020,000	4,020,000
Security deposits	593,560	611,654
Mortgages	92,290,050	85,669,230
	$ 117,809,366	**$ 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 March 31, 2019 is $90,174,664 (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 4.648% (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 $3,036 (September 30, 2018 - $129,263), cash and cash equivalents of $246,331 (September 30, 2018 - $2,343,520), restricted cash of $1,000,000 (September 30, 2018 - $400,000) and loan receivable of $1,027,785, net of provision of $400,000 (September 30, 2018 - $2,009,825 net of a provision of $1,000,000).

Credit risk on trade receivables for Imperial Equities Inc. arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions. Restricted cash is held in GIC's with a financial institution. 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 loan receivable we apply the simplified credit loss approach, which requires us to recognize lifetime expected credit losses for all accounts receivables and loan receivable balances by applying an expected loss rate based on historical credit losses adjusted for current and forward looking information which may affect the ability of the customers to settle receivables.

The Company has a provision for impairment of the loan receivable of $400,000 at March 31, 2019 (September 30, 2018 - $1,000,000).

Trade accounts receivable have an allowance for doubtful accounts was in the amount of $10,000 (September 30, 2018 - $16,061). 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 March 31, 2019 is $19,722,253 (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 $197,223 (September 30, 2018 - $184,577). The Company minimizes its exposure to interest rate risk to the extent that all mortgages have fixed rates with terms of five years.

Liquidity risk

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

During the current year, the Company received two new conventional mortgages secured against a new property acquisition and one of the buildings that was newly constructed. Two mortgages were renewed for further five - year terms and one mortgage was renewed for one year. The second newly constructed building now has a tenant and management is working with one of the Company's current lenders to place long term financing. The proceeds will be used to repay other financing or pay down the line of credit.

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 March 31, 2019

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 28,590,383	$ 43,159,912	$ 28,135,710	$ -	$ 99,886,005
Payables and accruals	1,183,503	-	-	-	1,183,503
Security deposits	12,208	157,504	111,019	325,037	605,768
	29,786,094	43,317,416	28,246,729	325,037	101,675,276
Other financing	4,020,000	-	-	-	4,020,000
Debt service reserve (Note 8)	1,000,000	-	-	-	1,000,000
Operating facilities	19,722,253	-	-	-	19,722,253
	$ 54,528,347	**$ 43,317,416**	**$ 28,246,729**	**$ 325,037**	**$ 126,417,529**

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	$50-$65/hour for labour plus charges for truck, equipment and parts

Fees for Chief Financial Officer	$16,667 monthly (all the above fees remain unchanged from the prior year)
Office rent and parking	flat rate of $8,350 monthly ($8,000 – December 31, 2017)
Warehouse lease space	discontinued at December 31, 2017

Payments to North American Realty Corp.:

Leasing	3% of the value of lease renewals to a maximum of five years 6% of the value of new leases for the first five years plus 3% of the value of the leases that extend from six years to a maximum of ten years
Acquisitions	1% of the purchase price of the property
Dispositions	3% of the sale price of investment property

Payments for the six months ending March 31,	**2019**	**2018**
Property management and maintenance fees	$ 522,560	$ 441,535
Acquisition fees	87,750	56,101
Leasing fees	134,119	161,053
Office rent and parking	50,100	48,000
Warehouse lease space	-	5,918
Fees for Chief Financial Officer	100,000	100,000
Total payments	**$ 894,529**	**$ 812,607**
Amounts payable at March 31,	**$ 612**	**$ -**

b) *Other related party transactions*

i) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the three months ending March 31, 2019 were $27,500 (March 31, 2018 – $27,500).

ii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company's key management personnel include the President Sine Chadi who is also a director of the Company. Total compensation paid to Mr. Chadi for the six months ending March 31, 2019 was $150,000 (March 31, 2018 - $150,000).

iii) Other financing, unsecured

Related Parties	Balance Oct 1'18	Advances	Repayments	Balance Mar 31'19
NAMC[1]	$ -	$ 750,000	$ (750,000)	$ -
Imperial Land Corp.[2]	4,020,000			4,020,000
Total	**$ 4,020,000**	**$ 750,000**	**$ (750,000)**	**$ 4,020,000**

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% at March 31, 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 accrued at an annual rate of 6% was $120,918 at March 31, 2019. (September 30, 2018 – accrued interest at an annual rate of 6% totalled $19,287.)

3. Loans repaid to shareholders totalling $3,800,000 in the prior year were 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 both reporting dates approximates their carrying value as the amounts are due on demand.

23. Post-reporting date events

There are no post-reporting date events to report.

24. Authorization of the unaudited consolidated interim financial statements

The consolidated interim financial statements for the six months ending March 31, 2019 (including comparatives) were authorized for issue by the Board of Directors on May 15, 2019.

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