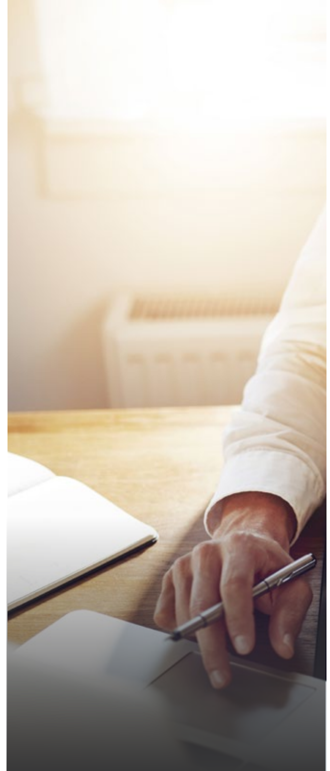
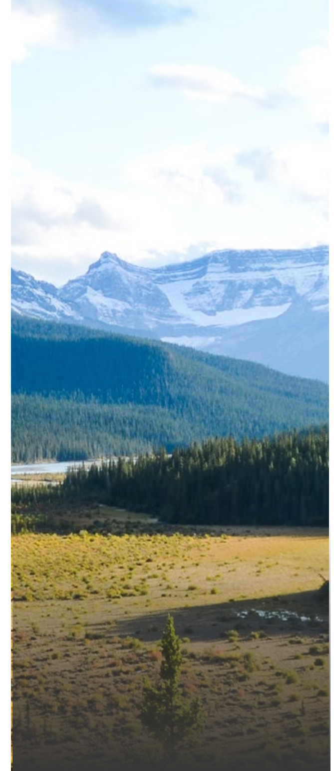
IMPERIAL EQUITIES INC.

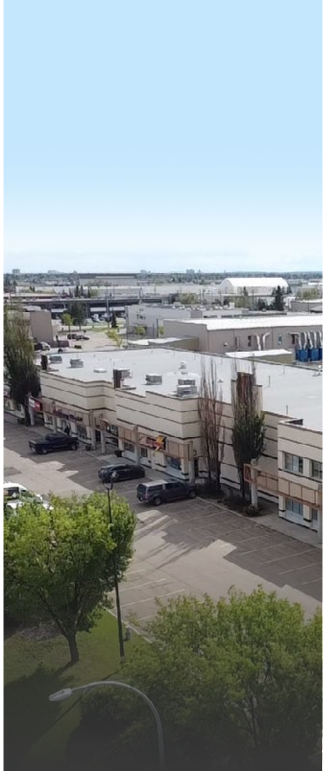
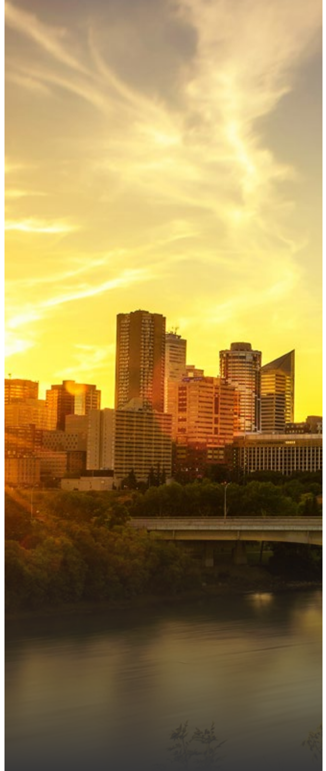
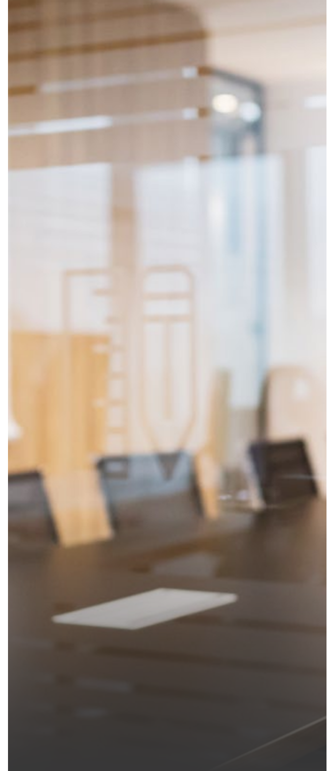
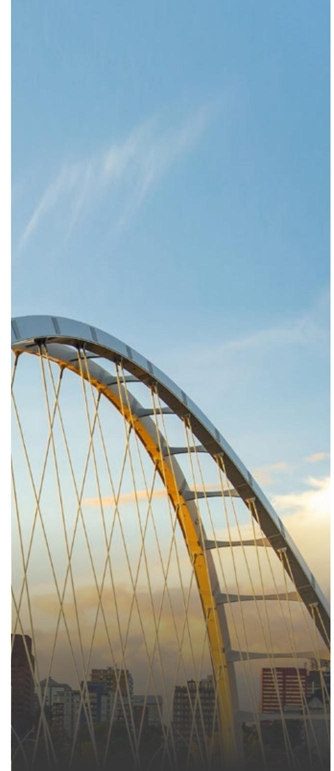
the Future *is* Now

Creating Essentials to Endure

2023 Annual Report

contents

2023 President's Report

2023 MESSAGE

From CEO, Sine Chadi

For as long as I can remember, I've loved to travel. In truth, I love it most when I get the chance to take the wheel.

It doesn't matter if I'm on the highway or if I have that all too rare opportunity to get onto a sailboat or into a pilot's seat, I love being on my way and moving forward. And while always focused on a destination, I've never resented the time, planning and unpredictability of the journey itself.

I have no less enthusiasm for the business journey we've been on at Imperial Equities. Whether planning a voyage or steering a business: the work we do to set a course, check environmental conditions, and choose a path makes all the difference. As much as we try to predict outcomes, experience teaches us that we may not get as much wind in our sails as we might hope. So we manage, measure progress and despite the myriad of things that bring unpredictability onto our paths, keep the focus on the journey ahead, continuing undaunted, and prepared to ride out any storms.

For 26 years, annual report to shareholders has been a means of checking our progress. Our 2023 year-end shows us that despite the challenges of inflation, slow supply chains and a higher interest rate environment that appears to have settled in for the long-term, our overall position is one of steady performance, incremental progress and positive returns.

Our 2023 was another year for cautious but steady operations. In this higher cost environment, we approach new investments with care. Our focus has centered on creating the most value from within our portfolio even as we retain our sights on overall market trends and opportunities. Our key performance indicators provide us ongoing assurance in the wisdom of this approach.

Growth in 2023 was earned from within our portfolio. Property expansion and renewal and ongoing strong occupancy levels have all contributed to our growth and increased valuation overall.

Prior to year-end, we completed a major addition to one of our Fort McMurray properties, with the tenant fully occupying their expanded premises prior to year-end. The 8,000 square foot addition to the original building and the new construction of a 25,200 square foot secondary building on the same site amounts to approximately 33,200 in new square footage at this property, fully leased and earning additional revenue. The completed project has an achieved an overall lease extension, and the self financing through cash flows and short-term instruments during the construction period has been replaced with long-term conventional financing. This now frees up additional cash flows for new projects.

In addition to this major project, we also invested more than $1,500,000 in renovations to one of our oldest properties.

Significant upgrades have repositioned Core Industrial Building, with upgraded mechanical systems, welcoming new interiors and a new tenant, Big Box Outlet Stores, which is a very busy going concern.

Again, all property upgrades were managed through existing cash flows within the Company.

We completed 2023 with a continued high occupancy rate of 94.1% which is down slightly from near full occupancy status in Q4-2022. At year-end there is one new vacancy which occurred due to the tenant consolidating its business into a much larger location. The 58,000 square foot single tenant industrial and office building in southeast Edmonton became redundant to their needs. The property, which was originally constructed by Imperial in 2008 has been extremely well maintained and remains highly marketable.

Beyond this, leasing activity has remained strong with more than 160,000 square feet of lease renewals and new leases achieved prior to year-end, demonstrating the Company's ongoing diligence in ensuring it maintains a competitive portfolio. We continue to attain renewal and new lease rates that are at or above market averages, notwithstanding tenants having to absorb growing operating costs due to significant year over year property tax increases in our major locations.

Looking to 2024, we will again prioritize leveraging our internal strengths with a potential new construction project coming forward. Prior to year-end, we secured land to build a new Edmonton location for one of our strongest tenants. The new property is in the Edmonton region's fastest expanding industrial districts in the city's northwest. Work has commenced on design and we expect to be able to finalize and announce more details on this exciting project in early 2024.

We have strong confidence in this opportunity and in the ongoing economic prospects for our key regions, especially the Edmonton Capital Region, which continues to have a healthy industrial base and diversifying economy. Market reports show ongoing demand for space remains strong and that tenants are managing increases in operating costs. Success in this region is strongly tied to asset quality, however even B and C class properties are continuing to attract tenants, especially those seeking better value for money[1].

In a challenging environment, we continue to value our strong track record with our institutional partners, on whom we have been able to depend on to fund our growth and ongoing development. We have maintained a 50% debt to asset ratio which we feel is competitive, but we are mindful that in a continued high interest environment the overall weighted average interest rates on our outstanding mortgages has been rising incrementally, reaching 3.73% at year-end, up half a percentage point from our 2022 year end, a larger increase than was felt in 2022. This increase is visible in our financial statements with our overall financing costs up significantly this year.

The increased cost environment has caused us to be conservative as we approach growth and evaluate new transactions. We remain focused first on maintaining lean operations, prioritizing shareholder returns through dividends and on optimizing the value of our portfolio. This year, we successfully on-boarded a highly experienced interim CFO who has previous experience with our Company and the industry and is adding additional value in managing our tax and cost environment. Her understanding of our Company and extensive experience with public companies is proving extremely valuable to us in this more conservative environment. We have also on-boarded a new audit firm, Kingston Ross Pasnak, for the first time during this audit cycle to allow for fresh perspectives and to support the strong governance focus of the Board.

[1] Cushman and Wakefield, Q3 2023

Overall, cash flows and revenues remain healthy and positive, our Company has had sufficient funds in place to cover property improvements and larger internal investments, and the overall value of our portfolio continues to show positive gains, now valued in excess of $260 million. We've continued to pay regular dividends to our shareholders at $0.08/share annually. This consistent return to our shareholders is an important indicator of stable growth, and an important barometer of the overall financial health of our Company.

Our overall strategic position has not shifted significantly at this stage of our journey. We have always been focused on the entire path, seeking to achieve sustainable growth and stability, and investing only in assets we can maintain, over the long term. We seek to gain the most out of our portfolio and maximize our investments and relationships to support our strategic goals. We are prudent managers because it's good strategy and it best positions us to manage through virtually any environment.

Our Company has also always been diligent about investing in its portfolio through a robust asset management program that seeks to not defer maintenance and implements improvements that improve overall building performance with energy efficient systems and fixture to improve property performance in terms of energy efficiency, reduced emissions and reduced operating costs which accrue to tenants.

We anticipate that moving into 2024 the impact of new ESG requirements will be clearer for our industry and Company. With the finalization of the International Sustainability Standards Board (ISSB) of two key standards in June 2023: general requirements for disclosure of sustainability-related financial information and climate-related disclosures, we know that adjustments in our operations, market and regulatory environment are on the horizon, and are awaiting indication from the Canadian Securities Administrators on the timing of these requirements in Canada.

The ISSB requirements will be broad and require more detailed disclosure of our Scope 1, 2, and 3 greenhouse gas emissions. In addition, real estate metrics, such as energy and water consumption at both the corporate and asset levels are also included. The requirement to monitor supply chains and report on impacts will have additional impact for our Company as we pursue new construction projects and source supplies and materials. We will continue to update our shareholders as we anticipate the impacts of these changes take shape.

Still as much as there will be challenges in adapting to new reporting standards, there are also key opportunities ahead and we will more aggressively assess opportunities to improve our properties in a manner which balances costs and business value of transitioning to a greener economy. We have already seen significant benefits in the changes we have made and will monitor our market for tools and techniques to continue to build a more sustainable portfolio.

As always, I am looking forward to having the chance to discuss our Company at our Annual General Meeting to be held on March 14, 2024. In the meantime, I want to thank our shareholders for their ongoing faith in our company. Please do not hesitate to contact me, anytime, with your questions or suggestions.

Sincerely,

Sine Chadi
President & CEO

Sine

MD
& A

Management's Discussion & Analysis

for the year ending September 30, 2023

Imperial Equities Inc. MD&A as at December 6, 2023

The following Management's Discussion and Analysis ("MD&A") is intended to provide readers with an explanation of the performance of Imperial Equities Inc. ("Imperial" or "Imperial Equities" or the "Company") and its subsidiaries. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2023 and 2022, which are prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise noted, all amounts in this MD&A are reported in Canadian dollars, which is the Company's presentation and functional currency. The information contained in this MD&A, including forward-looking statements, is based on information available to management as at December 6, 2023, except as otherwise noted.

Throughout the MD&A, Management will use measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations presented by other issuers. These measures include operating expense recoveries, funds available for property improvements and growth, debt, debt to asset ratios, and unencumbered properties. A description of these measures and their limitations are discussed under "Non-IFRS financial Measures".

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.

The Company's Board of Directors, at the recommendation of the Audit Committee have reviewed and approved this MD&A and the accompanying consolidated financial statements.

Forward-Looking Information

Some of the information that the Company provides in this document is forward-looking and therefore could change over time to reflect changes in the environment in which the Company operates and competes. This forward-looking information reflects the Company's intentions, plans, expectations, and beliefs, and is based on management's experience and assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances.

Forward-looking statements may involve but are not limited to, comments with respect to our initiatives for 2024 and beyond, future leasing, acquisition and financing plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results or outlook for our operations. By their nature, forward looking statements are subject to numerous risks and uncertainties including those discussed under Business Risks in this MD&A. Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise, and as such, undue reliance should not be place on forward- looking statements.

Actual results, performance or achievements could differ materially from those expressed in or implied by these forward-looking statements. Except as may be required by law, the Company does not undertake to update any forward-looking statement, whether written or oral, made by the Company or on its behalf.

Our Business

Based in Edmonton, Alberta, Imperial Equities is a publicly-traded company that invests in and manages industrial, agricultural, and commercial properties in its targeted markets throughout Western Canada. Since operations started in 1998, the Company has continuously increased revenues, and the fair value of its portfolio of investment properties through growth via acquisitions, the construction of build-to-suit projects, proactive maintenance of its properties, and responsive property management to build strong relationships with tenants.

The Company's business model is to:

1

Acquire industrial, agricultural, and commercial properties in strategic locations in Western Canada for capital appreciation

2

Acquire fully occupied, single-tenant or multi-tenant industrial properties with long-term lease agreements and rental rates commensurate with the location

3

Finance acquisitions with the lowest available cost of capital

4

Manage the Company's environmental impacts with a view to moving to net zero emissions

5

Achieve a defined rate of return on each asset

6

Maximize the revenue potential of each asset in its region

7

Dispose of older assets that may have reached their maximum earning potential to reduce the overall age of the properties in the portfolio

8

Invest in the communities where properties are located

Management and the Board monitor specific key performance indicators in four critical areas of the business: investment properties, leasing activities, property operations and financing, and the overall performance of the Company in governance, and environmental social and governance (ESG) impact.

Our Investment Properties

Investment Properties	Year ended September 30, 2023	Year ended September 30, 2022
Total number of investment properties	42	42
Property acquisitions during the period	-	2
Property dispositions during the period	-	1
Raw land properties held for future development	9	9
Raw land properties under lease with tenants	5	4
Gross leasable area ("GLA") in square feet	1,117,832	1,084,003

At September 30, 2023, the Company has 42 investment properties in 9 cities in Western Canada with a total gross leasable area of 1,117,832 ft^2. Gross leasable area is the square footage of space in the Company's investment properties that is leased or available to be leased to tenants.

Property Portfolio - GLA by Municipality (square foot)

Edmonton	786,856
Fort McMurray	84,624
Red Deer	78,196
Leduc	41,630
Vegreville	33,295
Hanna	28,891
Fort Saskatchewan	6,000
Nisku	37,200
Fort St. John	21,140

During the year ended September 30, 2023, the Company completed a significant construction project in Fort McMurray for a tenant, resulting in the addition of 33,200 ft^2 to the investment properties portfolio. This project encompassed a phase 1 expansion of an existing building totalling 8,000 ft^2 which was completed in December 2022, and a phase 2 construction of a new ancillary building totalling 25,200 ft^2 which was completed in September 2023. As a result, there was a total increase of available gross leasable area of 33,200 ft^2 (3.1%) at September 30, 2023 compared to the year ended September 30, 2022. In addition, there was a 629 ft^2 modification to the gross leasable area during the year ended September 30, 2023 to agree with previously completed certifications of square footage.

Wajax Fort McMurray

25,200 ft^2 new ancillary building
Completed September 2023

The Company also holds raw land parcels for future development or sale, and where possible, leases land to generate returns. The Company's raw land includes the following:

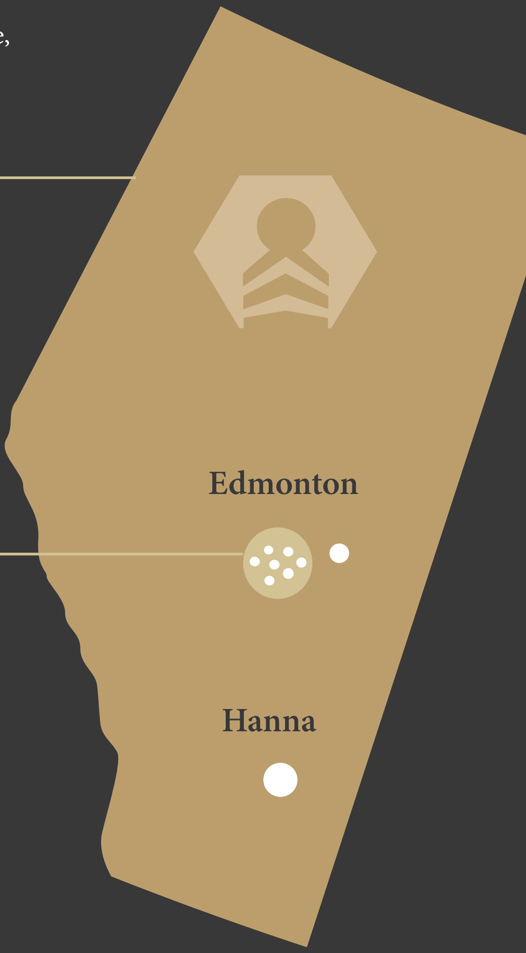
Raw land properties held for future development

- 12.9 acres in Strathcona County, AB
- 2.24 acres in NW Edmonton, AB
- 49.42 acres in Hanna, AB
- 0.91 Acres in NW Edmonton, AB

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

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

Subsequent to year-end, the Company leased the 0.91 acres in NW Edmonton, AB under a land lease.



Our Leasing Activities

Leasing Activities by Gross Leasable Area ("GLA") in square feet	Year ended September 30, 2023	Year ended September 30, 2022
Lease retention	70,679	56,519
New tenant leases	100,901	98,316
GLA of leases expiring within twelve months	118,018	105,504
Space available for lease	65,512	23,267
Average lease term to maturity in years	4.95	4.83
Building occupancy	94.1%	97.9%

Tenant Base

The Company's tenant base consists primarily of National or Multi-National tenants, with over 77% of the gross leasable area being leased to these tenants and 80% of the total annual rental revenue received from them. The Company's focus on leasing to larger organizations is part of its strategic efforts to reduce the risks of tenant defaults, and mitigate risks related to economic headwinds that might occur in local markets where these tenants are located.

Mix of Tenant Base at September 30, 2023	Multi-National	National	Regional Large	Regional Medium	Regional Small	Totals
% of Occupied GLA	32%	44%	15%	2%	7%	100%
% of Annual Rental Revenue	39%	40%	16%	1%	4%	100%

Lease Retention

Performance drivers of the Company include ensuring a low turnover of tenants through lease retentions and maintaining high occupancy. The Company enters into leases with tenants after completing a robust due diligence assessment. This assessment includes the size of the tenant, the length of time they have been in business, their operations, and exposure to the industry in which they operate.

Leases retained for the year ended September 30, 2023

Location	GLA	Expiring Rate PSF*	Renewal Rate PSF*	Renewal Term (months)
Edmonton, AB	3,000	$ 12.00	$ 12.00	60
Edmonton, AB	24,855	$ 9.00	$ 9.00	60
Fort Saskatchewan, AB	6,000	$ 38.32	$ 42.15	60
Edmonton, AB	3,127	$ 14.25	$ 12.15	60
Edmonton, AB	22,939	$ 13.65	$ 14.50	60
Edmonton, AB	10,758	$ 11.25	$ 11.25	60
	70,679			

**per square foot*

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

During the current year, the Company renewed leases with six tenants with a total gross leasable area of 70,679 ft^2.

The weighted average rate for renewals increased slightly to $14.21 PSF compared with the rate on expiry of the same leases which was $13.70 PSF. In the current year, management prioritized occupancy of buildings over significant rate increases, with a goal to minimize vacant space given the market uncertainty, and ongoing concerns of a possible recession in the face of interest rate increases and increased inflation.

Universal Rail Building
Edmonton AB

New Tenant Leases

New leases for the year ended September 30, 2023

Location	GLA	Rate/PSF*	Lease Term (months)
Fort McMurray, AB	33,200	$ 31.88	186
Edmonton, AB	63,541	$ 8.25	60
Edmonton, AB	4,160	$ 6.00	83
	100,901		

**per square foot*

During the year, the Company had two tenants commence leasing in two locations. In Fort McMurray, the new lease is a result of additional building space that was constructed at the request of the tenant, a portion of which was occupied in June, and the remainder in September of the fiscal year. The Company also welcomed a new tenant in Edmonton, whose lease was signed in the prior fiscal year, into their newly renovated premises in June of 2022, occupying 51,553 ft^2 of space. This tenant subsequently leased an additional 11,988 ft^2 in the same building. Another existing tenant in Edmonton also entered into a new agreement to lease an additional 4,160 ft^2 of previously leased space.

Lease Expiries and Vacant Space

The Company monitors upcoming lease expiries and looks to stagger lease renewals wherever possible to reduce the risks related to significant vacancies arising in one time period. The gross leasable area in square feet and its lease terms over the next sixteen years is as follows:

Single-Tenant Buildings

Square Feet	Maturity Year
3,097	Month to Month
96,891	2024
59,695	2026
81,111	2027
261,026	2028
22,939	2029
78,254	2030
118,305	2031
34,404	2033
34,800	2034
58,224	2038
28,891	2039
877,637	

Multi-Tenant Buildings

Square Feet	Maturity Year
21,127	2024
48,419	2025
14,484	2026
19,649	2027
16,885	2028
16,104	2030
38,015	2031
174,683	

Total average lease term to maturity
4.95 years

Total GLA of in-place leases	GLA available for lease	Total GLA at September 30, 2023
1,052,320	**65,512**	**1,117,832**

The Company had one tenant vacate their location in Q4 2023, resulting in an additional 58,393 ft^2 of vacant space at September 30, 2023.

At September 30, 2023, the occupancy rate for the Company's properties is 94.1% (September 30, 2022 – 97.9%). The decrease in the occupancy rate is as a result of the vacancy of one 58,393 ft^2 single-tenant building in its entirety which occurred in Q4 of 2023 when the lease term expired. The Company is actively looking for a new tenant for this location and believes the location will be fully leased within the next 12 months. During the current year, the Company successfully leased previously vacant space in two buildings totalling 16,148 ft^2 to two existing tenants who wished to expand their space.

GLA of Leases Expiring in the Next Twelve Months

As at September 30, 2023, there are five leases that are expiring within the next 12 months with a combined total of 118,018 ft^2. Management anticipates renewing these leases during the coming year based on preliminary conversations with tenants, and past renewal history. If any leases are not renewed, management expects that the Company will be able to find new tenants for the spaces during the year.

Space Available for Lease as at September 30, 2023

- 7,119 ft^2 in a single-tenant building
- 58,393 ft^2 in a single-tenant building

Lease Rates

Average annual lease rates (by City) per square foot at September 30

	2023	2022
Edmonton, Alberta	$ 11.03	$ 9.93
Red Deer, Alberta*	$ 22.43	$ 22.75
Fort Saskatchewan, Alberta*	$ 42.15	$ 38.32
Fort McMurray, Alberta**	$ 34.34	$ 44.31
Leduc, Alberta	$ 17.66	$ 17.66
Hanna, Alberta	$ 19.75	$ 19.55
Nisku, Alberta	$ 13.39	$ 13.26
Vegreville, Alberta	$ 7.18	$ 7.18
Fort St. John, British Columbia	$ 14.75	$ 14.75

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

** *An additional 25,200 ft^2 was available for occupancy in September 2023, however the rental revenue related to this building did not commence until subsequent to year-end in October 2023. If the lease rate were adjusted to include the additional rent the rate would be $39.80.*

The Company also monitors its lease rates. As leases renew, or new tenants occupy a space, the lease rates negotiated will reflect the impact of market conditions at that time. Lease rates can be impacted by a number of external factors, including the overall economic health of industries operating in the province of Alberta as well as social and environmental factors. Alberta is still largely reliant on the oil industry and the Company is careful to select tenants that are best able to weather an economic downturn and retain relevance as the economic base of the province shifts over time. Additionally, the Company actively maintains its properties such that it can command a higher lease rate.

Our Operations

Property Operations	Year ended September 30, 2023	Year ended September 30, 2022
% operating expense recoveries	79%	82%
Funds available for property improvement and growth	$ 870,791	$ (592,582)
Investment property improvements	$ 4,575,147	$ 5,205,210

Operating Expense Recoveries

The percentage of operating expense recoveries provides an indication of the amount of non-recoverable expenses that has to be covered by minimum rental revenue.

Property taxes, insurance, and operating expenses are budgeted annually and reconciled every 12 months on a tenant-by-tenant basis. All the Company's leases, except one, are triple net leases, which allows the landlord to recover all operating costs except for any structural repairs.

In addition, Management decides how to treat the recovery from the tenant of expenses related to large maintenance items, so as not to impose hardship on the tenant's operations or cause large year over year cost fluctuations. In some cases, Management will amortize the recovery of the expenditures over a period consistent 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, and because the Company does invest in its structural assets and non-recoverable upgrades, there will always be a percentage of operating expenses not recovered by the landlord in the current year. Historical optimal recovery percentages will be in the range of 80%-86%. Recovery percentages may vary year depending on property taxes, utilities, snow removal, lawn care, and other seasonal expenditures, the timing and extent of vacant space, where the Company is not able to recover costs from a tenant, but is required to still maintain the property, and the timing of large maintenance items that are expensed as incurred, but management has determined will be recovered from tenants over multiple years.

The recovery percentage of 79% in the current year (82% in the year ended September 30, 2022) included non recoverable costs related to improving two locations prior to commencement of tenant leases, as well as increased unrecoverable costs related to the increased vacant space in the last quarter of the year.

Funds Available for Property Improvements and Growth

Funds available for property improvements and growth is a measure that indicates the available cash flow from property operations after payments of debt. For the year ending September 30, 2023, funds available for property improvements and growth increased to positive $870,791 compared to a shortfall of funds of $592,582 for the year ended September 30, 2022. The increase is related to lower principal repayments on mortgages for the year ended September 30, 2023, as a result of lower refinancing activity in comparison to the prior year.

Additionally, income from operations increased slightly due to increased straight line rental revenue due to new leases that commenced during the year. Offsetting the rental revenue increase was additional non-recoverable repairs and maintenance expenses as a result of significant renovations readying a property for a new tenant, and non-recoverable costs incurred on spaces that were vacant during the year

Investment in Property Improvements

During the current year, the Company was focused on the completion of two large projects. The Company completed the building of an additional 33,200 ft^2 of industrial space for one of its investment properties in Fort McMurray. The total cost of this construction was estimated to be $9,200,000. The total capital additions for this expansion were $9,154,000, of which $3,947,000 were incurred in the current year (2022 - $5,086,000), and which include $155,000 in capitalized interest costs. A total of 8,000 ft^2 was completed in December 2022, and 33,200 ft^2 in September, 2023.

The Company also completed significant renovations of its CORE Distribution building. The building was vacated by the previous tenant in fiscal 2022, and a new lease was signed in fiscal 2022. Significant improvements and tenant inducements were undertaken to ready the building for occupancy. Total building improvements of $590,000 (2022 - $nil) were completed in fiscal 2023 and included in the building value. Total tenant inducements of $323,000 (2022 - $217,000) were also completed by the Company in connection to the lease of this building.

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

During the year, as part of regular repairs and maintenance, the Company continued its efforts to replace all interior and exterior light fixtures throughout the portfolio with new energy-efficient LED lighting. Also, energy-efficient heating, ventilating, and air conditioning units continue to be installed in several properties to replace outdated components and equipment. The impact of these improvements is the reduction of the operating costs to the tenants and the promotion of a greener environment through reduced emissions.

Core Distribution Building, Edmonton AB

Our Financing

Financing	Year ended September 30, 2023	Year ended September 30, 2022
Debt to total assets ratio	50%	51%
Weighted average interest rates on mortgages	3.73%	3.23%

Management considers the ratio of debt to assets to be useful for evaluating the leverage the Company may have on its investment properties, including is ability to consider additional financing opportunities as needed for future growth. The debt to assets ratio has remained at around 50%, which is consistent with prior periods.

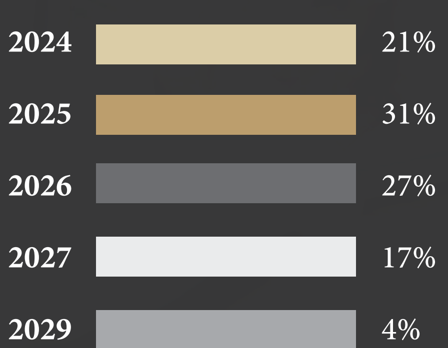
The Company monitors its interest rate on mortgages, as interest rates related to the financing of the properties are a key external factor that impacts the Company's overall profitability. Investment properties are financed with conventional fixed term mortgages and benefit the Company when mortgages are originated in a low interest environment. In the current environment of rising interest rates, mortgages are being renewed at significantly higher rates, resulting in increased cash outflows for debt service.

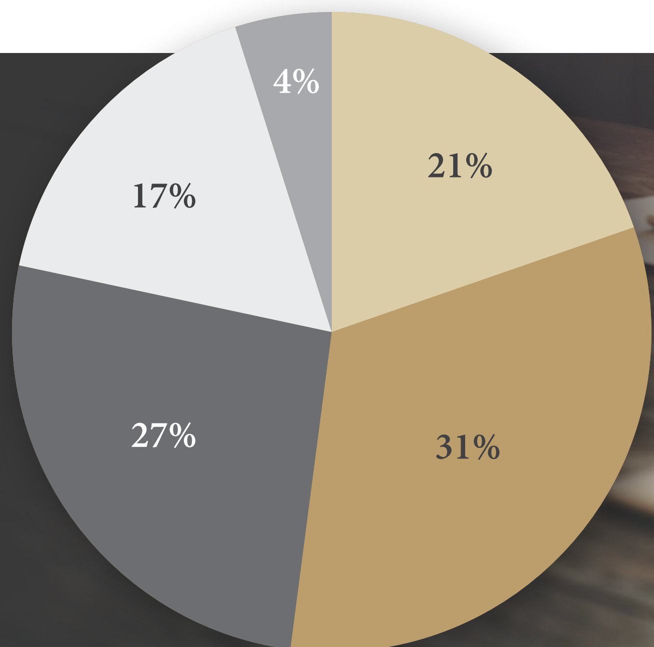
The weighted average interest rates on the mortgages have continued to increase to 3.73% at September 30, 2023 up from 3.23% at September 30, 2022. During the year ended September 30, 2023, five mortgages with balances at September 30, 2023 totalling $11,405,348 were renewed during the year at interest rates ranging between 5.290% and 6.910%, which is higher than the average interest rates for mortgages renewed during fiscal 2022. In fiscal 2022, four mortgages with balances totalling $17,998,957 were renewed at rates between 2.930% and 5.450%, which increased the weighted average interest rate from 3.15% at September 30, 2021.

Management took steps in prior years to lock in mortgages at lower rates for longer periods, however as these mortgages come due, the Company anticipates that the weighted average interest rate on mortgages will continue to increase. Where possible, the Company is choosing to renew for shorter time periods at the current higher rates, with the hope that rates will stabilize and potentially become lower prior to renewal.

Mortgage Maturities

(Fiscal Years)





Our Governance

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee business activities. The Board of Directors oversees the activities of the Company and includes individuals with significant real estate and governance experience to guide and assess the Company's strategy and investment decisions. Management monitors the success of Imperial by measuring how well the Company delivers on its strategies and executes due diligence.

Strategic Objectives

1 Maximize the revenue per property and secure long lease terms to reduce the turnover of tenants	**2** Maintain high occupancy rates to recover carrying costs of the properties
3 Monitor the quality of tenants in the portfolio to reduce the risk of defaults on leases	**4** Monitor GHG emissions on all properties and move towards net zero emissions
5 Maintain the assets to high standards, including structural, mechanical, and cosmetic, to showcase the existing properties to prospective tenants or purchasers	**6** Complete preventative maintenance on the properties to reduce operating costs, and to lower emissions, improve energy efficiency, and maximize the longevity of the buildings
7 Ensure that maintenance on the properties is done to exacting standards, and performed at rigorous safety standards, while ensuring the costs are competitive	**8** Maximize the cash flow from operations to ensure funding for growth opportunities
9 Select mortgage terms that provide a low cost of capital and utilize debt leverage opportunities	**10** Minimize higher rate short-term borrowings to reduce the cost of capital

Our Environmental, Social and Governance ("ESG") Impact

The Company is moving to ensure it can meet its ESG reporting requirements as well as to set goals to ensure its environmental risks are managed, mitigated and its environmental footprint is reduced over time. The Company has set a goal of achieving Net Zero impact and continues to assess what steps are required to meet this goal.

The International Sustainability Standards Board (ISSB) issued the first two of its disclosure standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2 *Climate-related disclosures* on June 26, 2023. These disclosures are not yet mandatory in Canada, and the Company will continue to monitor developments from the Canadian Securities Administrators (CSA), and the Canadian Sustainability Standards Board (CSSB).

In the meantime, the Company has chosen the Global Reporting Initiative (GRI) as a framework with which to begin to account for its environmental, social, and governance-related measures. The first report based on the GRI General Disclosures was the Annual Report for the year ended September 30, 2022.

Starting in fiscal 2024 and pending further guidance on the requirements for sustainability reporting from the Canadian Securities Administrators, the Company also intends to report using the GRI's Construction and Real Estate Disclosures. If new requirements for reporting are mandated in Canada, the Company will assess its current reporting and ensure that it meets required disclosures.

The Company is focused on managing its environmental impacts in three ways:

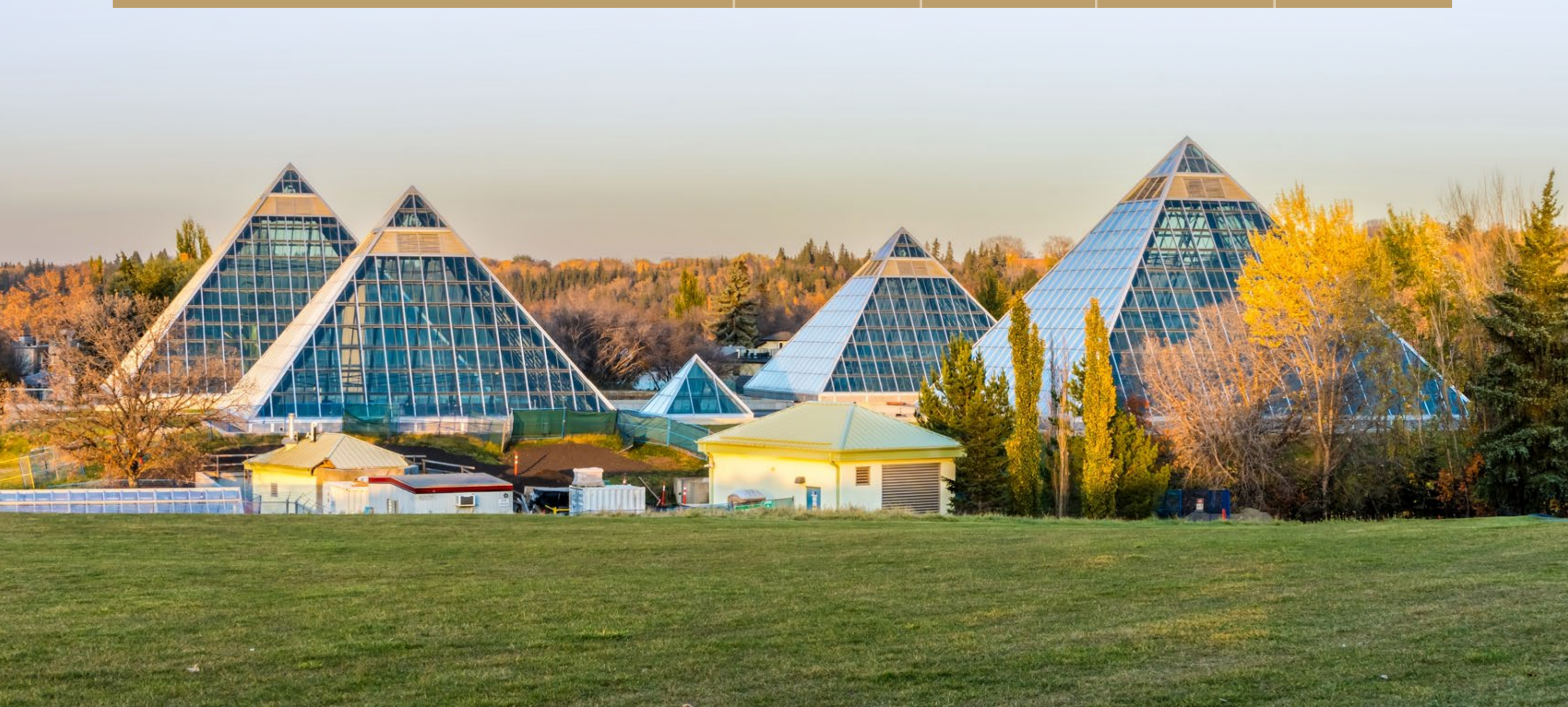
1. All new builds, or redevelopment of a property are assessed to ensure structures are designed to improve overall energy efficiency and to lower emissions.

2. All property purchases include commissioning of an environmental site assessment and increasingly rigorous assessment of environmental risks with the applicable financing body. The Company will reject potential investments if environmental factors are not manageable or will factor required mitigation into any purchase price. It will move to address or manage any remediation immediately upon purchase. The Company aims to ensure it has no sustaining environmental mitigation required at any of its properties.

3. Ongoing maintenance includes an assessment of ways of improving energy efficiency. When the Company renovates an existing site, it looks for opportunities to upgrade existing systems, especially in older properties. Roof maintenance, upgraded windows, new energy efficient mechanical equipment and components, and installation of LED lighting is prioritized to improve the overall environmental footprint of an older building, to a level of a newer build. In addition, effective asset management improves the overall longevity of a property to extend the life, rather than investing in the demolition and reconstruction of assets. In addition, the Company is investigating opportunities to introduce new systems into building to support its tenants' environmental goals, such as providing EV chargers for tenants' staff and visitors, environmental offsets, and on-site power generation.

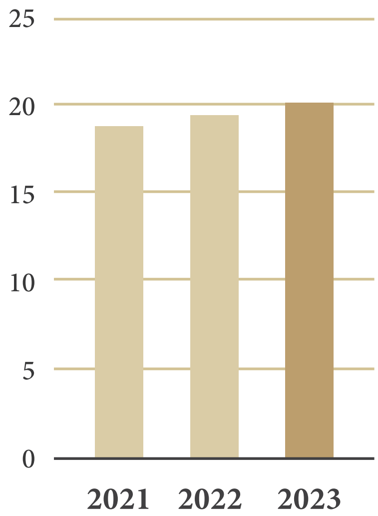
Financial Performance

(in thousands) *Year ended September 30*	2023	2022	Variance	2021
Rental revenue	**$ 19,737**	$ 19,067	$ 670	$ 18,110
Property operating expenses	**6,111**	5,608	503	4,971
Income from operations	**13,626**	13,459	167	13,139
Finance costs	**5,075**	4,377	698	4,259
Administrative expenses	**1,481**	1,477	4	1,582
Amortization of deferred leasing	**483**	352	131	307
Amortization of right-of-use asset	**150**	150	-	150
Gain on sale of investment property	**-**	(193)	193	-
Valuation net gains from investment property	**(2,131)**	(2,508)	377	(1,686)
Income before income tax	**8,568**	9,804	(1,236)	8,527
Income tax expense	**1,755**	1,950	(195)	1,685
Net income and comprehensive income	**$ 6,813**	$ 7,854	$ (1,041)	$ 6,842
Earnings per share basic and diluted (in dollars)	**$ 0.72**	$ 0.83	$ (0.11)	$ 0.72
Dividends per share (in dollars)	**$ 0.08**	$ 0.07	$ 0.01	$ 0.05

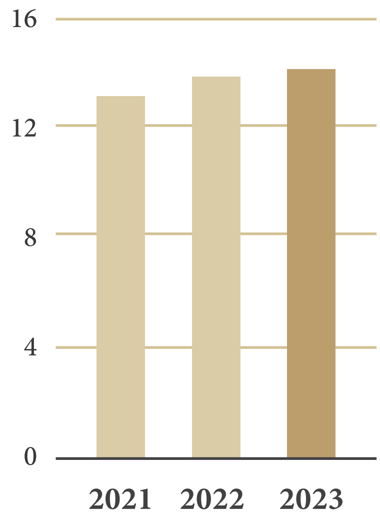


The following charts compare the years ended September 30, 2023, 2022 and 2021.

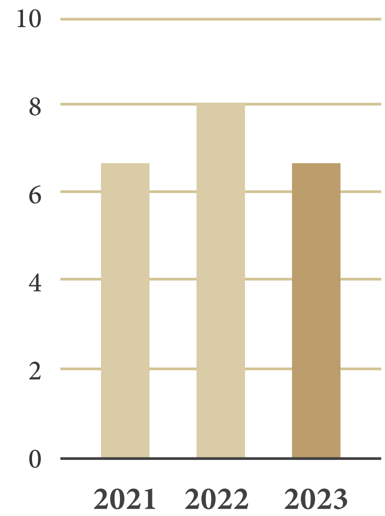
Rental Revenue
(Millions)



Income from Operations
(Millions)



Net Income
(Millions)



Rental revenue includes minimum rent, which is recorded on a straight-line basis over the terms of the related leases, as well as property tax, insurance and occupancy cost recovery revenue. Rental revenue also includes adjustments for amortization of tenant inducements, as well as any settlement revenue received from tenants for payments for the early termination of leases, or for damages when a tenant is vacating a property.

For the year ended September 30, 2023, rental revenue was $19,736,765 compared to $19,067,094 for the year ended September 30, 2022. The increase in rental revenue is due to increased property tax, insurance and operating expense recovery revenues, as the related costs have increased over the prior year. Additionally, straight line rental revenue has increased due to the leasing of two properties during the year, that were vacant for part of the prior year, offset by the vacancy of one property starting in July 2023. Rental revenue also includes settlement revenue related to a settlement reached with a former tenant for damages to a building, and a payment received from a vacating tenant to compensate the Company for potential disposal costs related to furniture and fixtures that were not removed from the leased premises at the end of the lease. These two items amounted to an additional $217,220 of revenue that is not expected to reoccur in subsequent years. The increase in rental revenue for the year ended September 30, 2022 compared to September 30, 2021 was the result of a full year of rental revenue being recorded in fiscal 2022 on properties purchased in fiscal 2021, rental revenue for one property purchased in 2022, as well as increased rent from properties that were previously vacant.

Income from operations is $13,625,486 for the year ended September 30, 2023 compared to $13,458,786 for the year ended September 30, 2022. The overall increase between 2023 and 2022 and 2022 and 2021 is due to the increases in rental revenue as noted above. The percentage of property operating expenses that were recovered from occupancy recoveries revenue declined slightly in fiscal 2023 compared to fiscal 2022 and 2021 due to higher non-recoverable expenses for renovations and vacant space.

Net income for the year ended September 30, 2023 is $6,812,930 compared to $7,853,671 for the year ended September 30, 2022. The decrease in net income is directly related to the decrease in net valuation gains from investment properties, and to the increase in financing costs in the year as a result of increased debt balances and increased interest rates during the year. For the year ended September 30, 2022, net income was higher than the year ended September 30, 2021 as a result of higher net valuation gains on investment properties as well as higher rental revenue.

Property Operating Expenses	Year ended September 30, 2023	Year ended September 30, 2022	Variance
Property taxes	$ 3,135,290	$ 2,982,204	$ 153,086
Insurance	245,729	223,509	22,220
Repairs and maintenance	2,262,915	2,007,740	255,175
Utilities	467,345	394,855	72,490
	$ 6,111,279	$ 5,608,308	$ 502,971

The increase in property operating expenses is primarily related to increased repairs and maintenance expenses and increased property taxes. The property taxes increased during the year in part due to the change in usage for a property that was previously tax exempt, and in the year became taxable, resulting in an additional $135,000 in property taxes. The Company completed significant renovations on the CORE Distribution building, converting it from a warehouse with office space, to a warehouse and retail space.

The Company took the opportunity to repair and upgrade the building including new LED lighting, interior and exterior painting, flooring and roofing repairs, and upgrading electrical, plumbing and HVAC systems. As a result, the Company incurred approximately $440,000 in additional repairs and maintenance expenses in the current year related to this project specifically. This increase was offset by a reduction in repairs and maintenance expense as a result of the completion of significant deferred maintenance project during the year ended September 30, 2022 on a property acquired in fiscal 2021, which accounted for $175,000 of expenses in fiscal 2022. The Company also had increased utilities expenses in the year ended September 30, 2023 as a result of having additional vacant space where the Company was required to pay for utilities that were not recoverable from a tenant.

Finance Costs	Year ended September 30, 2023	Year ended September 30, 2022	Variance
Interest on mortgages	$ 3,514,154	$ 3,546,287	$ (32,133)
Interest on bank operating facilities	1,205,258	666,330	538,928
Interest on other unsecured financing	281,830	40,425	241,405
Interest on lease obligations	24,457	31,954	(7,497)
Amortization of deferred financing fees	89,682	107,016	(17,334)
Interest income	(67,681)	(15,038)	(52,643)
	$ 5,047,700	$ 4,376,974	$ 670,726

Finance costs have increased from the prior year because of increases in outstanding bank operating facilities combined with increases in the floating rates on the bank operating facilities due to the overall increases in the bank prime rate during the year ended September 30, 2023. Additionally, the Company utilized higher levels of related party financing during the year, which incurred additional interest. Finance costs related to the project in Fort McMurray were capitalized until the project was complete and ready for occupancy and were included in additions to investment property. Total costs capitalized to the project in the year were $154,366 (2022 - $nil). The higher overall interest on mortgages is related to increased interest rates on mortgages that were renewed in the current and prior year compared to the interest rates prior to renewal.

Administrative Expenses	Year ended September 30, 2023	Year ended September 30, 2022	Variance
Salaries and benefits	$ 727,375	$ 917,118	$ (189,743)
Public company costs	93,049	110,822	(17,773)
Professional fees	95,221	120,304	(25,083)
Office and other	435,695	328,296	109,398
Bad debts	129,609	-	129,608
	$ 1,480,949	$ 1,476,540	$ 4,409

Administrative expenses remained consistent on an overall basis in comparison to the prior year.

Salaries and benefits were lower than the prior year due to the departure of the Chief Operating Officer during the year ended September 30, 2022, with the position not being replaced during the year ended September 30, 2023. Additionally, there was a vacancy in the CFO position for a period of 6 months during the year ended September 30, 2023, resulting in reduced expenses. This was offset by increased use of contract support for financial reporting, which is included in office expenses, and accounts for the majority of the cost increase in office and other expenses during the year ended September 30, 2023. The decrease in public company costs and professional fees related to management's focus on reducing administrative expenses where possible.

Amortization of deferred leasing and right-of-use asset are related to the accounting for deferred leasing costs and right-of-use asset. Deferred leasing costs are costs incurred when a lease is entered into or renewed and consist primarily of commissions. For accounting purposes these are deferred and amortized against rental revenue over the term of the related lease. Amortization is recorded on the right-of-use asset on a straight-line basis over the term of the lease which generated the asset.

Gain on sale of investment property in the prior year related to the sale of an investment property in the prior year. No such investment property sales occurred in the current year.

Valuation gains from investment properties, net are the result of adjusting the investment properties to fair value at the end of each reporting period. For the year ended September 30, 2023, the net valuation gains from investment properties were $2,131,024 compared to $2,507,969 for the year ended September 30, 2022. The change in investment property fair value is discussed below in "Investment properties".

Selected Balance Sheet Information

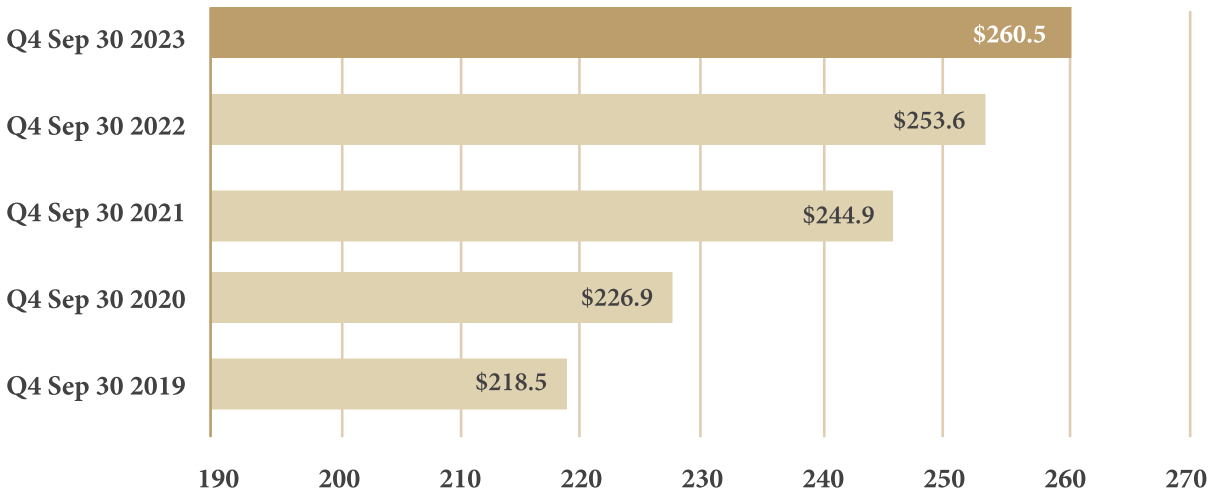
Year Ended September 30	2023	2022	Variance	2021
Investment properties	$ 260,517	$ 253,596	$ 6,921	$ 244,944
Mortgage receivable	-	1,439	(1,439)	-
Right-of use asset	363	513	(150)	662
Total non-current assets	260,880	255,548	5,332	245,606
Current portion mortgage receivable	1,439	32	1,407	2,500
Current assets	1,716	1,595	121	1,382
Total assets	$ 264,035	$ 257,175	$ 6,860	$ 249,488
Mortgages	$ 78,886	$ 89,073	$ (10,187)	$ 82,293
Lease liability	246	409	(163)	565
Security deposits	746	763	(17)	749
Deferred taxes	16,721	15,411	1,310	14,272
Total non-current liabilities	96,599	105,656	(9,057)	97,879
Bank operating facilities	19,874	18,883	991	20,360
Current portion of mortgages	28,852	18,969	9,883	26,216
Other financing	3,565	3,000	565	3,800
Other current liabilities	3,217	4,796	(1,579)	2,554
Total current liabilities	55,508	45,648	9,860	52,930
Total liabilities	152,107	151,304	803	150,809
Equity	111,928	105,871	6,057	98,679
Total equity and liabilities	$ 264,035	$ 257,175	$ 6,860	$ 249,488

Investment Properties

Investment properties are carried at fair value, which is determined by management using valuation methodologies at the end of each reporting period.

Fair Market Value of Investment Properties

(Millions)



Investment property fair values are determined by Management using either an income approach, or a direct comparison approach. For the income approach, net operating income is estimated based on the actual annual contracted minimum rental revenue, less a vacancy and structural reserve allowance, and a capitalization rate is applied to this normalized operating income to derive a fair value.

Capitalization rates are used to estimate fair market value and consider many factors, including but not limited to: location, size of land, site coverage, strength of the tenant, term of the lease, lease rate, age of the building, size of the building, construction of the building and any unique features of the building. Given that not all industrial properties are the same, Management applies these factors to each property in determining a capitalization rate.

Coppertone VII Building, Edmonton AB

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

At each reporting date, this calculation method is performed on all the investment properties except for two income producing properties and vacant land and land under lease. Vacant land held for development, land under lease, and the two income producing properties are valued using Management's research of similar properties that have been sold recently or are available for sale.

When valuing the investment properties at 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 more likely to expand their portfolios, creating a healthy, competitive environment in which to acquire property, which will keep the cap rates very competitive.

Management marginally increases the cap rates on some of the properties where the Company believes property values and lease rates have decreased as a result of a lower demand and owners eager to lease up vacant buildings. Some properties' cap rates were increased to maintain existing values, despite increased contractual revenue streams which would otherwise drive the value upwards.

During the year ended September 30, 2023, increases in the fair value of properties reflect income generated by properties that were previously vacant, income from new leases, the completion of the building in Fort McMurray, and the completion of significant upgrades to the CORE Distribution building.

There has been no significant change in the cap rates.

Investment Property Cap Rates

	September 30, 2023			September 30, 2022	
Location	**Total GLA sf**	**Range Cap Rates**	**Rate Change**	**Total GLA sf**	**Range Cap Rates**
Edmonton, Alberta	721,344	4.50% - 7.00%*	↔	762,960	4.50% - 7.00%
Fort McMurray, Alberta	84,624	6.50% - 6.75%	↑	51,424	6.23% - 6.70%
Red Deer, Alberta	78,196	6.10% - 6.65%	↔	78,196	6.10% - 6.63%
Leduc, Alberta	41,630	7.00%	↑	41,630	6.50%
Vegreville, Alberta	33,295	8.00%	↔	33,295	8.00%
Hanna, Alberta	28,891	7.00%	↔	28,891	7.00%
Fort Saskatchewan, Alberta	6,000	6.75%	↑	6,000	6.51%
Nisku, Alberta	37,200	6.50%	↔	37,200	6.50%
Fort St. John, British Columbia	21,140	8.50%	↔	21,140	8.50%
	1,052,320			**1,060,736**	
Available for lease Edmonton, Alberta	65,512			23,267	
Total GLA square feet	**1,117,832**			**1,084,003**	

* *Lower cap rates on certain buildings are reflective of management's use of the direct comparison approach to fair value on those properties, instead of the income capitalization approach.*

Some of the leases have rental rate escalations throughout their terms and the Company has increased the cap rates on those properties to keep the value of the properties at current market rates, despite increases in rent. Cap rates in Fort McMurray were increased as a result of uncertainty related to market slowdowns, and to maintain property values. Cap rates continue to be evaluated on a property-by-property basis to ensure values reflect current market conditions.

Changes in investment properties since the fiscal year-end of September 30, 2022, are detailed below.

	Income producing properties	Properties under development	Held for development	Total investment properties
Balance, September 30, 2022	$ 235,674,148	$ 5,520,242	$ 12,401,992	$ 253,596,382
Reclassification of land held for development	(1,000,000)	-	1,000,000	-
Additions:				
Property improvements and additions	627,706	3,947,441	-	4,575,147
Capitalized property taxes and other	-	-	179,748	179,748
Tenant inducements	323,192	-	-	323,192
Leasing commissions	405,558	-	-	405,558
Reclassification from properties under development to income producing properties	11,008,986	(11,008,986)	-	-
Amortization of tenant inducements	(257,256)	-	-	(257,256)
Amortization of deferred leasing commissions	(483,042)	-	-	(483,042)
Change in straight-line rental revenue	46,266	-	-	46,266
Revaluation gains (losses), net	1,193,825	1,541,303	(604,104)	2,131,024
Balance, September 30, 2023	$ 247,539,383	$ -	$ 12,977,636	$ 260,517,019

EPCOR Building, Edmonton AB

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

The fair value of investment properties increased by $6,920,637 from $253,596,382 at September 30, 2022 to $260,517,019 at September 30, 2023 as a result of the following:

- The project in Fort McMurray was completed in the year. Additions to the building during the year ended September 30, 2023 totalled $3,947,000, and the building fair value increased by $2,015,000 as a result of the increased rental revenue under the lease commencing subsequent to year-end, as well as the adjustment for the completion of construction, with prior period fair value being prorated based on the percentage completion of construction on the whole project.
- Two previously vacant buildings were occupied during the year. One of the buildings had substantial property improvement additions of $590,000. Both buildings had increases in fair value of $2,526,013 as a result of increased lease rates.
- Several buildings had increased rental revenue as a result of lease steps ups, and two tenants leased additional space that increased the rental revenue by tenant. This was offset by increases in capitalization rates on some properties, to maintain a fair value that was consistent with overall market values. The net of these changes was an increase in fair value of $901,000.
- There were losses on fair value on two buildings in the year. One building was vacated during the year, and the projected rental revenue from a new tenant is expected to be lower than previous lease rates. The capitalization rate was also increased to account for the market risk related to vacancy and current economic uncertainty. The other building has a lease which expires during fiscal 2024, where the parties are currently negotiating a renewal agreement. The expected rental rate from the renewal is lower than prior years, and management increased the capitalization rate to account for market uncertainty, and the fact that the renewal remains unsigned. The loss in fair value on these two properties totalled $2,672,000.
- There was a loss in fair value on vacant land held for development of $600,000 as a result of the overall market changes.

During the prior year, the fair value of the investment properties increased by $8,652,487 from $244,943,895 at September 30, 2021 to $253,596,382 at September 30, 2022. The increase related to the following:

- Increases related to increased income generated by properties that were previously vacant, as well as increased income from lease rate escalations and income from new leases entered into during the year with higher lease rates than in previous years. This accounted for approximately $1,805,000 of the fair value gains.
- The Company acquired a bulk purchase of 2 separate contiguous parcels of land. One parcel was sold during the year, and the second parcel was included in vacant land held for development. The land held for development had a cost of $850,000 and recorded a fair value increase of $150,000 as a result of revaluation based on market comparables.
- The expansion project in Fort McMurray had property additions of $5,086,000, and a fair value gain of $439,000 based on the expected fair value adjusted for the percentage of completion of construction at September 30, 2022.
- One property acquired in Q4 of 2021 in Fort St. John, British Columbia, with extensive deferred maintenance was substantially improved during the year and saw a cap rate reduction resulting in a gain of $321,000.

Mortgage receivable at September 30, 2023 and 2022 is a vendor take back loan to the Company on the sale of a property that occurred during the year ended September 30, 2022. The loan bears interest at 4.5% is and has monthly blended payments of principal and interest of $8,164. The balance of the mortgage receivable is due on July 31, 2024 and has been reclassified as a current asset for the year ended September 30, 2023. At September 30, 2021 the Company had a different vendor take back loan on another sale that was repaid in full during the year ended September 30, 2022.

Right-of-use asset and lease liability are for the Company's office lease and have been recorded in accordance with the requirements of IFRS 16 *Leases*. The asset and liability were initially recorded at the present value of the lease payments to the term of the lease on October 1, 2019. The asset is amortized on a straight-line basis over the term of the lease. The effective interest rate on the liability was set at 4.95% at inception. Lease payments are $180,000 per year and remain unchanged from prior years.

Current assets include receivables from tenants, prepaid expenses and deposits and cash balances with banks. The balance has increased as a result of higher prepaids and deposits, which includes a deposit of $100,000 towards the purchase of land. The deposit is refundable if certain conditions are not met, including board approval of the transaction. See "Planned Expenditures" for further information.

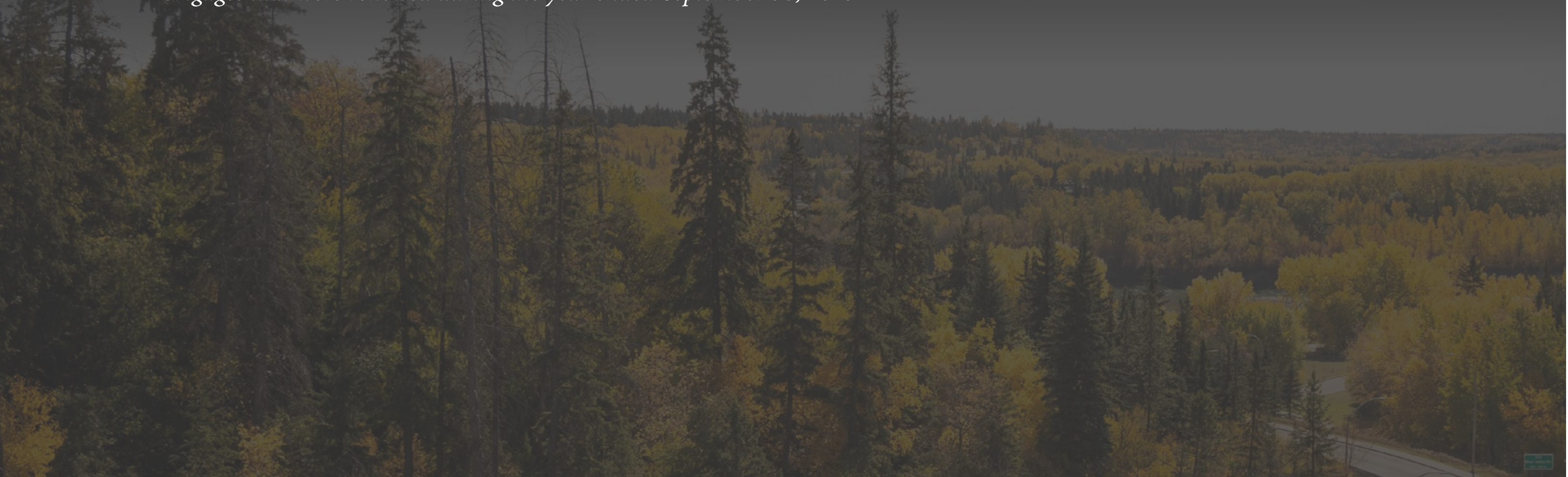
Mortgages including both current and long-term portions have a balance of $107,737,914 at September 30, 2023 (September 30, 2022 - $108,041,921). The decrease in mortgages is as a result of paying down mortgages through monthly principal payments, which is offset by a new mortgage of $7,200,000 that the Company entered into at the end of the year, that was secured by the investment property in Fort McMurray that was expanded. The proceeds of the new mortgage was used to reduce the outstanding balances on the Company's bank operating facilities and other financing.

Russell Hendrix Building, Edmonton AB

The following table details the mortgage activities during the current year.

Maturity Date	Rate	Principal Balance Sep. 30'22	Mortgages Advanced	Y-T-D Principal Payments	Principal Balance Sep. 30'23
October 1, 2023	3.950%	$ 143,163	$ -	$ 131,934	$ 11,229
November 1, 2023	4.330%	3,448,623	-	246,065	3,202,558
December 1, 2023	4.648%	4,133,419	-	287,144	3,846,275
January 1, 2024	4.300%	1,874,009	-	191,410	1,682,599
January 1, 2024	4.300%	1,487,309	-	151,913	1,335,396
April 1, 2024	2.110%	3,796,429	-	244,585	3,551,844
* July 1, 2024	6.910%	1,595,085	-	164,376	1,430,709
August 1, 2024	3.300%	8,491,306	-	592,244	7,899,062
November 1, 2024	3.555%	7,550,033	-	505,864	7,044,169
* December 1, 2024	6.073%	3,034,362	-	227,946	2,806,416
* December 1, 2024	6.073%	2,756,884	-	207,099	2,549,785
February 1, 2025	3.420%	4,311,765	-	284,053	4,027,712
February 1, 2025	3.310%	4,589,983	-	423,439	4,166,544
* February 1, 2025	5.720%	1,671,265	-	126,514	1,544,751
* April 1, 2025	5.290%	3,269,384	-	195,697	3,073,687
April 1, 2025	2.310%	4,565,410	-	316,529	4,248,881
August 1, 2025	2.837%	3,540,220	-	230,464	3,309,756
* October 1, 2023	4.090%	5,004,237	-	365,098	4,639,139
October 1, 2025	6.720%	-	7,200,000	-	7,200,000
April 1, 2026	2.675%	2,404,956	-	223,308	2,181,648
July 1, 2026	2.710%	10,553,887	-	640,080	9,913,807
July 1, 2026	2.710%	5,522,655	-	334,942	5,187,713
October 1, 2026	2.940%	9,031,037	-	526,111	8,504,926
November 1, 2026	2.930%	10,506,586	-	608,102	9,898,484
June 11, 2029	3.480%	4,960,923	-	347,171	4,613,752
		$ 108,242,930	*$ 7,200,000*	*$ 7,572,089*	$ 107,870,843

** Mortgages that were renewed during the year ended September 30, 2023*



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

Security deposits are amounts received from certain tenants under the terms of the leases as security on the building and future rental revenue, and are refundable to the tenant upon the conclusion, if certain conditions are met, including the return of the lease premises in an appropriate state of repair. As the majority of the Company's leases are long term in nature and security deposits are held for the duration of the lease, they are classified as long-term liabilities Any security deposits that relate to leases with a term that expires in the next twelve months are reclassified to payables and accruals. The current portion of security deposits for the year ended September 30, 2023 was $57,344 (2022 - $40,810).

Deferred taxes are recorded on the difference between the accounting and tax bases of assets and liabilities. The difference between the fair value of investment properties recorded for accounting purposes, and the cost basis used for tax purposes generates the largest deferred tax liability at $15,842,856 (2022 – $14,512,133). The increase in deferred tax is primarily related to the increased fair value of the investment property compared to the tax basis of the property at September 30, 2023.

Bank operating facilities at September 30, 2023 have a balance of $19,873,766 with two of the Company's major lenders (September 30, 2022 - $18,883,403). The increase for the year ended September 30, 2023 reflects the property improvement expenditures in incurred on the Fort McMurray expansion project in excess of the amount of the new mortgage that was used to finance the completed project.

The details of the Company's two credit facilities are as follows:

1) One operating Line of Credit (LOC) with a limit of $15,500,000 (September 30, 2022 - a limit of $13,500,000).

   This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2023, of $15,104,226 (September 30, 2022 - $13,047,268). The credit facility has a fixed rate fixed term ("FRFT") component to a maximum of $8,000,000, which bears interest at 3.36% per annum with a three-year term ending February 1, 2024. The balance of the FRFT component at September 30, 2023 is $7,663,656 (September 30, 2022 - $7,875,620). The remaining balance of the facility is revolving, and bears interest at prime plus 1% per annum. The LOC is secured by specific revenue-producing properties with combined fair values of $37,157,449 (September 30, 2022- $36,469,039). Prime rate at September 30, 2023 was 7.2% (September 30, 2022 – 5.45%).

   On November 8, 2022, the Company entered into an amending agreement which increased the operating line from $13,500,000 to $15,500,000 while maintaining the $8,000,000 FRFT component, and with the remaining balance as an interest only revolver. The lender may, on demand, require immediate payment of all amounts outstanding or accrued in connection with the facility as a whole.

Specific covenants of this credit facility include the following:

- Minimum Occupancy Level: The Company is required to have a minimum of 90% occupancy of the secured buildings. Should a secured property fall below the Minimum Occupancy level, a 6-month grace period will commence subject to a reduced Loan to Value Test of 50%, and the existing Debt Service Test.

- Debt Service Coverage Ratio ("DSCR"): The DSCR is calculated as the net operating income divided by the debt service. The debt service is defined as the annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 4.5% (2022 – 4.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points. The net operating income is defined as stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes, and other expenses that are not recovered from the tenants.

- Loan to Value Ratio ("LTV"): The LTV must be maintained at less than 70%. The LTV is defined as the total debt on the secured properties divided by the current market value of the secured properties.

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, 2022): or b) the level at which a Loan to Value Ratio of 70% can be maintained for the secured properties, over which the Lender has a 1st mortgage and 60% for the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties (unchanged from September 30, 2022). For these secured properties, the loan to value is set at 70%.

The Company was in compliance with all of the covenants as at, and during the year ending September 30, 2023. During the year ended September 30, 2022, one of the securing properties had a lease expiration on March 31, 2022 where the lease was not renewed. A new lease was signed on August 4, 2022 with a new tenant. This resulted in a temporary breach of the bank's covenants relating to the occupancy rate of this facility as it fell below the 90%. The Company's lender was aware of the vacancy throughout the year and waived the breach as at September 30, 2022 as it was remediated as of the fiscal year end.

1) A second operating LOC with a limit of $6,000,000 (September 30, 2022 – a limit of $6,000,000).

   The balance on the credit facility at September 30, 2023, is $4,769,539 (September 30, 2022 - $5,836,140). This credit facility bears interest at prime plus 0.95% per annum and is secured by specific revenue-producing properties with combined fair values at September 30, 2023, of $32,209,073 (September 30, 2022 - $32,052,336).

   On March 24, 2023, the Company entered into an agreement to receive a $2,000,000 temporary increase in the operating line of credit, creating a new limit of $8,000,000. On June 22, 2023, an additional temporary increase of $2,000,000 was approved temporarily increasing the credit limit to $10,000,000.

The temporary agreements included a general security agreement covering a first position on all present and after acquired property and was extended to September 21, 2023 at which time, the Company received funding on a new mortgage of $7,200,000. In accordance with the terms of the agreements, the proceeds of the new mortgage were used to reduce the outstanding balance on the line of credit. Additionally, at the expiration date of the extensions, the security agreement was discharged and the limit on the LOC reverted back to $6,000,000.

There are no specific covenants or margin formulas for this line of credit.

Other financing at September 30, 2023 of $3,565,000 (September 30, 2022 – $3,000,000) is due to related parties. The loans are unsecured and bear interest at an annual rate of 6%. The Company received advances of $3,065,000 (2022 - $3,000,000) during the year ended September 30, 2023, and repaid $2,500,000 (2022 - $3,800,000). The other financing was used for operating cash flows and to fund the expansion project in Fort McMurray during the year. Proceeds from the new mortgage on the Fort McMurray property were used to repay a portion of the related party financing in the current year.

Other current liabilities include payables and accruals, income taxes payable and the current portion of the lease liability. Payables and accruals decreased $1,140,122 from $3,754,446 at September 30, 2022 to $2,614,324 at September 30, 2023. This decrease is primarily due to the completion of construction on the investment property in Fort McMurray, as the prior year included higher balances payable on the project compared to the current year. The remaining decrease is primarily due to a lower corporate tax payable for the year ended September 30, 2023 compared to the year ended September 30, 2022 due to lower taxable income.

United Rentals Fort McMurray

Selected Cash Flow Information

(in thousands)
Year ended September 30

	2023	2022	Variance	2021
Cash provided by operating activities	**$ 11,239**	$ 11,210	$ 29	$ 10,445
Cash used in investing activities	**(6,529)**	(3,015)	(3,514)	(7,997)
Cash used in financing activities	**(4,519)**	(8,158)	3,639	(2,376)
Increase in cash and cash equivalents	**191**	37	154	72
Cash and cash equivalents, beginning of year	**233**	196	37	124
Cash and cash equivalents, end of year	**$ 424**	$ 233	$ 191	$ 196

Cash provided by operating activities for the year ended September 30, 2023 was $11,239,449 (2022 - $11,210,070). The Company continues to generate positive cash flows from operations which cover operating expenses, additions to investment properties, and payments on financing. The increase in the cash provided by operating activities was primarily driven by an increase in net income from operations after non-cash addbacks, which was higher than the prior year due to increased rental revenue.

Cash used in investing activities for the year ended September 30, 2023 was $6,529,391 (2022 - $3,014,840). Changes in cash used in investing activities is primarily driven by the timing of cash payments for property improvements, including property under development, which can fluctuate period to period depending on projects that are undertaken. The current year was impacted by a reduction in the amount of accounts payable at September 30, 2023 compared to September 30, 2022 related to construction undertaken for the Fort McMurray expansion project which was completed during the current fiscal year.

Cash used in financing activities for the year ended September 30, 2023 was $4,518,605 (2022 - $8,158,346). Changes in cash used in financing activities are driven by the timing of funds received from mortgages, and other financing, as well as the timing of draws or repayments on the bank operating facilities For the year ended September 30, 2023 the Company had net advances under bank operating facilities of $990,358, while in the year ended September 30, 2022, the Company paid net repayments on its bank operating facilities of $1,477,084. This cash inflow of $2,476,442 was the result of the Company utilizing its bank operating facilities to fund its investment property additions in the year. The Company also had increased other financing, with a net inflow of other financing of $565,000 for the year ended September 30, 2023 compared to a net outflow of $800,000 for the year ended September 30, 2022. The Company had higher finance costs during the year ended September 30, 2023 of $4,833,857 compared to $4,571,660 for the year ended September 30, 2022, which resulted in increased cash outflows of $262,197. These were the result of a combination of the higher average bank operating facilities balance and other financing balance for the year ended September 30, 2023 compared to the year ended September 30, 2022, and the higher overall interest rates charged on the bank operating facility.

At September 30, 2023, there was a **net increase in cash** of $191,453 (2022 - $36,884).

Summary of Consolidated Quarterly Results

(in thousands)	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenue	**$ 5,226**	$ 5,196	$ 4,651	$ 4,664	**$ 4,772**	$ 4,758	$ 4,654	$ 4,883
Total Comprehensive Income	**$ 1,126**	$ 1,289	$ 1,321	$ 3,077	**$ 1,648**	$ 2,299	$ 1,910	$ 1,997
(in dollars) EPS-Basic	**$ 0.12**	$ 0.14	$ 0.14	$ 0.33	**$ 0.17**	$ 0.24	$ 0.20	$ 0.15
EPS-Diluted	**$ 0.12**	$ 0.14	$ 0.14	$ 0.33	**$ 0.17**	$ 0.24	$ 0.20	$ 0.15

The Company is not significantly impacted by seasonality in its operations. Minimum rental revenue is recorded on a straight-line basis over the term of the lease, and property operating recoveries are recorded at estimated amounts throughout the year, with a reconciliation to actual recoveries completed at Q4 each year.

As a result, the revenue in Q4 may increase in comparison to prior quarters, as amounts receivable from tenants over the budgeted recoveries are accrued. Overall, the increase in revenue in Q3 and Q4 in fiscal 2023 relates to increased rental revenue from new tenant leases that commenced during the quarters. In the prior year, the Company had vacancies that arose in Q3 and Q4 and were not filled until fiscal 2023.

Changes in comprehensive income relate primarily to fluctuations in the net valuation gain (loss) from investment properties and increases in finance costs. During fiscal 2023, the Company had increased finance costs due to higher balances on the bank operating facilities, and higher interest rates.

The fluctuations in the valuation net gains (losses) from investment properties is summarized below:

(in thousands)	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Valuation gains (losses) from investment properties, net	**$ 86**	$ (357)	$ 205	$ 2,197	**$ 668**	$ 866	$ 380	$ 594

Fluctuations in the net valuation gains (losses) from investment properties quarter over quarter primarily reflect adjustments to the fair value of investment properties related to the completion of new or renewed leases, and completion or progress on redevelopment projects that improve the overall value of the buildings. During Q1 2023, the Company completed two large redevelopment projects with tenants taking occupancy in Q2 2023, as well as renewing 3 leases and signing an amended lease with a tenant to increase square footage. In Q3 2023, the Company recognized a loss in fair value on a property that was vacated, which was offset in part due to a gain on the Fort McMurray expansion as it moved closer to completion.

In Q4 2023, the Company recorded a gain on the Fort McMurray project which was completed in the quarter, as well as on the CORE distribution building where improvements were substantially completed, and gains for previously vacant space which was leased, was offset by declines on a building with a lease expiry subsequent to year end, where the new terms are expected to be at a lower lease rate.

Increases in the fair values of investment properties during fiscal 2022 reflected income generated by properties that were previously vacant. One property that was acquired in Q4 of 2021 with extensive deferred maintenance was improved during fiscal 2022 and resulted in a gain in valuation. Additionally, in Q3 2022 the Company acquired two parcels of land, which were revaluated resulting in a gain. In Q3 and Q4 of 2022, the Company gained 3 leases with tenants at higher rates, and a portion of the project in Fort McMurray was completed, resulting in additional fair value gains.

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

Liquidity and Capital Resources

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

The Company has the following available room under its bank operating facilities:

	September 30, 2023	September 30, 2022
Available bank credit facilities	$ 21,500,000	$ 19,500,000
Bank facilities outstanding	19,873,766	18,883,408
Available credit facilities	$ 1,626,234	$ 616,592

Wajax Edmonton

The Company considers its sources of financing to be mortgages, bank operating facilities, and cash generated from operating activities.

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

At September 30, 2023, seven (2022 – five) mortgages are due in the next twelve months with combined principal balances of $22,948,441 (2022 - $12,326,981) and are shown as current liabilities. Two of the mortgages with a total principal balance of $4,885,157 at September 30, 2023 were renewed subsequent to year-end.

When mortgages are renewed, the Company may have the option of increasing the debt on a particular property, subject to the lender's approval, to provide increased capital. There is a risk to the Company that mortgages that are up for renewal may not be renewed or may not be renewed at the same rates and therefore the monthly principal and interest payments may change.

Investment properties unencumbered with debt are valued at $22,714,118 at September 30, 2023 (September 30, 2022 - $22,138,517). Overall, the ratio of debt to total assets is 50% at September 30, 2023 (September 30, 2022 - 51%), providing possible leverage opportunities in the future.

During the year ended September 30, 2023 the Company completed a significant expansion project for an existing tenant in Fort McMurray. The total cost of the project was $9,200,000 and the Company financed the construction through operating cash flows, bank operating facilities and other financing during the construction period which started during the year ended September 30, 2022. When the project was completed and occupancy permits were granted, the Company obtained a conventional mortgage of $7,200,000. The proceeds of the mortgage were used to reduce the outstanding balance on the bank operating facilities and other financing.

Included in accounts payable at September 30, 2023, is a final progress billing and a holdback payable totalling $1,254,777 (2022 -progress billings of $2,390,132) related to the Fort McMurray project construction. The Company will pay the outstanding balance using operating cash flows and available credit.

During the year ended September 30, 2023, the Company entered into a purchase agreement to acquire land for a total purchase price of $8,000,000. The purchase agreement was entered into as part of a potential build-to-suit agreement with a tenant, with a total anticipated project cost of $30,000,000. If this project is undertaken by the Company, construction is expected to commence during the year ending September 30, 2024. Financing for the project is planned to be from a combination of operating cash flows, internal equity through refinancing of existing properties, and new construction financing. The Company has entered into preliminary discussions with its lenders regarding obtaining financing for this potential project.

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Property management and maintenance fees of \$1,436,959 (2021 - \$1,272,355) 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 the Company to compensate Sable for the management and maintenance of the Company's properties for a fee of 4% of rents collected by the Company. Maintenance performed by Sable's property management team is charged at \$85 per hour for labour, plus truck charges, equipment use, and parts charges. Sable provides its trained personnel, trucks, tools, and equipment to perform property maintenance. The Company 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 either 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 undertaken by Management, as compared to the tenant, in maintaining the property.

Acquisition, disposition and leasing fee in the aggregate of \$120,806 (2022 – \$302,547) were paid to North American Realty Corp. ("NARC"), a company controlled by Sine Chadi. These fees are paid pursuant to a contract with the Company for asset management services. The contract provides for fees to be paid by the Company as follows:

- Leasing fees of 6% of the value of minimum rent on new leases for the first five years, and 3% of the value of minimum rent for years six to ten, to a maximum of ten years;
- Acquisition fees based on 1% of the purchase price of the property; and
- Disposition fees based on 3% of the sale price of the property.

Leased office space and parking were paid to Sable in the aggregate amount of \$180,000 (2022 - \$180,000). Imperial Equities shares its head office space with the Sable head office. There was no change in lease rates in the current year. The lease term expires on February 28, 2026.

Consulting fees during 2023 were \$nil (Q3 2022 – \$1,800) and were paid to Sable for the services provided by the Company's financial advisor (formerly the CFO) who was not paid directly by the Company in prior years. In the current year, consulting fees to the Company's financial advisor were included in office and other expenses.

Rent collected from Sable for commercial lease space was \$94,923 (2022 – \$94,923). Sable leases a 7,871 ft^2 building in Edmonton, Alberta from the Company.

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

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

Paid to Directors

Directors' fees paid to independent directors for attending directors' meetings during the year were \$45,000 (2022- \$45,000). Fees per director per meeting are \$2,500, unchanged from the prior year. The fees paid are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations.

Compensation to Key Management Personnel

Compensation of key management personnel is as follows:

	Salaries and Wages	Short-term Benefits	Total 2023	Total 2022
Sine Chadi, President & CEO	$ 374,400	$ 7,972	$ 382,372	$ 307,013
Azza Osman, CFO*	35,962	4,759	40,721	188,396
Meghan DeRoo McConnan, Interim CFO *	65,675	-	65,675	-
Ajay Juneja, VP of Corporate Services **	68,533	-	68,533	-
Patricial Misutka, COO ***	-	-	-	151,948
Total	**$ 544,570**	**$ 12,731**	**$ 557,301**	**$ 647,357**

** The CFO is on leave commencing December 9, 2022; the Interim CFO joined the Company May 23, 2023.*

*** The Vice President Corporate Services joined the Company effective May 1, 2023 and departed August 31, 2023.*

**** The COO departed the Company effective July 15, 2022.*

Unsecured Financing

At September 30, 2023, the Company had unsecured financing outstanding as follow:

Related Parties	October 1, 2022	Advances	Repayments	September 30, 2023
Jamel Chadi, Shareholder [1]	$ 1,200,000	$ 1,350,000	$ (585,000)	$ 1,965,000
Sine Chadi, Shareholder [1]	750,000	1,050,000	(200,000)	1,600,000
NAMC [2]	350,000	885,000	(1,235,000)	-
Diane Buchanan, Shareholder [1]	700,000	-	(700,000)	-
Total	**$ 3,000,000**	**$ 3,285,000**	**$ (2,720,000)**	**$ 3,565,000**

1) *Loans received from shareholders bear interest at an annual rate of 6%. Total interest expense during the year ended September 30, 2023 was $254,489 (2022 - $34,597). Accrued interest on the loans at September 30, 2023 is $233,755 (2022 - $33,646) and is included in payables and accruals.*

2) *Loans from North American Mortgage Corp. ("NAMC"), a company controlled by the President and shareholder of the Company, bear interest at 6% per annum. Total interest expense for the year ended September 30, 2023 was $27,341 (2022 - $5,828). Accrued interest on the loan at September 30, 2023 is $nil (2022 - $2,933) and is included in payables and accruals.*

Fourth Quarter Results

Three months ended September 30	2023	2022
Rental revenue	$ **5,225,825**	$ 4,772,001
Income from operations	$ **3,591,032**	$ 3,395,813
Net income and comprehensive income	$ **1,125,790**	$ 1,648,262

For quarter four of 2023, the Company had increased rental revenue compared to the prior year as a result of increased minimum rent, and increased occupancy cost recovery revenue due to increased costs compared to the prior year. Additionally, the Company recorded $169,600 in revenue from a tenant whose lease ended in the quarter, as compensation for not returning the leased premises to its original state. Net income and comprehensive income for Q4 2023 compared to Q4 2022 was impacted by increased finance costs, and a lower net valuation gain from investment property than the prior year.

Planned Expenditures

During the year ended September 30, 2023, the Company entered into a purchase agreement to acquire land for a total purchase price of $8,000,000. The agreement required an initial deposit of $100,000 which was paid by the Company and is included in prepaids and deposits at September 30, 2023. The initial deposit is refundable if certain conditions related to completing a build-to-suit agreement with a third party, as well as receipt of and review of environmental and real property reports and approval by the Board of Directors of the Company, are not met. Within 30 days of the Company waiving the conditions, an additional $600,000 deposit is required, and the balance of the purchase price is due upon closing and transfer of the title of the land.

There are opportunities to purchase other properties currently on the market. The Company continues to look at all opportunities and evaluate the best possible alternatives. Cash needed to fund an acquisition of property will be provided through cash flows from operations, available funds through current bank credit facilities, and securing long-term financing. Related-party financing is available to the Company, generally on a short-term basis.

Risks and Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. The more significant risks and the action taken to manage them, are as follows:

Enterprise Risk Management

The impact on markets of recent inflation, and rising interest rates, and the resulting effect on the available income of tenants, may adversely impact the Company's operations. Risks include, but are not limited to, increasing credit risk associated with receivables, limitations on the Company's ability to quickly respond to changes in credit risk, and increased pressure on lease rates within the Company's target market.

There is also increased risk as to the extent of the impact of a possible economic recession on leasing, occupancy, tenant inducements, market rents, and capital expenditures. The potential impact of this moderate economic uncertainty on the Company's future financial results and valuation of assets is difficult to reliably measure.

Lease rates will likely adjust downward if the demand for comparable lease space decreases, which is expected in any economic downturn. As demand for leased space increases, so does the lease rate. The Company is mindful of these risks, and Management believes that any further leases that are up for renewal in the next twelve months will likely be renewed at the same rates.

Management continues to proactively monitor the economic environment, and the health of tenants to manage the impact of economic risks.

Tenant and Real Property Risks

All real property investments are subject to elements of risk. The value of the Company's investment properties depend on the credit and financial stability of tenants, and upon the vacancy rates of the properties. In addition, certain expenditures, including property taxes, mortgage payments, insurance costs and other related costs must be paid regardless of whether a property is leased and producing income. Cash available for growth, and payments to shareholders will be adversely affected if a significant number of tenants are unable to meet their obligations under their lease, or if a significant amount of space in the investment properties becomes vacant and cannot be leased on economically viable terms. Upon expiry of any lease, there is no assurance that the lease will be renewed or that the tenant replaced. The terms of any new lease may be less favourable than those of the existing leases. The ability to rent vacant space is affected by many factors including general economic conditions, local real estate markets and availability of similar properties.

Management addresses this risk by ensuring the quality of its tenant base is strong. The Company's real estate portfolio is predominately comprised of large single-tenant industrial buildings that are leased to multi-national and national tenants who are very likely to manage their operations sustainably during any economic turbulence.

The Company continuously carries out risk assessment activities with all its tenants to assess potential exposure associated with the tenant's performance. Most tenants have been with the Company for many years and the Company conducts due diligence on all prospective tenants. The Company also monitors its cash flows and ensures that there is sufficient cash flow available from operations to pay for carrying costs on properties that might be vacant for periods of time.

The Company's portfolio of properties consists of industrial properties. Consequently, changes in the industrial environment could adversely impact the Company's financial condition. The Company's portfolio of properties is concentrated in Alberta and Western Canada. As a result, there is a risk that a downturn in the region in which the Company operates could have an adverse impact on the Company's financial position.

The Company has one large tenant occupying five properties in five different locations being Edmonton, Nisku, Red Deer, Fort McMurray in Alberta and Fort St. John in British Columbia. The revenue from this tenant now accounts for approximately 18.5% of the Company's total revenue. This tenant has been assessed to have strong financial performance and management believes that there is very low risk of default.

Financing Risks

Market values of the investment properties can decrease if the demand for industrial lease space decreases and rental rates are reduced, or capitalization rates increase. The Company'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 will be externally appraised for their current market value if the lender requires.

Factors that influence market values of investment properties are the income generated from the property, demand, vacancy rates, term of the current lease, the strength of the current tenant, age of the building and location.

The total fair value of the investment properties at September 30, 2023 is $260,517,019 which includes $22,714,118 of properties unencumbered with debt. The mortgages and bank operating facilities secured against specific properties total $127,744,608 or 49% of the value of the Company's investment properties. Management believes the amount of debt against the properties is low enough to absorb any decline in values and support our ability to refinance.

Interest rates on mortgages that are up for renewal are currently at the highest the Company has seen in a 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 terms and fixed rates.

Capitalization Rate Risk

The Company values most of its investment properties using the capitalized net operating income method. Under this method, capitalization rates are applied to net operating income (minimum rent less a vacancy and structural reserve). The key assumptions are the capitalization rates for each specific property and net operating income.

The Company is responsible for the reasonableness of the assumptions and for the accuracy of inputs that are used to determine valuation disclosures. Management selects the capitalization rate for each property that management believes is most appropriate in its judgment. The Company uses available market information, including capitalization rate reports that are publicly available and makes relevant adjustments to our input assumptions. If these input assumptions are not correct, the valuation disclosures may not accurately describe the fair value of the Company's properties.

Reliance on Key Personnel

The Company depends on the services of certain key personnel. The loss of the services of any key personnel could have an adverse effect on the Company and adversely impact the Company's financial condition.

Cybersecurity Risk

Cybersecurity has been identified as a risk to the Company, promoting regular reviews of security measures to take appropriate steps to reduce this risk. The risk to the Company of a cybersecurity breach include the potential loss of data, inability to access key systems, and reputation risks if confidential data is exposed. While the Company is aware it cannot protect against all types of attacks and human error, the Company believes it has an adequate defense against the most common ones. Policies to protect the Company's data from a breach include the following:

- **Limited access data; computer data is in locked offices with strictly limited access**
- **Strict username and password protection including frequently changing passwords which limits the access to company information**
- **Only use trusted software to execute on the operating system**
- **Regular updates of anti-virus software, web browsing and email security software, malware security software and firewalls**
- **Employee vigilance against suspicious emails and attachments**
- **Automatic software updates to ensure software and operating system currency, and reduce the risks associated with out-of-date, vulnerable software**
- **Use of physical external hard drives to backup the system daily**

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

Environmental Risk

The Company is subject to various federal, provincial and municipal laws relating to the environment and is increasingly responsible for accounting for its environmental impacts and those of its associated tenants, partners and supply chain. The Company is moving to ensure it can meet its accountability requirements as well as to set goals to ensure its environmental risks are managed, mitigated and its environmental footprint is reduced over time. The Company has set a goal of achieving Net Zero impact in the coming years and is actively taking steps towards this goal through proactive property improvements and working towards more precise measurement of its greenhouse gas emissions.

"Still as much as there will be challenges in adapting to new reporting standards, there are also key opportunities ahead and we will more aggressively assess opportunities to improve our properties in a manner which balances costs and business value of transitioning to a greener economy."

Changes in Accounting Policies and Critical Accounting Estimates

Future Accounting Standards

The IASB has published several new, but not yet effective, standards, amendments to existing standards, and interpretations. None of these standards, amendments to existing standards, or interpretations have been early adopted by the Company, and management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Amendments to IAS 1 Presentation of Financial Statements, and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments will have an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Company's financial statements.

Amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The effective date of these amendments is for annual periods beginning on or after January 1, 2023 and it is to be applied retrospectively. No material change as a result of this amendment is expected to the Company's financial statements.

IAS 1 Presentation of Financial Statements has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. The amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and clarify when a liability is considered settled. The effective date for the new guidance is for annual reporting periods beginning on or after January 1, 2024, and is to be applied retrospectively. The Company has not assessed the impact of this amendments on its financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been revised to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also emphasize that a change in an accounting estimate that results from new information or development is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes are an input or measurement technique that are not the result of an error correction. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

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 applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Company enters into lease agreements that contain options to terminate or extend the lease. At the commencement date of the lease, the Company determines whether a lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Company considers any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease, and the importance of the underlying asset in the lease's operations. In most cases, the Company does not identify sufficient evidence to meet the required level of certainty.

Property lease classification – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major portion of the economic life of the commercial property, and the present value of minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases.

The Company applies judgement in assessing whether an arrangement is, or contains, a lease in which the Company is a lessee, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rate applied to the lease liability and right-of-use asset.

Treatment of tenant incentives

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. There is judgement in determining the treatment of these payments. 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 IFRS 16.

Wajax Red Deer

(ii) Revenue from contracts with customers

The Company applies the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determination of performance obligations

In relation to the services provided to tenants of investment property (such as repairs and maintenance and landscaping) as part of the lease agreements into which the Company enters as a lessor, the Company has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Company has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Company.

Principal versus agent considerations – services to tenants

The Company arranges for certain services provided to tenants of investment property included in the contract the Company enters into as a lessor, to be provided by third parties. The Company has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Company has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints, and it is primarily responsible for the quality or suitability of the services. In addition, the Company has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Company has concluded that it is the principal in these contracts. In addition, the Company has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

Determining the timing of revenue recognition on the sale of property

The Company has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract.

The Company has generally concluded that contracts relating to the sale of investment property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

Consideration of significant financing component in a contract

For some contracts involving the sale of property, the Company is entitled to receive an initial deposit. The Company concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Company. The initial deposits are used to protect the Company from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

(ii) Investment properties

Additions to investment properties

There is judgment 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 when the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses and borrowing costs ceases when the property under development is available for use. This judgment is applied when the property is substantially complete and is sometimes concurrent with occupancy.

Asset acquisition versus business combinations

In the normal course of operations, the Company acquires investment properties. At the time of the acquisition, the Company considers whether the acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which substantive processes are acquired (e.g., maintenance, cleaning, security etc.). To date, all acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

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 are described below.

(i) Valuation of investment properties

The fair value of investment property is determined by management, using recognized valuation techniques and the principles of IFRS 13 Fair Value Measurement.

The determination of the fair value of most of the investment properties under lease requires the use of estimates such as future cash flows from the property and capitalization rates applicable to the property. 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 uses their market knowledge and professional judgment. Significant estimates used in determining the fair value of the investment property under lease include capitalization rates and normalized net operating income (which is influenced by the inflation rate, vacancy rates, and standard costs) by individual properties, using property-specific capitalization rates.

Land held for development, land under lease and two of the income producing properties are valued with reference to historical and current market comparable values for similar properties. In determining which comparable properties were most comparable to the land held for development, management considered factors such as the relative location, size, and access of the properties in comparison to the available market values.

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

(ii) 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.

Uncertainties exist concerning 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.

Financial Instruments

The fair value of a financial instrument is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

Fair value determination is classified within a three-level hierarchy, based on the observability of significant inputs, as follows:

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

There was no transfer between the levels of fair value hierarchy during the year ended September 30, 2023.

The carrying value of cash and cash equivalents, receivables, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the short-term and demand nature of those instruments.

The fair value of the mortgage receivable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar debt with similar terms and conditions. If the interest rate used to discount the fair value were to increase by 1%, the fair value of the mortgage receivable would decrease by $12,000.

The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at September 30, 2023 is $102,248,000 (September 30, 2022 - $100,675,995). These estimates are subjective as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for this calculation is 6.84% (September 30, 2022 – 6.40%).

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 is exposed to credit risk equivalent to the balance of its tenant receivables of $222,545 at September 30, 2023 (September 30, 2022 - $431,844), and cash and cash equivalents of $424,451 (September 30, 2022 - $232,998). Credit risk on tenant receivables arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments.

The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. For tenant accounts receivable, the Company applies the simplified approach to recognize expected credit losses ("ECL") in the next twelve months. Management uses historical credit losses adjusted for current and forward-looking information which may affect the ability of the customers to settle receivables.

Historically the Company has very little credit losses as most tenants have been able to meet their financial obligations. At September 30, 2023 there is no loss provision for tenant receivables (September 30, 2022 - $nil).

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

Interest Rate Risk

The Company's exposure to interest rate risk relates to its short-term floating interest rates on the portion of bank operating facilities that are not fixed rate fixed term. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance on the floating rate portion of the bank operating facilities at September 30, 2023 is $12,210,110 (September 30, 2022 - $11,007,788). Under the assumption any balance of the floating rate 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 $122,101 (September 30, 2022 - $110,078). The Company minimizes its exposure to interest rate risk to the extent that all mortgages (2022 – all mortgages with the exception of one) have fixed rates with terms of 2-5 years, and a portion of the bank operating facility is at a fixed rate.

Disclosure Controls and Procedures

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

The Company's major weakness in internal controls and procedures continues to be 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 by implementing review and approval processes and segregating duties to the extent possible.

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

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

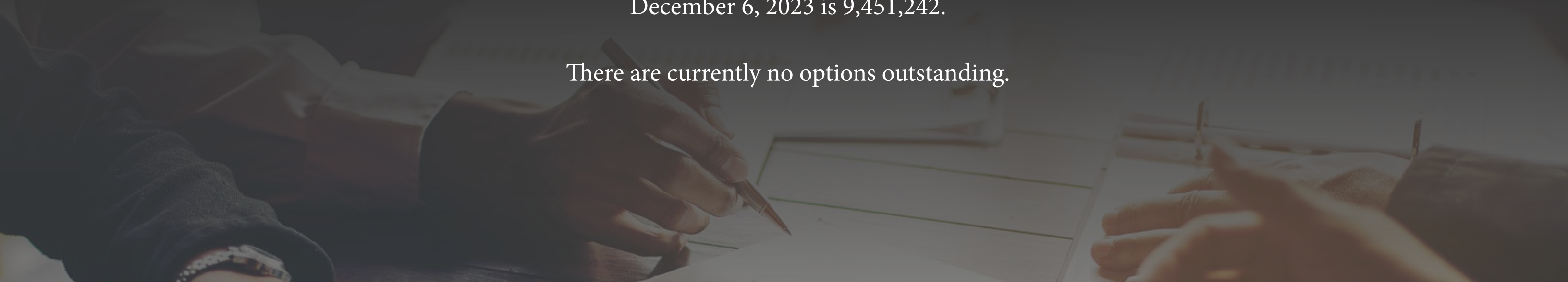
All proposed acquisitions are discussed at the Audit Committee stage. Once all internal conditions are met, an independent appraisal is ordered. Upon the successful closing of the transaction, acquisition fees charged by the asset manager, a related party, are disclosed to the Audit Committee. The Audit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

The Company cannot guarantee that controls and procedures in place will prevent all errors or misstatements.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Total issued and outstanding shares at December 6, 2023 is 9,451,242.

There are currently no options outstanding.



Dividends

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

Subsequent to the year ending September 30, 2023, the Company issued a press release on October 5, 2023 announcing the declaration of a quarterly dividend of $0.02 per share payable on October 31, 2023 (Q4 2023) to shareholders of record effective October 20, 2023.

Non-IFRS Financial Measures

Operating expense recoveries, funds available for property improvements and growth, debt, debt to asset ratios and unencumbered properties are not measures recognized by IFRS, and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that these measures should not replace net income or loss (as determined in accordance with IFRS) as an indicator of the Company's performance, of its cash flows from its operating, investing and financing activities or as a measure of its liquidity and cash flows. Furthermore, the Company's method of calculating these measures may differ from the methods used by other issuers. Therefore, the Company's calculation of these measures may not be comparable to similar measure presented by other issuers.

Operating expense recoveries and percentage of property operating expense recoveries: Total operating expense recoveries is a non-IFRS financial measure which is calculated below. The percentage of property operating expense recoveries is calculated as the total property operating expenses divided by total operating expense recoveries.

Management believes that this measure is important as it indicates how much of property operating expenses are required to be recovered from other sources of revenue.

Year ended September 30	2023	2022
Property tax and insurance recoveries	$ 3,125,589	$ 2,823,511
Operating expense recoveries	1,696,644	1,767,294
Total recoveries	$ 4,822,233	$ 4,590,805
Total property operating expenses	$ 6,111,279	$ 5,608,308
% of property operating expense recoveries	79%	82%

Funds available for property improvements and growth: Funds available for property improvements and future growth is a non-IFRS financial measure and is defined as income from operations, less interest on financing adjusted for interest income, interest on lease liabilities, amortization of deferred financing fees and capitalized interest, and principal repayments on mortgages. Management believes that this measure provides information about the funds available to the Company to use for reinvestment in properties or growth. The calculation is as follows:

Year ended September 30	2023	2022
Income from operations	$ 13,625,486	$ 13,458,786
Less: Interest on financing		
Finance costs	5,074,700	4,376,974
Add: interest income	67,680	15,038
Less: interest on lease liability	(24,457)	(31,954)
Less: amortization of deferred financing	(89,682)	(107,016)
Capitalized interest	154,366	-
	5,182,607	4,253,042
Less: Principal instalments on mortgages	7,572,088	9,798,326
Funds available for property improvements and growth	$ 870,791	$ (592,582)

Debt: Debt is a non IFRS financial measure and is calculated below. The debt to asset ratio is calculated as total assets divided by total debt. Management uses this measure to monitor the Company's current leverage, and the ability to obtain additional financing if needed.

Year ended September 30	2023	2022
Total Assets	**$ 264,034,687**	**$ 257,175,623**
Mortgages excluding deferred financing fees	107,870,842	108,242,930
Other financing	3,565,000	3,000,000
Bank operating facilities	19,873,766	18,883,408
Debt	**$ 131,309,608**	**$ 130,126,338**
Ratio of debt to assets	**50%**	**51%**

Unencumbered properties: Unencumbered properties is a non-IFRS measure and is calculated as the fair value of properties which are not security for mortgages or bank operating facilities. Management uses this measure to evaluate the ability of the Company to obtain additional leverage through the ability to mortgage properties that currently are not security for debt.

Central Distribution Building, Edmonton AB

ESG

Environmental, Social & Governance Disclosures

2023

Imperial Equities Inc. has reported the information cited in this GRI Content Index for the year ended September 30, 2023 with reference to the GRI Standards:

- GRI 1: Foundation 2021
- GRI 2: General Disclosures 2021

Environmental, Social and Governance Disclosures 2023

Environmental, Social and Governance (ESG) measures are embedded in the everyday activities of the Company but to date, they are not yet required to be part of the Company's formal reporting process. The International Sustainability Standards Board (ISSB) issued the first two of its disclosure standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2 *Climate-related disclosures* on June 26, 2023. These disclosures are not yet mandatory in Canada, and the Company will continue to monitor developments from the Canadian Securities Administrators (CSA), and the Canadian Sustainability Standards Board (CSSB) as to when these standards might become effective for Canadian public companies. In the meantime, the Company continues to move forward with its own assessments and reporting.

As an industrial landlord of choice, Imperial Equities is mindful of its responsibilities not only to maintain its assets to the highest possible level of utility, but also to do so in a manner that maximizes the energy efficiency of the property and minimizes its greenhouse gas (GHG) profiles, with a view to moving towards net-zero status. The Company intends to set specific targets as it fully assesses its impact in the coming years.

Throughout 2023, the Company continued with its process of assessing materiality and prioritizing which ESG issues are most critical. ESG factors are considered through two key lenses: those which are most important to our Company, and those which will matter most to stakeholders, including our shareholders, financial partners, tenants and employees. There are multiple benefits to the current materiality assessments and determinations of measurement methodologies, including:

1

Ensuring alignment between the ESG approach and the Company's overall business strategy

2

Ensuring stakeholders are aware of and informed about the Company's efforts

3

Ensuring alignment with ESG trends and regulatory requirements

4

Pacing and managing risks the Company must meet in order to ensure proactive action and limit long-term costs

Imperial Equities works to manage its ESG impacts in a proactive manner. Generally, our Company has focused on sustainable development in three ways:

Building or renovating properties in a manner that limits emissions right up front

Assessing property purchases in a manner that prioritizes those that have lower emissions profiles or can be effectively remediated

Conducting remediation on properties to remove lingering environmental impacts and eliminate further contamination as well as downstream costs

Energy-related emissions are among the highest drivers of risk and among the most immediate ways we can achieve positive impacts with benefit to both the Company and our tenants.

In 2023, we continued to prioritize investments that enhance energy efficiency through improvements to the building envelope to eliminate energy wastage, upgrades of lighting to LED fixtures and conversions of mechanical components to the most energy efficient available on the market. Most of these activities were completed in a manner that ensured non-interruption to tenant activities, with projects scheduled largely as part of a turnover process from one tenant to another. The benefit of the transition on these properties was immediately apparent with improved marketability of the properties and with long-term cost savings anticipated for tenants. In addition, for a major property expansion which was completed in 2023, construction materials and electrical installations all prioritized ensuring efficient materials as part of the planning and construction process, including energy efficient electrical, HVAC and other mechanical equipment as well as high-quality building envelope and roof materials to ensure efficiency gains are of long-term impact.

We are also continuing to evaluate additional measures including alternate electricity sources, such as on-site generation, and helping our tenants make more sustainable choices, such as adapting some properties for installation of vehicle charging stations to support tenants and their employees in making efficient choices.[1]

As part of assessments in 2024, we intend to include input from all tenants and key stakeholders into our Company's ESG efforts and to help rank importance of actions. These will be assessed in alignment with the Company's key business priorities, with the following categories suggesting key, but not final, areas for assessment:

[1] 2-22: Statement on Sustainable Development

General

- Ongoing validation of chosen measurement framework
- Comprehensive ESG training for employees/selection of applicable consultant (if required)
- Regulatory policies and reporting requirements
- Stakeholder engagement

Environmental

- Emissions
- New acquisition checklist
- Green buildings
- Green leases
- Renewable energy
- Achievable targets
- Waste performance
- Water performance
- Supply chain

Social

- Employee wellness policies
- Community engagement and investment
- Employee targets and goals
- Diversity and inclusion programs

Governance

- Risk matrix
- Green financing
- Third-party validation
- Fiduciary duty to shareholders

The Company will review its policy commitments as part of its annual ESG review to determine whether new policies should be adopted to reflect the Company's growing commitments. The Company continually affirms the importance of a culture of ethical business conduct. The Audit Committee has adopted a process for handling complaints about accounting, internal control and auditing concerns.[2] Commitments related to the Company's financial or governance management will be evaluated through its annual reporting process. Any policy matters that impact Company operations are delegated to Senior Management and reported to the Board through the CEO. Additional sustainability related items will be reported to the Board on a semi-annual basis moving forward.[3]

[2] 2-23: Policy commitments
[3] 2-24: Embedding policy commitments

The Company's Reporting Process

To draw direction for its ESG reporting, Imperial Equities will shape its reporting in two ways. First, the Company will ensure disclosures will be in alignment with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2 *Climate-related disclosures* as adapted by the Canadian Sustainability Standards Board ("CSSB") for the Canadian context. While the requirements for Canadian reporting issuers are still being finalized, there is general understanding of what will be required to implement the change, and the Company is proactively preparing to address the Company's climate-related disclosures in the following areas:

Governance

- The Board's oversight of climate-related risks and opportunities
- Management's role in assessing and managing climate-related risks and opportunities

Strategy

- Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy and financial planning where such information is material

Risk Management

- The Company's processes for identifying and assessing climate-related risks
- The Company's processes for managing climate-related risks
- How processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management

Metrics & Targets

- The metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process where such information is material
- Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks or reasons for disclosing or not disclosing this information
- Targets used by the Company to manage climate-related risks and opportunities and performance against targets where such information is material

Secondly, the Company will continue to conduct its own materiality assessment and will follow the Global Reporting Index General Disclosures (2021) as well as the Sector Disclosures for the Construction and Real Estate Sector. The Company will update its measures as the measures in the sector supplement evolve. In this report, the Company continues to speak to the general disclosures which are used to maintain the current position and aims. As the Company completes its assessments and begins to adapt its operations to support more robust measurement and accountability, more detailed and business-specific measures will be included.

About Imperial Equities Inc.

Imperial Equities Inc. is focused on the acquisition, development and/or redevelopment of real estate. The Company specializes in industrial class properties, but also has investments in agricultural and commercial properties. It targets acquisitions in Western Canada and was incorporated in Edmonton, Alberta pursuant to the ABCA, and is extra-provincially registered in Saskatchewan and British Columbia. The Company made its first investment outside of Alberta in 2021.[4] The Company is a reporting issuer in Alberta, Saskatchewan and British Columbia and its Shares are listed on the TSX Venture Exchange (TSX-V) under the symbol "IEI".

The Company will report directly on its own activities, along with those of its tenants and key suppliers to the extent that their activities are conducted on property owned by the Company and are thereby covered as part of the Company's Scope 2 and Scope 3 emissions.[5] There are no restatements relevant to this report.[6]

These standard disclosures are covered in the Company's annual information circular and within the MD&A of the Annual Report (pages 5-54). The Company has standard disclosures about its activities, markets and assets, as well as key business relationships. The Company's key business relationships are threefold: (1) with the Company's financial institutions, the arrangement details of which are covered in the Company's financial reporting; (2) with its tenants, as listed in the Annual Report under the property descriptions (pages 65-82); and (3) with its suppliers of materials and services, which are only noted within the Company's Annual Report to the extent that they are long-term.[7] There have been no significant changes to these relationships since the previous reporting period.

[4] 2-1: Organization details (legal name, nature of ownership and legal form, location of headquarters; countries of operation)
[5] 2-2: Entities included in the Organization's Sustainability Reporting
[6] 2-4: Restatement of Information
[7] 2-6: Activities, value-chain and other business relationships

About the Company's Reporting Process

The Company will align its ESG reporting with its financial reporting and will seek to keep the disclosures in a single report, given the inter-relatedness of the reporting. As ESG reporting grows, the Company may seek to release a stand-alone report, but the reporting period will continue to align with the fiscal year-end of September 30 annually.[8] In keeping with the standards of the Global Reporting Index, the Company will indicate which disclosures it is including, in this case, this will be done via footnote. For this report, the Company is providing responses to the GRI 2: General Disclosures 2021. In subsequent years, the Company will expand its disclosures to maintain alignment with these measures as they are updated to reflect new expectations.

[8] 2-3: Reporting Period

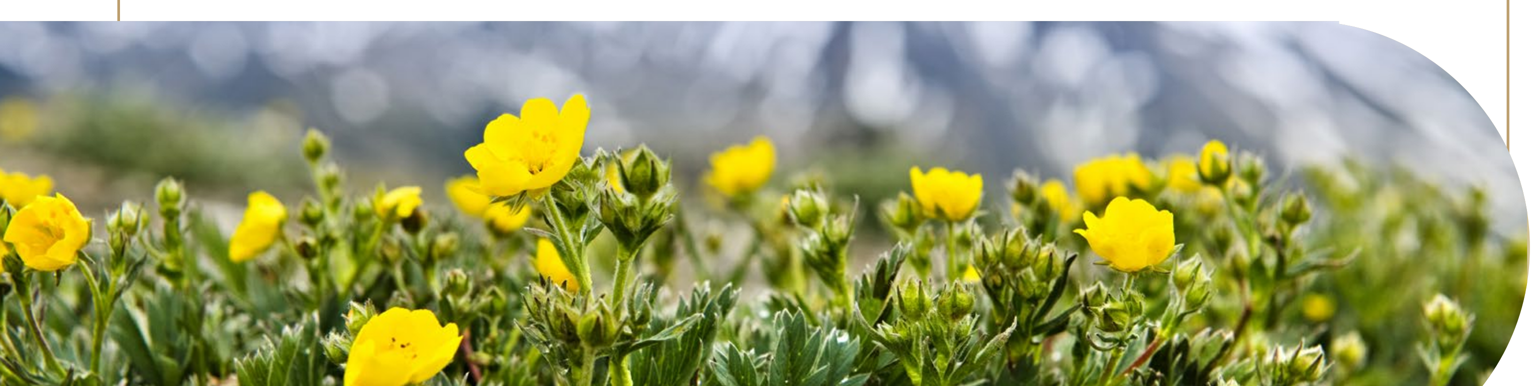
Employees and Directors

Currently, Imperial Equities directly employs 3 people. Partner organizations employ 11 people whose job activities primarily involve work for the Company, which also out-sources specialized work to third-party contractors. In addition, the Company hires a number of consultants and experts whose work helps to support the Company's overall strategic direction, and its measurement and accountability activities. Details on the partner organizations are included in Management's Discussion and Analysis on page 38. Four of 14 total employees are women and all are full-time equivalents. Among the Company's senior leadership, one of the two key executives is a woman, namely the Chief Financial Officer.[9] All employees work within the Company's primary region. The Company engages its former CFO and its former COO, as independent contractors on an infrequent, as-needed basis.[10] Here the Company benefits from the institutional knowledge of the Company as well as the current, market relevant expertise brought by the consultants.

In addition, the Company has a Board of Directors that is elected at its AGM. Currently, two of five Board members are women. Over the past year, there were no changes to the Board. Over the past year, the Chief Financial Officer went on leave in the 1st Quarter, and the interim Chief Financial Officer started in the 3rd Quarter. Additionally, the Company filled the position of Vice President of Corporate Services for a period of four months during the 3rd and 4th Quarters. The position is unfilled at year end. There were no other changes to the senior Executive in the year. There have been no changes to employee benefits, entitlements or policies in the current year.

The Company has no collective bargaining agreements in place.[11]

[9] 2-7: Employees
[10] 2-8: Workers who are not employees
[11] 2-30: Collective Bargaining Agreements



Governance of the Corporation

The Governance structure of the Company is outlined in Note #1 of the Financial Statements. The Board of Directors (pages 127-129) is the highest governing body of the Company. Directors are nominated prior to the Company's annual general meeting and are elected to their positions at the meeting. All Company Shareholders are eligible to vote at the annual general meeting. New directors are nominated by the Board of Directors based on qualifications that include: business experience, industry familiarity, related industry knowledge, board and governance experience, and community experience.[12] In addition, all current members of the Board are also members of the Audit Committee of the Board, which conducts periodic reviews of the Committee's performance.[13] To date, evaluation of individual Director's performance is done informally.

Sine Chadi is the Chair of the Board of Directors and a member (but not the Chair) of the Audit Committee of the Board. Mr. Chadi is also the CEO of the Company.[14] Current Board Member bios are included in this report on pages 127-129.[15]

Directors receive a stipend for each Board meeting that is attended. The rate of remuneration is based on an assessment of remuneration paid by companies of comparable size. In addition, market reviews aid in the determination of salaries for the Company's senior executives. Both local economy and market comparable considerations are considered. Remuneration for senior executives is assessed during annual reviews. Board remuneration reviews are assessed during the audit process. The Board approves the rate of compensation for the Board and the CEO.[16]

The Board is responsible for monitoring any potential conflicts of interest and for overseeing issues of critical concern to the Company. The Company's Board has adopted a Conflicts of Interest Policy to review and address conflicts of interest annually.[17]

The Company's Board of Directors has existing knowledge of sustainability issues including from members' own professional experience and as members of boards that report on ESG issues. As the Company begins to establish and evolve its sustainability framework and to report more robustly on sustainability issues as well as related social and governance issues, opportunities will be created for the Board to understand and learn about how the Company's industry segment is evolving its activities. In addition, third-party validation will be considered by the Company on a periodic basis.[18]

Any potential critical concerns are disclosed by Senior Management to the Board. Independent Auditors meet with the Company's Board semi-annually and any critical concerns regarding financial reporting and internal controls would be presented in that context. In addition, the Company holds an Annual General Meeting during which time any shareholder or other interested party is welcome to address the meeting and identify any issues of concern directly to the Board of Directors and other shareholders.[19]

ESG issues will be reviewed semi-annually by the Board of Directors, but the tasks of implementing the Company's ESG program will be delegated to senior executives, who will link with key stakeholders, including tenants and suppliers, for the purposes of gathering information on Scope 2 and Scope 3 emissions and will communicate how the Company is handling ESG matters. The Board of Directors will review the Company's Sustainability Reporting. At this point, ESG issues will be discussed by the entire Board of Directors during regular meetings. The Board will evaluate whether it needs to consider an ESG-designated committee later.[20]

12 2-10: Nomination and selection of the highest governing body
13 2-18: Evaluation of the performance of the highest governance body
14 2-11: Chair of the highest governing body
15 2-9: Governance
16 2-19: Remuneration policies/2-20: Process to determine remuneration
17 2-15: Conflicts of Interest
18 2-17: Collective knowledge of the highest governance body
19 2:16: Communications of Critical Concern
20 2-12: Role of the highest governance body in overseeing the management of impacts; (2-13): Delegation of responsibility for managing impacts; 2-14: Role of the highest governance body in Sustainability Reporting.

Managing Environmental Impacts

The Company is most vulnerable to operational impacts related to performance of building structures and equipment, and it has preventative programs in place to ensure that all building infrastructure is maintained at an optimal level and that any issues that arise are addressed in a timely manner.

As noted on page 20, the Company commissions environmental site assessments to determine the presence or extent of environmental issues on any property it considers adding to its portfolio. Similarly, reports are also commissioned if properties are refinanced, renovated or considered for disposition. These reports create a benchmark for assessing issues which require mitigation and for documenting resolution.

Both the Company and its tenants maintain insurance policies sufficient to offset any negative impacts of issues over which neither the Company nor Tenants have direct control. These include extreme weather events, such as 2020 floods in Fort McMurray which impacted a Company property, and failure of municipal infrastructure that cause damage or business interruption to the Company's or tenants' assets.

The Company also works closely with tenants on matters of health and safety to ensure that day-to-day management of properties is conducted in a manner that ensures worker safety is paramount and that incidents are limited or prevented altogether. Tenant-specific policies and protocols are adhered to by the Company, and the Company is also pursuing additional safety certification through ISN. The ISN standard is industry leading and will provide an additional level of assurance to the Company's tenants.[21]

Where required, the Company seeks out external guidance when relevant to evaluate and guide its operations, financial management and governance. A primary mechanism for this is through the independent auditors who are appointed at the Company's Annual General Meeting of its shareholders. On technical matters, the Company seeks out leading experts to assist with mitigating environmental or any operational issues. This ensures that issues are managed effectively and to the latest code requirements, that worker safety is paramount and that all laws and regulations are firmly adhered to. To date there have been no instances in which the Company was found to be in breach of any laws or regulations relative to its governance or operations.[22]

[21] 2-25: Process to remediate negative impacts

[22] 2-26: Mechanism for seeking advice and raising concerns; 2-27: Compliance with laws and regulations

Stakeholder Management

The Company's key stakeholders include its shareholders, tenants, suppliers, employees and the communities in which it operates. The Company is in regular contact with each of its stakeholders as follows:

Shareholders

The Company provides quarterly reports and annual audited statements, as well as hosts an Annual General Meeting to engage with shareholders.

Tenants

The Company is in regular contact with tenants on operational issues. In addition, the Company provides an annual reconciliation of its activities to all tenants as a means of evaluating performance activities and costs. The Company will work with each tenant to ensure that information required to measure Scope 2 emissions is available to the Company. To this end, the Company has been incorporating a new provision into its leases, whether in the first instance for new leases or upon amendment or renewal of its existing leases, whereby tenants will provide utility bills to the Company upon request to assist in the Company's public reporting of its buildings' emissions in aggregate.

Suppliers

The Company maintains strong relationships with a number of suppliers to ensure the availability of expertise required to maintain its asset base at optimal level. The Company will work with its supplier base on a case-by-case basis to measure the sustainability impacts resulting from activities. In addition, the Company prioritizes developing relationships with suppliers in the communities where it invests, benefiting from local knowledge of these companies, and expanding the impact of Company investments overall.

Employees

The Company's management team is small and nimble and is deeply engaged in all operational issues from day to day. All employees are encouraged to engage in regular self-evaluation and are given the opportunity for annual reviews to discuss any issues as well as to explore opportunities to maximize opportunities for growth.

Community

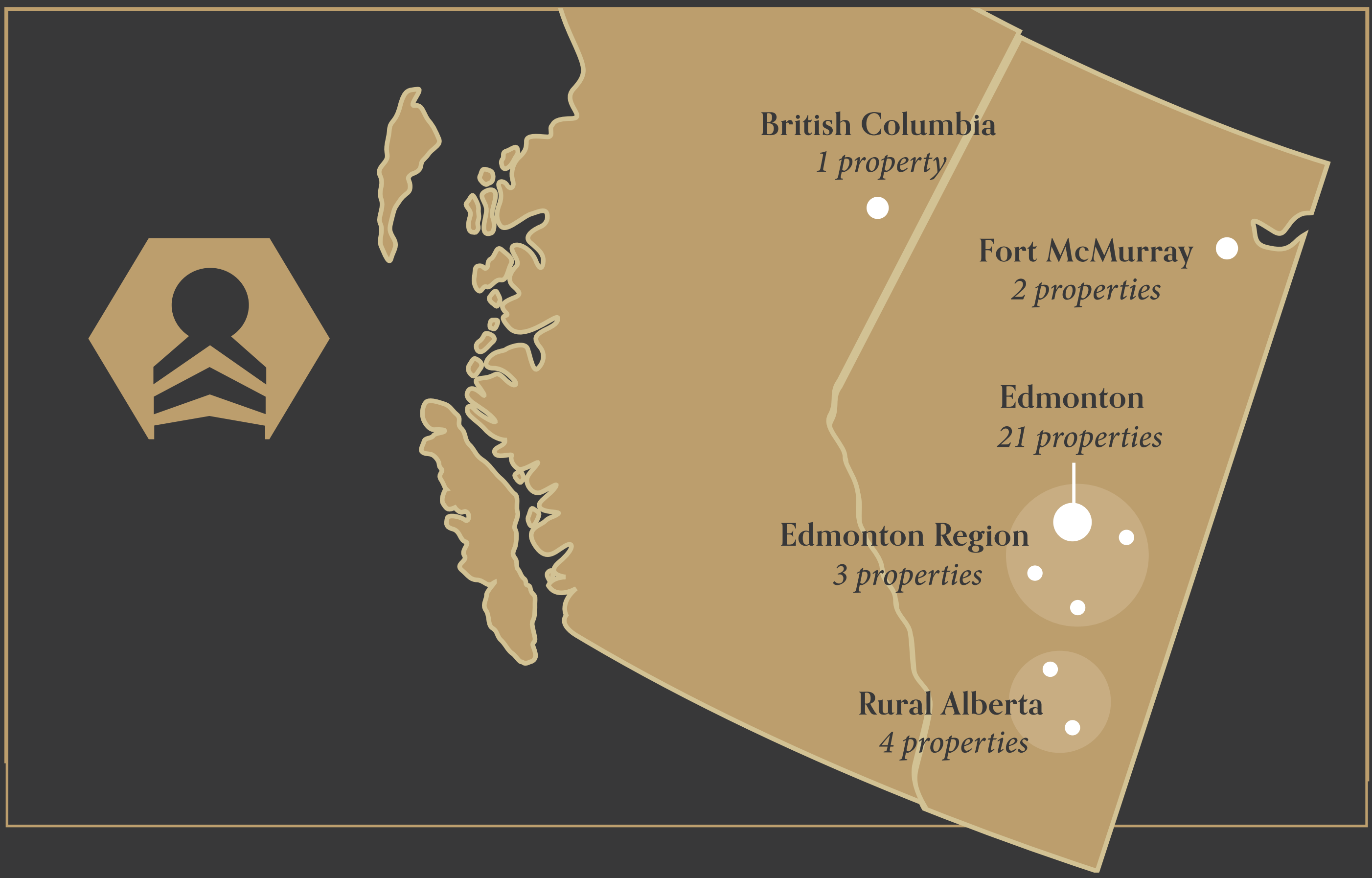
The Company is a strong supporter of the local community, providing financial support as well as direct support to local organizations whether through providing available space for organizations, the support of maintenance crews or time for employees to assist community organizations.

Regulatory Agencies

As a public company, the Company is subject to oversight by regulatory agencies including the Alberta Securities Commission and the TSX Venture Exchange.

2023 Property Portfolio

Property Portfolio 2023



ALS Building

9450 - 17 Avenue Edmonton, AB

29,450 total ft² | 3.78 acres of land
Acquired in 2018

Property Details

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

Construction of this 29,450 ft² single occupant industrial/office building was completed in 2004. The building includes a state-of-the-art laboratory facility that is constructed using a steel superstructure and a combination of precast concrete, decorative split faced block, stucco and a liberal amount of glazing. The 12,225 ft² office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The 17,225 ft² of built out laboratory space incorporates a host of specially designed technical work stations and equipment that will rival any laboratory on the globe. The highly advanced air handling systems maintain a sterile environment required for the operations of ALS. The building is fully sprinklered and powered by a 1200 amp 600 volt electrical service.

Tenant

ALS Canada Ltd. | alsglobal.com

Brandt Agriculture Building

302 Pioneer Trail South Hanna, AB

28,891 total ft2 | 16.5 acres of land
Developed by IEI in 2018

Property Details

Located in the heart of Alberta's breadbasket is the town of Hanna. In 2018, Imperial completed the purchase of a 66.75 acre parcel of land at the southern boundary of the town. The property was specifically chosen as the location for a build-to-suit project for a John Deere dealership, and provides exceptional exposure, and access to major thoroughfares. A 16.5 acre parcel was subdivided and rezoned for the development.

Construction of two separate buildings was completed in 2018. The buildings include a main dealership building of 24,847 ft², and an ancillary building of 4,044 ft² for a total of 28,891 ft² of leasable space. Both buildings were constructed using a steel superstructure and a combination of concrete, stucco and metal siding to complete the exterior finish. The main floor of the dealership building features several offices and a large show room. The second level is designed as a mezzanine level that features several offices and meeting rooms. The 16,000 ft² of built out shop space incorporates 10 technical work stations complete with equipment that will accommodate the repair of any agricultural implement.

Tenant Brandt Tractor Ltd. | brandt.ca

The Capital Business Park

15730/40 – 118 Avenue Edmonton, AB

28,411 total ft2 | 4.10 acres of land
Acquired in 1999, Developed by IEI in 2012

Property Details

Located along one of Edmonton's busiest industrial roadways is the Capital Business Park. When acquired in 1999, there were several buildings on site. One of these buildings and approximately one acre of land was leased out to an equipment rental company. In 2006 the 10,758 ft² building was renovated which included a complete exterior upgrade consisting of a new roof, siding, landscaping and yard surfacing. The interior renovations featured a new sliding glass door entry system that leads to the 5,000 square foot showroom and climate controlled office area. A large repair and service shop includes a high pressure wash bay that allows for the cleaning of returned equipment.

In 2012, Imperial completed a build-to-suit development of a second 17,653 ft² building on the site for the waterworks division of EMCO. The building is constructed with insulated tilt-up concrete panels that are developed in a climate controlled environment then transported and erected on site. The office and showroom consists of over 5,000 ft² with the office portion being a two storey contemporary design with the latest in energy efficient components.

Tenants

EMCO Corporation | emcoltd.com
Ahern Equipment of Canada Inc. | ahern.com

Central Distribution Building

11415 – 120 Street Edmonton, AB

101,923 total ft² | 3.83 acres of land

Acquired in 2005

Property Details

Imperial's largest building is this 101,923 ft² concrete block building situated on 3.83 acres in Edmonton's Hudson's Bay Reserve area. The Central Distribution Building is leased to three different distribution type tenants and is situated in a very central part of Edmonton which allows each tenant easy access to a large potential client base. The property consist of one whole city block, and has the benefit of being located close to downtown Edmonton, as well as the former city centre airport, which is being redeveloped as the Blatchford neighbourhood. The area serves as an excellent location for a distribution or light industrial.

Tenants

Amre Supply Co Ltd | amresupply.com
Canteen Canada | canteencanada.com
Floral Delivery Edmonton (2020) Ltd.
floraldeliveryedmonton.com

Clear Water Bottling Building

7115 Girard Road Edmonton, AB

50,000 total ft² | 2.0 acres of land

Acquired in 2002

Property Details

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

Developed in 1982 this 50,000 ft² concrete block building is ideally suited for manufacturing and distribution. Extensive upgrades to Health Canada standards have enhanced its appearance as well as its functionality. Some notable upgrades include new 1200 amp power service, state of the art fire suppression and fire alarm systems. The property is fully paved with both dock and grade loading and has a generous energized parking lot. With 7,500 ft² of office and 42,500 ft² of production space, the building is ideally suited for its current occupant.

Tenant

Clear Water Bottling Inc. | clear-water.ca

Coppertone I Building

Coppertone Industrial Common
15103 – 121A Avenue Edmonton, AB

22,939 total ft^2 | 2.34 acres of land
Developed by IEI in 2004

Property Details

Imperial's Coppertone Industrial Common is a cluster of first-rate service and industrial buildings with one common theme. Each of our buildings share a copper façade that creates a look of quality that stands head and shoulders above anything in the immediate area and immediately identifies the buildings as Imperial Equities' property.

Developed in 2004, Imperial's Coppertone Industrial Common, now holds seven properties and almost 120,000 square feet of first-class industrial space. It is part of the well-established Mitchell Industrial District in Edmonton's Northwest, which is ideally located with quick access to Yellowhead Trail, Whitemud Drive, and the Anthony Henday ring road. Coppertone Industrial Common is home to several industrial and commercial tenants including: Gescan, Norwesco, Ledcor and Farm Credit Canada.

Coppertone I Building is occupied by Gescan, the tenant for which it was designed and built in 2004. The facility includes a 4,700 ft^2 2 storey office component with the balance of the building being a 22,939 ft^2, 28 foot high, state of the art warehousing facility, all on 2.34 acres of land. Amenities include enhanced mechanical systems, a fully paved and landscaped site, customer parking, both dock and grade loading along with a secured storage yard area. The building is a rectangular pre-engineered clear span, fully insulated metal building and is finished in a bronze colored exterior cladding. The office portion features a curtain wall window treatment of anodized smoke grey colored glazing.

Tenant Gescan | gescan.com

Coppertone II Building

Coppertone Industrial Common
12015 – 152 Street Edmonton, AB

21,000 total ft^2 | 5.13 acres of land
Developed by IEI in 2012

Property Details

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

Construction of the building is considered a "conventional build" with a steel superstructure. The first 8 feet of walls of the entire warehouse component are of a split faced concrete block. Above the concrete block and towering up to 30' in height are prefinished insulated panels. This building was designed in co-operation with the tenant, Norwesco, to serve their needs for decades to come.

Tenant

Norwesco Canada Ltd. | norwescocanada.com

Coppertone III Building

Coppertone Industrial Common
11921 – 152 Street Edmonton, AB

12,124 total ft^2 | 1.25 acres of land
Developed by IEI in 2018

Property Details

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

Tenant

Ledcor Group | ledcor.com

Coppertone IV Building

Coppertone Industrial Common
15035 – 121A Avenue Edmonton, AB

6,000 total ft^2 | 0.77 acres of land
Acquired in 2021

Property Details

Located within Imperial's Coppertone Industrial Common, the Coppertone IV building is situated on .77 acres, with 6,000 square feet of leasable office space on-site. The property is currently fully leased to a single commercial tenant. The building is a single-story, wood-frame office building with a full basement containing similar office configuration as the main floor. The site also features a paved parking lot, accessible from 121A Avenue.

Tenant

Sable Realty Corp. | sablerealty.ca

Coppertone VII Building

Coppertone Industrial Common
12004/40 – 149 Street Edmonton, AB

48,776 total ft^2 | 2.82 acres of land
Acquired in 2017

Property Details

The Coppertone VII building is situated along 149 Street and bookends the easterly boundary of our Coppertone Industrial Common. The building is sited on 2.82 acres of prime commercial/industrial real estate with considerable frontage along the highly utilized 149 Street in northwest Edmonton.

Built in 1999, this aesthetically pleasing multi tenant building features a great mix of leasable space including service, retail, distribution and office. All service bays include rear grade loading with ample maneuverability as well as electrified staff parking and two dock loading doors.

Construction of this 48,776 ft^2 building is of a high quality steel superstructure that is dressed up with a variety of decorative concrete block. The entire property is meticulously landscaped, and vehicular traffic areas are completely surfaced with concrete and asphalt. The location of Coppertone VII is strategic to Imperial's long term goal of creating an attractive and functional industrial area in northwest Edmonton.

Tenants

LDI Commercial Kitchen Repair Ltd. | lditechs.com
Battery World | batteryworld.net
Uniglassplus/Ziebart | uniglassplus.com
Fifendekel Pie Shop Café | fifendekel.ca
Magnacharge Battery Corporation | magnacharge.com
Farm Credit Canada | fcc-fac.ca
GCORE Canada | gcorevape.ca

Coppertone VIII Building

Coppertone Industrial Common
12212 – 152 Street Edmonton, AB

7,266 total ft^2 | 1.84 acres of land
Acquired in 2016

Property Details

Located in the highly established Mitchell Industrial district of northwest Edmonton, our Coppertone VIII building is situated on 1.84 acres of prime industrial property. Construction of this 7,266 ft^2 building is of a high quality steel superstructure with a combination of precast concrete and metal insulated panels. The 2,100 ft^2 office component is largely on ground level and several offices and a generous boardroom on the mezzanine level. The 5,166 ft^2 warehouse is a clear span, open space with a 21' ceiling height. The property is fully serviced with all amenities and is entirely chain link fenced. The entire yard is professionally graded, paved and accessed by 2 large gates allowing for drive in and drive out access for large trucks.

Tenant

Wolseley Canada Inc. | wolseleyinc.ca

Core Distribution Building

11311 - 120 Street Edmonton, AB

70,660 total ft^2 | 3.37 acres of land

Acquired in 2005

Property Details

Located in the heart of Hudson's Bay Reserve area and near the fringe of downtown Edmonton and the Blatchford redevelopment area, this 70,660 ft^2 building is situated on 3.37 acres, encompassing a whole city block. Features include over 20,000 ft^2 of premium showroom space, natural lighting in the warehouse with dock and grade loading.

In 2023, the building was completely renovated for its new tenant, MTF Mainland Distributors, operating as "Big Box Outlet Store", using components that fit within Imperial's Environmental, Social & Governance (ESG) sustainability plans. The tenant, Big Box Outlet Store, occupies 90% of the building.

Tenant

Big Box Outlet Store | bigboxoutletstore.ca

Day and Ross Crossdock Facility

11727 – 178 Street Edmonton, AB

22,600 total ft^2 | 4.79 acres of land

Acquired in 2002

Property Details

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

This facility is well located in Edmonton along 178 Street with easy access to the major thoroughfares such as the Yellowhead Trail and Anthony Henday. The building consists of an office area comprised of 2,594 ft² at the north end with the balance being 20,000 ft² of crossdock and warehousing space. The building is situated along the east boundary of the lot leaving the vast majority of the land to be used for truck and other vehicular manoeuvrability.

Tenant

Day and Ross Inc. | dayross.com

Dynomax Building

7501 – 42 Street Leduc, AB

41,630 total ft2 | 3.81 acres of land
Acquired in 2018

Property Details

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

Construction of this 41,630 ft² single occupant industrial building was completed in 2014. This first-class building was constructed using a steel superstructure and a combination of concrete block, stucco, and metal cladding. The 8,030 ft² office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The exterior of the office component incorporates quality features such as an abundance of large windows, decorative rock and a stucco façade.

The shop/warehouse areas comprise a total of 33,600 ft² with all the latest in engineering technology, including an in-floor water recycling system. There are 8 five-ton cranes on 4 individual craneways, all powered by a 1600 amp service.

Tenant

Dynomax Drilling Tools Inc. | dynomaxdrillingtools.com

EPCOR Building

6005 - 72A Avenue Edmonton, AB

58,393 total ft2 | 7.66 acres of land
Developed by IEI in 2008

Property Details

Located in the Davies Industrial East business park of Edmonton, this 58,393 ft² architectural gem is comprised of 25,520 ft² of office and 32,873 ft² of warehouse. The building is situated on 7.66 acres on the south side of 72A Avenue just east of 67 Street.

The building features a two storey curtain wall finish with the balance of the exterior walls of split face concrete block and acrylic stucco. It is barrier free, and all areas are wheelchair accessible. The interior features include two full floors of office, state of the art lighting and a fire supression system. The 2nd floor offices are accessed by elevator or by the feature staircase leading to an open area that overlooks the entire main reception. The warehouse features include extensive craneways and state of the art electrical and mechanical systems. The storage yard is a 4 acre fenced and compacted compound with over 100 electrified ports throughout the yard.

Tenant

Vacant

Essential Energy Building

77 Queensgate Crescent Red Deer, AB

43,396 total ft^2 | 10.0 acres of land
Acquired in 2014

Property Details

Developed in Red Deer's Queens Business Park this 43,396 ft^2 building is situated on 10 acres of prime real estate. The Queens Business Park is positioned at the junction of highways 11A and the Queen Elizabeth II and has become the desired location among corporations catering to the energy sector.

Built in 2014, this industrial tilt up concrete building is architecturally pleasing as well as state of the art. It employs a hydronic in-floor heating system throughout the building including the heating required for the large repair bays as well as the equipment wash bay.

The perimeter of the building has a large concrete apron and asphalt surfacing for automobile parking. The storage yard consisting of approximately 8 acres is completed with a clay and gravel base with geotechnical fabric covered with a further 12 inches of gravel thus creating a yard that will withstand any large loads placed on it. The entire site is chain link fenced and access is provided through several 40 foot cantilever gates with electronic openers.

Tenant

Essential Energy Services Ltd. | essentialenergy.ca

Master Group Building

11418 – 120 Street Edmonton, AB

25,595 total ft^2 | 1.58 acres of land
Acquired in 2004

Property Details

This well-located industrial warehouse building in northcentral Edmonton was specifically chosen by Master Group and Soper's Supply to be their first Edmonton location. The tenant, a large national company, wanted to expand its footprint in Alberta which consequently resulted in a long-term lease arrangement with Imperial. The property is comprised of a 1.58 acre site together with a 25,595 ft^2 building. The premises were architecturally designed with a configuration of 10,000 ft^2 of sales and administration areas including built to suit offices, training room and staff areas. In 2021, the building received an exterior facelift and improvements to the base building, roof, mechanical, electrical, plumbing, entrances, windows, warehouse, parking lot, site, landscaping and loading areas. The building boasts a sophisticated mechanical layout to showcase the products of the tenant and features fully air-conditioned warehouse areas.

Tenant

Master Group Inc. | master.ca

Rocky Mountain Equipment Building

6425 – 55 Avenue Vegreville, AB

33,295 total ft^2 | 5.89 acres of land

Acquired in 2019

Property Details

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

There are four buildings on the site totaling 33,295 ft^2 and each serve a specific purpose for the operations of Rocky Mountain Equipment (RME). The main building is 25,775 ft^2 and serves as a show room, parts room, general offices and a modern service centre, all on one level. Construction is a combination of concrete block, stucco, and metal cladding all wrapping a steel superstructure.

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

Tenant

Rocky Mountain Equipment Canada Ltd. | rockymtn.com

Russell Hendrix Building

11931 – 145 Street Edmonton, AB

71,570 total ft^2 | 2.97 acres of land

Acquired in 2020

Property Details

Located in Edmonton's Dominion Industrial area, this property serves as a distribution warehouse for a major supplier of foodservice equipment and supplies that serves much of its Western Canadian market from this location. Complementary to its purpose as a distribution centre is its location, close to major transportation links including 149 street, 118 Avenue, and Yellowhead Trail, a major thoroughfare. The fully fenced and paved property features 71,570 ft^2 of concrete-block building on a 2.97-acre site. It primarily consists of a large, open, distribution warehouse (62,594 ft^2) with 12 dock level overhead doors, full interior sprinklers and LED lighting throughout. The building has clear ceiling heights of 21 feet under deck. It also includes approximately 9,000 square feet of showroom that was developed for the tenant in 2021 and 2022. Though the building was originally constructed in 1972, a strong maintenance and replacement program has given it an effective age of approximately 10 years.

Tenant

Russell Food Equipment Ltd. | russellhendrix.com

Sable Building

8804 Yellowhead Trail Edmonton, AB

7,871 total ft^2 | 0.35 acres of land

Acquired in 2018

Property Details

Located along one of Edmonton's busiest thoroughfares in northeast Edmonton, the Sable Building achieves tremendous exposure given its south facing façade overlooking the Yellowhead Trail. In 2019, Imperial undertook to completely renovate the property with all new modern components and most prerequisites required to be included in a LEED certified project.

The 7,813 ft^2 masonry building comprises a large office, warehouse/shop, break room, storage room, and a 500 ft^2 mezzanine. The office features an abundance of built in teak cabinetry with granite tops that are accentuated by the high gloss epoxy finished walkways and carpet tile flooring throughout. The warehouse/shop includes features such as a large purpose-built wash bay with a retractable curtain system and ample power including 3 phase power. The entire building has new LED lighting and is secured with a camera system that covers every part of the interior and the exposed areas of the exterior. The large rectangular site is all level, fully fenced and is hard surfaced throughout.

Tenant

Sable Realty & Management Ltd.

Seaboard Canada Building

4737 – 97 Street Edmonton, AB

75,000 total ft^2 | 6.8 acres of land

Acquired in 2016

Property Details

Located in the highly established Papachase Industrial district of south Edmonton, the Seaboard Canada Building is situated on 6.8 acres of prime property. Bordered by major thoroughfares, the property has excellent access to surrounding arterials including Gateway Boulevard/Calgary Trail, Whitemud Drive and Edmonton's ring road, the Anthony Henday. Construction of this 75,000 ft^2 manufacturing facility is of a high quality steel superstructure with a combination of concrete block and metal insulated panels. The 10,000 ft^2 office component is built on two levels and features a large curtainwall front entry that immediately draws your eye to the property. The 65,000 ft^2 shop features dock and grade loading doors, a total of 14 cranes driven by a 1600 amp power service. Originally constructed in 1981 and expanded in 1991, the Seaboard Building underwent major renovations and upgrades in 2015. The fully paved parking lot is located all along the popular 97 Street and features 118 generous sized and energized parking stalls. The property has wonderful curb appeal and is fully serviced, fenced and landscaped.

Tenant

Seaboard Canada Ltd. | spmoilandgas.com

Skyway Canada Building

7303 – 36 Street Edmonton, AB

24,855 total ft2 | 2.19 acres of land

Acquired in 2017

Property Details

The Skyway Canada Building is located at the core of southeast Edmonton's established Weir Industrial district. The property consists of 2.19 acres of serviced industrial land with a 24,855 ft² industrial building. The large rectangular site is situated at the corner of 36 Street and 73 Avenue and provides effortless access onto 34 Street which connects to surrounding arterials including Sherwood Park Freeway, Whitemud Drive and Edmonton's ring road, the Anthony Henday. The Skyway building is archetypical of the industrial fabrication facilities that exist on the landscape of any industrial area. The long rectangular shaped building has 30 foot ceilings and is constructed of pre-engineered steel with a band of translucent wall panels along the underside of the roof overhang. These translucent panels allow for natural lighting throughout the interior of the building. The fully sprinklered building also includes features such as in slab floor heating along with several wall to wall radiant tubes. There are 3 bridge cranes ranging in size from 10 – 50 tons and a craneway that spans the entire length of the building. The property is fully serviced and all fenced.

Tenant

Skyway Canada Limited | skycan.ca

Team Industrial Building

2507 – 84 Avenue Edmonton, AB

33,500 total ft2 | 4.0 acres of land

Acquired in 2001

Property Details

Situated on a four acre site, this building is a single tenant custom constructed industrial building measuring approximately 33,500 ft². The building contains two concrete bunkers with 36-inch concrete walls and doors which allow the tenant to do non-destructive testing on-site. The specialty building is the only one of its kind in the Pacific Northwest.

Located along the Sherwood Park freeway this property has excellent exposure as well as easy access to all major thoroughfares in Edmonton's southeast industrial corridor. This highly specialized building is leased to a stable long-term tenant.

Tenant

TISI Canada Inc.| teaminc.com

United Rentals Building (Fort McMurray, Alberta)

140 TaigaNova Crescent Fort McMurray, AB

26,400 total ft² | 5.4 acres of land
Developed by IEI in 2011

Property Details

Along highway 63 on the north end of Fort McMurray lies the TaigaNova Eco- Industrial Park. Developed as a showcase industrial development in Fort McMurray, Alberta, it is a highly efficient Eco-Industrial Park that uses green infrastructure and innovative sustainable design approaches resulting in a higher quality industrial development. Imperial Equities is proud to be one of the first developers to begin construction in the Eco Park in September 2010.

The 26,400 ft² building is a precast concrete tilt up structure that has incorporated many green friendly features aimed at reducing the amount of natural resources buildings consume both during and after construction is completed.

More than 10% of the entire site is landscaped with mostly native vegetation. The balance of the yard area is concrete that is sloped to collect the surface water which is directed to the storm water retention pond. The 2-story office component features a curtain wall glass facade that will allow a great deal of natural light while keeping a controlled environment throughout summer and winter.

Tenant

United Rentals of Canada Inc. | unitedrentals.com

United Rentals Building (Fort Saskatchewan, Alberta)

11141 – 89 Avenue Fort Saskatchewan, AB

6,000 total ft² | 2.3 acres of land
Acquired in 2008

Property Details

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

This 2.3 acre property fronts highway 15 on the corner of 112 Street in Fort Saskatchewan, Alberta. The building is a 6,000 ft² concrete block structure that was completely renovated in 2008. The interior features include a showroom and a bank of offices. The shop features 3 repair bays and a complete wash bay. The entire yard is fenced and paved allowing for easy movement of equipment throughout.

Tenant

United Rentals of Canada Inc. | unitedrentals.com

Universal Rail Building

3403 – 74 Avenue Edmonton, AB

34,404 total ft² | 3.76 acres of land
Acquired in 2017

Property Details

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

Construction of this 34,404 ft² single occupant industrial building is of a high quality steel superstructure with a combination of metal cladding and a brick façade throughout the front office area. The 11,000 ft² office component is built on two levels and features high quality finishes and workmanship. The 23,400 ft² shop features an abundance of grade doors, a total of 5 overhead cranes with individual craneways and driven by a 1200 amp power service. Originally constructed in 1993, the Universal Rail Building has undergone major additions, renovations and upgrades including a complete renovation in 2016 that updated the building to comply with all current building codes. In 2022 and 2023 significant tenant specific improvements were completed to the building and yard. The building is fully sprinklered and has a large, paved parking lot with 60 energized parking stalls. The property is fully serviced, fenced and landscaped.

Tenant

Universal Rail Systems Inc. | universalrail.com

Wajax Building (Edmonton, Alberta)

17604 – 105 Avenue Edmonton, AB

41,054 total ft² | 4.67 acres of land
Acquired in 2020

Property Details

The Wajax Edmonton property is located within the busy McNamara Industrial Neighbourhood in Northwest Edmonton. The site has easy access to 170 street, Edmonton's busiest North-South roadway, and is proximate to 107 Avenue, a major East-West connector. Both major roadways are also equidistant to Edmonton's ring road, the Anthony Henday.

The site consists of two separate and contiguous properties totalling 4.67 acres. Each property has a fully functional building on site with a combined leasable area of 41,054 ft². The main building includes two stories of office space and more than 20,000 ft² of service bays with 16 large overhead doors. The second building is a steel frame superstructure with concrete walls and contains 10,612 ft² of service and warehouse space with four large overhead doors. Both buildings are equipped with heavy power, multiple crane-ways, overhead cranes and jib cranes. The site is fully fenced, landscaped and features both paved parking and a compacted, graveled storage yard.

Tenant

Wajax | wajax.com

Wajax Campus (Fort McMurray, Alberta)

**205 & 213 MacAlpine Crescent
Fort McMurray, AB**

58,224 total ft2 | 6.0 acres of land
Acquired in 2014, Developed by IEI in 2023

Property Details

Located near the southern limits of Fort McMurray and along the eastern side of highway 63, lies the Mackenzie Industrial Park. Matured and fully developed, this industrial area of Fort McMurray has played an integral part of the development of the region. Prominently located within the Park is the state of the art and architecturally pleasing Wajax Campus. Situated on 6 acres of prime industrial property, the site provides easy access and exposure to and from the two main thoroughfares.

The Wajax Campus consists of two separate industrial buildings that were completed in three phases. The first phase was developed and occupied in 2014. This 25,024 ft2 building has a structural steel frame with prefinished exterior metal insulated wall panels. The warehouse/shop areas have a ceiling height of 32 feet to underside of the steel trusses that easily accommodates the four 20-ton cranes. Phase II, which was completed in December 2022, included an 8,000 ft2 craned addition to Phase I which comprises 34' ceilings and large overhead doors that would accommodate huge oilsands related equipment. Phase III, which was completed in September 2023, was the development of an independent 25,200 ft2 building. All phases have both dock and grade loading with drive in and drive through capability.

Tenant Wajax | wajax.com

Wajax Building (Red Deer, Alberta)

123 Queensland Crescent Red Deer, AB

34,811 total ft2 | 4.72 acres of land
Acquired in 2021

Property Details

The Wajax Red Deer Building is located within the Queens Industrial Park, a 640-acre industrial development located in the northwest area of the City of Red Deer. It is located advantageously, right off of Highway 11A and with quick access to the Queen Elizabeth II Highway, Alberta's busiest corridor. The 34,811 ft2 industrial building was built in 2019, as a build-to suit for the current tenant, and the total size of the property is 4.72 acres. The tenant, Wajax Limited, was fully involved in the planning and design of the building from the very beginning.

The building is a modern precast concrete structure with approximately 10,811 ft2 of office space and 24,000 ft2 of warehouse space. The building also features 1 dock door and 17 extra wide grade doors which are positioned to create seven drive-through bays and a large wash bay. The warehouse has two craneways and four 10-ton cranes spanning the length of the space. It also features an SBS roof that extends beyond the north wall of the warehouse to provide a covered storage or work area and is complete with a concrete floor and an exterior wall, which allows for an easy transformation to create an additional 6000 ft2
of future warehouse expansion space.

Tenant Wajax | wajax.com

Wajax Building (Fort St. John, B.C.)

10135 Finning Front Fort St. John, BC

21,140 total ft^2 | 4.62 acres of land
Acquired in 2021

Property Details

Located in the heart of British Columbia's booming energy capital, this 21,140 square foot, concrete block industrial building is situated on 4.62 acres and fully leased to Wajax, one of Canada's longest standing and most diversified industrial products and services providers. The building features seven grade-level overhead doors, including two 18-foot by 18-foot doors, two 5-ton cranes and one 1.5-ton crane. It also has a two-story modern office component, a secure storage yard and freestanding yard storage structures.

In 2021 and 2022, significant improvements were completed throughout the property, with an emphasis on upgrades that support Imperial's focus on ESG. These included installations of LED lighting, upgrades to exterior wall cover panels for better insulation, and new TPO roof replacement. The interior office was upgraded with new flooring and lighting. Extensive work was also completed to improve the 3 acre secured storage yard.

Fort St. John is the energy centre of British Columbia with extensive energy related activity, growing capital investment and strong economic projections. The combination of a strong tenant and an attractive market made the purchase an ideal entry into British Columbia for the Company.

Tenant Wajax | wajax.com

Wajax Building (Nisku, Alberta)

1403 – 5th Street Nisku, AB

37,200 total ft^2 | 2.82 acres of land
Acquired in 2019

Property Details

The Wajax Building is located within the Nisku Business Park, one of North America's leading industrial manufacturing and service areas. Nisku Park is a well-developed and mature industrial park and centre of manufacturing activity for Northern Alberta and the Edmonton Metropolitan Region. The area is strategically located, proximate to the Queen Elizabeth II highway and the Edmonton International Airport.

The property consists of 2.82 acres with a 37,200 ft^2 single tenant industrial building originally constructed in 1996. The building is a structural steel frame/concrete block building with a decorative front facade. The building includes 11,600 ft^2 of office space located over two floors with open office areas and perimeter offices and boardroom areas. The 25,600 ft^2 of warehouse and shop space which consists of mainly open workspace, insulated metal walls/ceilings and craneways supporting four bridge cranes. The site is fully fenced landscaped and has an abundance of paved and energized vehicle parking stalls.

Tenant Wajax | wajax.com

Raw Land *held for future development*

12.9 Acres

NE Corner of 17 Street & 90 Avenue Edmonton, AB

Located along 17 Street in Edmonton's southeast industrial district is the Lauren Industrial Park which is conveniently situated just off the Sherwood Park Freeway with several access points to Edmonton's ring road, the Anthony Henday. This 12.9 acre site is the last undeveloped property in Lauren Industrial and is fully serviced and ready for development. Access to the site is off 90th Avenue. The site is a large square shaped parcel with excellent exposure. It is gently sloping with a hard clay base and gravel surface that is conducive to heavy truck or equipment usage.

0.91 Acres

15140 - 118 Avenue Edmonton, AB

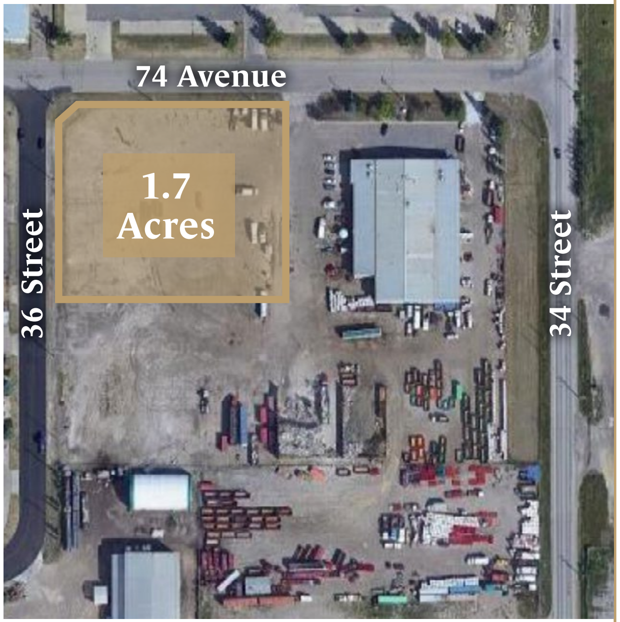
Located along 118 Avenue in the Mitchell Industrial area of Edmonton's northwest district is this 0.91 acre property, which provides excellent exposure to the very busy 118 Avenue thoroughfare. With approximately 335 feet of frontage along 118 Avenue, this rectangular shaped lot is unique in that it is a corner lot with access off of 118 Avenue and also 152 Street. The site is fully compacted and fenced and ready for development. All services are available and at the property line.

1.70 Acres

3503 - 74 Avenue, Edmonton, AB

Nestled in the highly desirable Weir Industrial area of southeast Edmonton is this 1.70 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city.

The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor. This corner lot is square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. Accessed off of 74 Avenue, the site features an extra wide approach with remote opening and locking gates. The enhancements that have been made to the site will mitigate time and costs toward the future development of this site.



1.71 Acres

7335 - 36 Street, Edmonton, AB

This 1.71 acre site is also located in the Weir Industrial area of southeast Edmonton and is one of the 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor. This property has easy access to 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The enhancements that have been made to the site will mitigate time and costs toward the future development of this site.

1.49 Acres

3603 - 73 Avenue, Edmonton, AB

This 1.49 acre property is also located in the highly desirable Weir Industrial area and is one of the 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor. The property has easy access from 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is almost square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The enhancements that have been made to the site will mitigate time and costs toward the future development of this site.

2.24 Acres

15003 - 121A Avenue, Edmonton, AB

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

3.0 Acres

14420 - 112 Avenue, Edmonton, AB

Conveniently located between 142 Street and 149 Street in central west Edmonton this 3 acre site, in the heart of the highly desirable Huff Bremner Industrial area, affords easy access to and from any of the major thoroughfares in Edmonton. Its connectivity to arterial roadways permitting truck traffic renders this site one of the more attractive locations anywhere in the city. The property is largely rectangular in shape and is flat, fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The site is electrified and features a large number of individual electrical plugs specifically designed for large transport truck usage. The enhancements that have been made to the site will mitigate time and costs toward the future development of this site.

"We have always been focused on the entire path, seeking to achieve sustainable growth and stability, and investing only in assets we can maintain, over the long term."

2023 Financial Statements

for the years ending September 30, 2023 and 2022

KINGSTON
ROSS
PASNAK LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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December 6, 2023
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Imperial Equities Inc.

Opinion

We have audited the consolidated financial statements of Imperial Equities Inc. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2023, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Matter

The consolidated financial statements for the year ended September 30, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 7, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Valuation of Investment Properties

We refer to the financial statement summary of significant accounting policies on investment properties recorded at fair value and related disclosure in Note 4.

At September 30, 2023, the Company held investment properties which are stated at a fair value of $260,517,019. The investment properties were considered a key audit matter due to the key inputs used in the valuation techniques and the sensitivity of assumptions. These key inputs including capitalization rates are dependent on the class of each investment property and the prevailing market conditions.

(continues)

To address the risk for material misstatement on the investment properties, our audit procedures included, amongst other procedures:

- Reviewing management's process, control and methodology around valuation;
- Evaluating the appropriateness of the valuation methodology and value source information used by management to calculate the fair value of the investment properties;
- Physical property verification;
- Engaging an expert in valuation to act as an auditor's expert in evaluating managements analysis;
- Performing recalculation of the fair value of the investment properties at September 30, 2023; and
- Evaluating the adequacy and reasonableness of the disclosure included in the consolidated financial statements related to the fair value of the investment properties.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

(continues)

Independent Auditor's Report to the Shareholders of Imperial Equities Inc. *(continued)*

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

IMPERIAL EQUITIES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**September 30, 2023**	September 30, 2022
Assets			
Investment properties	4	**$ 260,517,019**	$ 253,596,382
Mortgage receivable	5	**-**	1,439,324
Right-of-use asset	10	**362,598**	512,639
Total non-current assets		**260,879,617**	255,548,345
Current portion of mortgage receivable	5	**1,439,324**	32,992
Receivables	6	**237,344**	434,538
Prepaid expenses and deposits	7	**1,053,951**	926,750
Cash		**424,451**	232,998
Total current assets		**3,155,070**	1,627,278
Total Assets		**$ 264,034,687**	$ 257,175,623
Liabilities			
Mortgages	8	**$ 78,886,257**	$ 89,072,503
Security deposits		**745,791**	763,276
Lease liability	10	**245,776**	409,195
Deferred taxes	13	**16,721,444**	15,410,921
Total non-current liabilities		**96,599,268**	105,655,895
Other financing	21	**3,565,000**	3,000,000
Income taxes payable		**439,588**	886,079
Current portion of lease liability	10	**163,419**	155,543
Current portion of mortgages	8	**28,851,657**	18,969,418
Bank operating facilities	9	**19,873,766**	18,883,408
Payables and accruals	11	**2,614,324**	3,754,446
Total current liabilities		**55,507,754**	45,648,894
Total Liabilities		**152,107,022**	151,304,789
Equity			
Issued share capital	15	**5,947,346**	5,947,346
Retained earnings		**105,980,319**	99,923,488
Total equity		**111,927,665**	105,870,834
Total Equity and Liabilities		**$ 264,034,687**	$ 257,175,623

Guarantees, contingencies and commitments (Note 18)
Post-reporting date events (Note 22)

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

See accompanying notes to the consolidated financial statements.

IMPERIAL EQUITIES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended September 30,

	Notes	2023	2022
Rental revenue	17	**$ 19,736,765**	$ 19,067,094
Property operating expenses		**6,111,279**	5,608,308
Income from operations		**13,625,486**	13,458,786
Finance costs	12	**5,074,700**	4,376,974
Administrative expenses		**1,480,949**	1,476,540
Amortization of deferred leasing costs	4	**483,042**	352,258
Amortization of right-of-use asset		**150,041**	150,040
Gain on sale of investment property		**-**	(193,123)
Valuation gains from investment properties, net	4	**(2,131,024)**	(2,507,969)
Income before income tax		**8,567,778**	9,804,066
Income tax expense	13	**1,754,848**	1,950,395
Net income and comprehensive income		**$ 6,812,930**	$ 7,853,671
Earnings per share basic and diluted	16	**$ 0.72**	$ 0.83

See accompanying notes to the consolidated financial statements.

IMPERIAL EQUITIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of shares	Capital stock	Retained earnings	Total
Balance, October 1, 2021	9,451,242	$ 5,947,346	$ 92,731,404	**$ 98,678,750**
Dividends paid	-	-	(661,587)	**(661,587)**
Net income and comprehensive income	-	-	7,853,671	**7,853,671**
Balance, September 30, 2022	9,451,242	5,947,346	99,923,488	**105,870,834**
Dividends paid	-	-	(756,099)	**(756,099)**
Net income and comprehensive income	-	-	6,812,930	**6,812,930**
Balance, September 30, 2023	9,451,242	$ 5,947,346	$ 105,980,319	**$ 111,927,665**

See accompanying notes to the consolidated financial statements.

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

	Notes	2023	2022
Operating activities			
Net income from operations		**$ 6,812,930**	$ 7,853,671
Finance costs		**5,074,700**	4,376,974
Items not affecting cash:			
Amortization of right-of-use asset		**150,041**	150,040
Amortization of tenant inducements		**57,256**	66,201
Amortization of deferred leasing commissions		**483,042**	352,258
Valuation gains on investment properties, net		**(2,131,024)**	(2,507,969)
(Gain) loss on sale of investment property		**-**	(193,123)
Straight-line rental revenue		**(46,266)**	174,164
Deferred income taxes	13	**1,310,523**	1,138,767
Leasing commissions		**(405,558)**	(319,964)
Net change in operating working capital	14	**(66,195)**	119,051
Cash provided by operating activities		**11,239,449**	11,210,070
Investing activities			
Purchase of investment properties		**-**	(2,345,333)
Improvements and additions to investment properties		**(5,078,087)**	(5,553,720)
Proceeds from mortgage receivable		**32,992**	2,500,000
Net cash proceeds on sale of investment property		**-**	202,684
Change in investing payables and accruals	14	**(1,484,296)**	2,181,529
Cash used in investing activities		**(6,529,391)**	(3,014,840)
Financing activities			
Proceeds from new mortgages		**7,200,000**	20,500,000
Repayment of mortgages on maturity		**-**	(11,195,362)
Repayment of mortgages through principal instalments		**(7,572,089)**	(9,798,326)
Amortization of deferred finance fees		**89,682**	107,016
Fees associated with new or renewed mortgages		**(21,600)**	(81,343)
Advances from other financing		**3,285,000**	3,000,000
Repayment of other financing		**(2,720,000)**	(3,800,000)
Lease payments		**(180,000)**	(180,000)
Finance costs		**(4,833,857)**	(4,571,660)
Dividends paid		**(756,099)**	(661,587)
Net advances (repayments) on bank operating facilities		**990,358**	(1,477,084)
Cash used in financing activities		**(4,518,605)**	(8,158,346)
Increase (decrease) in cash and cash equivalents		**191,453**	36,884
Cash and cash equivalents, beginning of year		**232,998**	196,114
Cash and cash equivalents, end of year		**$ 424,451**	$ 232,998

See accompanying notes to the consolidated financial statements.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

1. Description of the Company

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

2. Significant accounting policies

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

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

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

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

The consolidated financial statements for the year ending September 30, 2023 were authorized for issue by the Board of Directors on December 6, 2023.

(b) Investment properties

Investment properties are comprised of acquired commercial properties, developed commercial properties, and properties under development or re-development, which are 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 reported at fair value, which reflects market conditions at the reporting date. Related fair value gains and losses arising from changes in the fair values of investment property are recorded in the consolidated statements of comprehensive income in the period in which they arise.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

For the purposes of these consolidated financial statements, in order to avoid double counting, the investment property fair value reported includes the straight-line rent receivable, unamortized balance of tenant incentives, and unamortized balance of leasing commissions.

Investment properties are derecognized when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognized in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Company considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15 *Revenue from contracts with customers*.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development, or inception of an operating lease to another party). For a transfer out of investment properties, the deemed cost for subsequent accounting is the fair value at the date of the change in use. For a transfer into investment properties, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in profit or loss at the date of transfer.

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

Refer to the section "Non-current assets held for sale" for the accounting for investment property classified as held for sale.

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 profit or loss. If the fair value of investment properties under development is not reliably determinable, the Company measures those investment properties under development at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of investment properties that necessarily take a substantial period of time to get ready for their intended use or sale are capitalized as a part of the cost of the asset. 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.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

(d) Property acquisitions and business combinations

When a property is acquired, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of judgement is set out in Note 3. Where such acquisitions are not determined to be an acquisition of a business , they are not treated as business combinations, but as asset acquisitions where the costs to acquire the assets and liabilities are allocated between the identifiable assets or liabilities based on their relative values at the acquisition date.

In accordance with IFRS 3 – Business Combinations ("IFRS 3"), the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired, and the liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest), or generating other income from ordinary activities. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied There are no acquisitions that meet the definition of a business in the current or prior years.

(e) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that a non-financial asset (excluding investment property accounted for at fair value) may be impaired. Should any indication of impairment exists, or when annual impairment testing for an asset is required, 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 or 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. In determining fair value less costs of disposal, recent market transactions are taken into account, and if no such transactions can be identified an appropriate valuation model is used.

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 profit or loss. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

(f) Non-current assets held for sale

The Company classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

(g) Leases

The Company as a Lessee

The Company assesses whether a contract is, or contains, a lease at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measure of the lease liability comprise:
- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of an option in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or a rate change in expected payment under a guaranteed residual value, in which cases, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, and any initial direct costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant, and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company applies IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statements of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient on its contract for office space which contains both lease and non-lease components.

The Company as a Lessor

The Company enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Company has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

(h) Revenue recognition

Rental income

The Company earns revenue from acting as a lessor in operating leases. Rental income arising from operating leases on investment property is recognized on a straight-line basis over the lease term, and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognized when it arises. 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. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as deferred leasing costs, and expensed over the lease term on the same basis as lease income.

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

Tenant incentives are inducements given to prospective tenants to move into the properties or to existing tenants to extend the lease term. Tenant incentives for lessees to enter into lease agreements are deducted from lease payments. Accordingly, tenant incentives 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 together with any further term for which the tenant has the option to continue the lease, where, at inception of the lease, the Company is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases, or compensate for damages to property are recognized in the consolidated statement of comprehensive income when the right to receive them arises.

The Company receives rental income from recoveries of property taxes and insurance. As these recoveries do not involve a transfer of services, they are not a separate component of the lease, and they have been grouped with rental income as a lease component. Recoveries of property taxes and insurance are recognized into income on a straight-line basis, based on estimated costs until actual costs are known at which time they are adjusted to recognize the recovery of the actual cost. 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.

Revenue from services to tenants

For investment property held primarily to earn rental income, the Company is a lessor in lease agreements that fall within the Scope of IFRS 16 *Leases.* These agreements include certain services offered to tenants including maintenance services (such as security, buildings and grounds maintenance, and snow removal). The consideration charged to tenants for these services includes fees charged based on a percentage of the rental revenue and reimbursement of certain expenses incurred. These services are specified in the lease agreements. The Company has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15 *Revenue from contracts with customers*. The Company allocates the consideration in the contract to the separate lease, and revenue (non-lease) components on a relative stand-alone selling price basis.

Operating expense recoveries represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Company. The Company applies the time elapsed method to measure progress and recognizes revenue over time for services in the period in which they are rendered. The consideration charged to tenants for these services is based on a percentage of rental income. The variable consideration only relates to the non- lease component and is allocated to each distinct period of services as it meets the variable consideration allocation exception criteria.

The Company arranges for third parties to provide certain of these services to its tenants. The Company concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore the Company records revenue on a gross basis.

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

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

(i) Income tax

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

Current income taxes 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 at the reporting date.

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. 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(j) Provisions

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

(k) Fair value measurements

The Company measures its mortgage receivable and investment property at fair value at the end of each reporting period.

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.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

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

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is 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

Recognition and derecognition
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into on of the following categories:

- Amortized cost;
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- The entity's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

All revenue and expenses related to financial assets that are recognized in profit or loss are recognized within finance costs, except for impairment of trade receivables which is recognized within administration expense.

Subsequent measurement of financial assets
Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL);

- They are held within a business model whose objective is to hold the financial assets and collect the contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effective discounting is immaterial.

As the Company's financial assets of receivables, and cash meet these conditions, they are subsequently measured at amortized cost.

The Company's mortgage receivable is classified as FVTPL. The Company does not have any financial assets categorized as FVOCI.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets held at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or any other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track the changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company considers historical credit loss experience, adjusted for forward-looking factors specific to the debtors, and the economic environment.

The Company considers a financial asset in default when the contractual payments are 90 days past due. However, in certain circumstances, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Classification and measurement of financial liabilities

The Company's financial liabilities include payables and accruals, bank operating facilities, other financing, and mortgages. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Company does not have any financial liabilities designated at FVTPL, or any derivative financial instruments.

(m) Cash and cash equivalents

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

(n) Changes in accounting standards and disclosures

New and amended standards adopted

Amendments were made to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, in order to clarify (i) the meaning of "costs of fulfill a contract", and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendments to IAS 37 were required to be applied for annual periods beginning on or after January 1, 2022. The adoption of the amendments to IAS 37 did not result in any adjustment in the Company's financial statements.

New and amended standards not yet adopted

The IASB has published several new, but not yet effective, standards, amendments to existing standards, and interpretations. None of these standards, amendments to existing standards, or interpretations have been early adopted by the Company, and management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Amendments to IAS 1 *Presentation of Financial Statements,* and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments will have an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Company's financial statements.

Amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The effective date of these amendments is for annual periods beginning on or after January 1, 2023 and it is to be applied retrospectively. No material change as a result of this amendment is expected to the Company's financial statements.

IAS 1 *Presentation of Financial Statements* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. The amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and clarify when a liability is considered settled.

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

2. Significant accounting policies (cont'd)

The effective date for the new guidance is for annual reporting periods beginning on or after January 1, 2024, and is to be applied retrospectively. The Company has not assessed the impact of this amendments on its consolidated financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been revised to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also emphasize that a change in an accounting estimate that results from new information or development is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes are an input or measurement technique that are not the result of an error correction. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

3. Significant accounting judgements, estimates and assumptions

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 applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of the lease term
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Company enters into lease agreements that contain options to terminate or extend the lease. At the commencement date of the lease, the Company determines whether a lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Company considers any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease, and the importance of the underlying asset in the lease's operations. In most cases, the Company does not identify sufficient evidence to meet the required level of certainty.

Property lease classification – the Company as lessor
The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major portion of the economic life of the commercial property, and the present value of minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

3. Significant accounting judgements, estimates and assumptions

Treatment of tenant incentives
Payments are sometimes made to, or on behalf of, tenants when new leases are signed. There is judgement in determining the treatment of these payments. 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 IFRS 16 *Leases.*

(ii) Revenue from contracts with customers

The Company applies the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determination of performance obligations

In relation to the services provided to tenants of investment property (such as repairs and maintenance and landscaping) as part of the lease agreements into which the Company enters as a lessor, the Company has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Company has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Company.

Principal versus agent considerations – services to tenants

The Company arranges for certain services provided to tenants of investment property included in the contract the Company enters into as a lessor, to be provided by third parties. The Company has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Company has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Company has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Company has concluded that it is the principal in these contracts. In addition, the Company has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

Determining the timing of revenue recognition on the sale of property

The Company evaluates the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract.

The Company has generally concluded that contracts relating to the sale of investment property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

3. Significant accounting judgements, estimates and assumptions (cont'd)

Consideration of significant financing component in a contract

For some contracts involving the sale of property, the Company is entitled to receive an initial deposit. The Company concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Company. The initial deposits are used to protect the Company from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

(ii) Investment properties

Additions to investment properties
There is judgment 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 when the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses, and borrowing costs ceases when the property under development is available for use. This judgment is applied when the property is substantially complete and is sometimes concurrent with occupancy.

Asset acquisition versus business combinations
In the normal course of operations, the Company acquires investment properties. At the time of the acquisition, the Company considers whether the acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. Mor specifically, consideration is given to the extent to which substantive processes are acquired (e.g. maintenance, cleaning, security etc.). To date, all acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

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 are described below.

(i) Valuation of investment properties

The fair value of investment property is determined by management, using recognized valuation techniques and the principles of IFRS 13 *Fair Value Measurement.* The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 4.

The determination of the fair value of investment property under lease that is valued using the income capitalization method requires the use of estimates such as future cash flows from the property and capitalization rates applicable to the property, as well as historical. 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 uses their market knowledge and professional judgment.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

3. Significant accounting judgements, estimates and assumptions (cont'd)

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

Land held for development and certain investment property under lease is valued with reference to historical and current market comparable values for similar properties. In determining which comparable properties were most comparable to the land held for development and specific investment properties, management considered factors such as the relative location, size, and access of the properties in comparison to the available market values.

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

(ii) 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.

Uncertainties exist concerning 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.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

4. Investment properties

	Income producing properties	Properties under development	Land held for development	Total investment properties
Balance, October 1, 2021	$ 232,421,152	$ 120,751	$ 12,401,992	$ 244,943,895
Additions:				
Property improvements and additions	119,692	5,085,518	-	5,205,210
Capitalized property taxes and other	-	-	130,872	130,872
Tenant inducements	217,639	-	-	217,639
Leasing commissions	319,964	-	-	319,964
Property acquisitions	2,285,534	-	-	2,285,534
Property dispositions	(1,422,078)	-	-	(1,422,078)
Amortization of tenant inducements	(66,201)	-	-	(66,201)
Amortization of deferred leasing commissions	(352,258)	-	-	(352,258)
Change in straight-line rental revenue	(174,164)	-	-	(174,164)
Fair value gains (losses), net	2,324,868	313,973	(130,872)	2,507,969
Balance, September 30, 2022	$ 235,674,148	$ 5,520,242	$ 12,401,992	$ 253,596,382
Reclassification of land held for development	(1,000,000)	-	1,000,000	-
Additions:				
Property improvements and additions	627,706	3,947,441	-	4,575,147
Capitalized property taxes and other	-	-	179,748	179,748
Tenant inducements	323,192	-	-	323,192
Leasing commissions	405,558	-	-	405,558
Reclassification of properties under development to income producing properties	11,008,986	(11,008,986)	-	-
Amortization of tenant inducements	(257,256)	-	-	(257,256)
Amortization of deferred leasing commissions	(483,042)	-	-	(483,042)
Change in straight-line rental revenue	46,266	-	-	46,266
Fair value gains (losses), net	1,193,825	1,541,303	(604,104)	2,131,024
Balance, September 30, 2023	**$ 247,539,383**	**$ -**	**$ 12,977,636**	**$ 260,517,019**

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

4. Investment properties (cont'd)

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

	September 30, 2023	September 30, 2022
Straight-line rent receivable	**$ 2,009,340**	$ 1,963,074
Tenant inducements	**666,306**	600,370
Leasing commissions	**1,795,722**	1,873,206
	$ 4,471,368	$ 4,436,650

The balance of tenant inducements is as follows:

	September 30, 2023	September 30, 2022
Tenant inducements	**$ 865,277**	$ 742,084
Amortization	**(198,971)**	(141,714)
Balance, end of year	**$ 666,306**	$ 600,370

The balance of deferred leasing costs is as follows:

	September 30, 2023	September 30, 2022
Deferred leasing costs	**$ 3,553,520**	$ 3,147,964
Amortization	**(1,757,798)**	(1,274,758)
Balance, end of year	**$ 1,795,722**	$ 1,873,206

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

Valuation methodology and processes

The fair value of investment properties at each reporting period is determined internally by management using assumptions and market information obtained from industry professionals and qualified external appraisers. Management uses inputs from external appraisers as additional sources of information when recording property-specific attributes. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, the investment properties are classified as Level 3 assets.

For all income producing properties, with the exception of two properties, and for properties under development held at fair value, the property is valued using the income capitalization method, where a property's fair value is based on the normalized net operating income generated by the property, which is divided by the capitalization (discount) rate. The Company determines the forecasted normalized net operating income using a one-year income forecast for each property based on current in-place leases, and assumptions about future renewals and occupancy, structural and vacancy reserves, less cash outflows expected to operate and manage each property within the portfolio. Capitalization rates used to estimate fair market value consider many factors including but not limited to; the location of the property, the size of the land parcel, site coverage, the quality and strength of tenants, whether lease rates are over or under current market rates, demand for the type and use of the property, the age of the building, any special use characteristics of the building or area, whether it is single-tenant or multi-tenanted and vacancy rates in the area.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

4. Investment properties (cont'd)

Market information related to the external sale of similar buildings within a similar geographic location is also taken into consideration in determining the appropriate capitalization rates. For the valuation of properties under development, management used the property's expected net operating income and a capitalization rate to prorate the fair value for the percentage complete throughout the period of construction.

Land held for development, and two of the income producing properties are valued based on sale data of comparable properties within the market area. Management considers various factors that would impact the comparable properties values including size, location, access, and availability of similar properties.

Each property is considered a separate asset class based on its unique nature, characteristics, and risks. For all investment property measured at fair value, the current use of the property is considered the highest and best use. For each property, the latest valuation is also compared to the valuation in the preceding quarters as well as the valuations of the two preceding annual periods. On the quarterly basis, management reviews the valuations with the audit committee.

The fair value of two of the income producing properties was previously determined based on the income capitalization approach. The Company believes the direct comparison approach provides better information about the fair value of the properties due to the unique nature of the properties and related assessment of the value to market participants interested in such properties, and has therefore decided to change the valuation method. This change in valuation method is applied prospectively as it is a change in estimate. Other than described above, there were no other changes in valuation techniques during the year.

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

	September 30, 2023	September 30, 2022
Income producing property		
Range of capitalization rates applied to investment properties	**4.50% - 8.50%**	4.50% - 8.50%
Fair values of properties where capitalization rates were applied	**$ 243,628,677**	$ 230,757,797
Weighted average capitalization rates	**6.44%**	6.38%
Weighted average net operating income	**$ 752,048**	$ 629,386
Fair value impact of increasing average capitalization rate by 0.25%	**$ (9,111,967)**	$ (8,700,399)
Fair value impact of a 1% decrease in net operating income	**$ (2,439,050)**	$ (2,310,365)
Land held for development		
Average price per acre of land	**$ 197,981**	$ 152,274
Number of acres held	**68.55**	64.55
Total fair value	**$ 12,977,635**	$ 10,152,036
Impact of a 10% decrease in the average price per acre	**$ (1,297,764)**	$ (1,015,204)
Land under lease agreements with tenants		
Number of acres leased	**4.90**	8.90
Average price per acre	**$ 495,027**	$ 804,574
Total fair values of leased land	**$ 3,910,710**	$ 7,160,710
Impact of a 10% decrease in average price per acre	**$ (391,071)**	$ (716,071)

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

5. Mortgage receivable

On August 1, 2022, the Company completed the sale of an investment property for total sale proceeds of $1,675,000 and agreed to a vendor take back ("VTB") mortgage in the amount of $1,475,000. The VTB bears interest at an annual rate of 4.5% with monthly blended payments of principal and interest of $8,164, and a maturity date of July 31, 2024. The VTB can be prepaid in whole or in part without penalty. The balance of the mortgage receivable at September 30, 2023 is $1,439,324 (2022 - $1,472,316).

During the year ended September 30, 2022, the Company received final payment on a VTB that was originally entered into as part of a sale of an investment property during the year ended September 30, 2020. The investment property sale included a VTB mortgage in the amount of $8,000,000, which originally bore interest at 2.5% per annum with monthly interest only payments, and a maturity date of July 21, 2021. On May 7, 2021, the terms of the VTB were amended. The Company received a payment of $5,500,000 and extended the VTB on the remaining balance of $2,500,000 to be received on or before August 15, 2021. The interest rate on the amended VTB was set at 6% per annum, and if the VTB was not paid by the maturity date, the balance of principal and unpaid interest would be due on demand. The principal and accrued interest on the outstanding balance was received after the maturity date, but prior to demand being made.

6. Receivables

	September 30, 2023	September 30, 2022
Receivables from tenants	**$ 222,545**	$ 431,844
Interest receivables	**5,348**	-
Other receivables	**9,451**	2,694
Balance, end of year	**$ 237,344**	$ 434,538

Tenant receivables at September 30, 2023 and 2022, include occupancy costs which are reconciled at each year-end and subsequently collected after year-end.

7. Prepaid expenses and deposits

	September 30, 2023	September 30, 2022
Prepaid operating expenses	**$ 926,932**	$ 899,731
Security deposits with municipalities	**27,019**	27,019
Deposits held in trust	**100,000**	-
Total	**$ 1,053,951**	$ 926,750

Prepaid operating expenses include prepaid insurance and property taxes. The deposit held in trust is a refundable deposit for a purchase of land (Note 18).

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

8. **Mortgages**

	Maturity	Monthly blended principal and interest payments	Rate	September 30, 2023	September 30, 2022
	October 1, 2023	$ 11,266	3.950%	**$ 11,229**	$ 143,163
*	October 1, 2023	46,776	4.090%	**4,639,139**	5,004,237
**	November 1, 2023	32,438	4.330%	**3,202,558**	3,448,623
***	December 1, 2023	39,285	4.648%	**3,846,275**	4,133,419
	January 1, 2024	22,298	4.300%	**1,682,599**	1,874,009
	January 1, 2024	17,696	4.300%	**1,335,396**	1,487,309
	April 1, 2024	26,788	2.110%	**3,551,844**	3,796,429
	July 1, 2024 (2022 - July 1, 2023)	22,084	6.91% (2022 - Prime +0.95%)	**1,430,709**	1,595,085
	August 1, 2024	71,809	3.300%	**7,899,062**	8,491,306
	November 1, 2024	63,681	3.555%	**7,044,169**	7,550,033
	December 1, 2024 (2022 - December 1, 2022)	33,003	6.073% (2022 - 3.670%)	**2,806,416**	3,034,362
	December 1, 2024 (2022 - December 1, 2022)	29,985	6.073% (2022 - 3.671%)	**2,549,785**	2,756,884
	February 1, 2025 (2022 - February 1, 2023)	17,662	5.72% (2022 - 3.750%)	**1,544,751**	1,671,265
	February 1, 2025	35,507	3.420%	**4,027,712**	4,311,765
	February 1, 2025	47,279	3.310%	**4,166,544**	4,589,983
	April 1, 2025	34,847	2.310%	**4,248,881**	4,565,410
	April 1, 2025 (2022 - April 1, 2023)	27,830	5.29% (2022 - 1.860%)	**3,073,687**	3,269,384
	August 1, 2025	27,279	2.837%	**3,309,756**	3,540,220
	October 1, 2025	63,227	6.720%	**7,200,000**	-
	April 1, 2026	23,715	2.675%	**2,181,648**	2,404,956
	July 1, 2026	39,884	2.710%	**5,187,713**	5,522,655
	July 1, 2026	76,219	2.710%	**9,913,807**	10,553,887
	October 1, 2026	65,250	2.940%	**8,504,926**	9,031,037
	November 1, 2026	75,501	2.930%	**9,898,484**	10,506,586
	June 11, 2029	42,759	3.480%	**4,613,752**	4,960,923
	Total mortgages			**$ 107,870,842**	$ 108,242,930
		Less: current portion of principal payments		**(28,851,657)**	(18,969,418)
		Less: balance of unamortized finance fees		**(132,928)**	(201,009)
				$ 78,886,257	$ 89,072,503
	Weighted average rate			**3.73%**	3.23%

* This mortgage was renewed prior to the end of its term, for a term of 2 years, with a maturity date of October 1, 2025, bearing interest at 6.99%, with monthly principal and interest payments of $52,967.

**This mortgage was renewed subsequent to year-end for a term of 2 years, with a maturity date of November 1, 2025, bearing interest at 6.94% per annum, with monthly blended principal and interest payments of $36,438.

***This mortgage was renewed subsequent to year-end for a term of 2 years, with a maturity date of December 1, 2025, bearing interest at 6.763% per annum, with monthly blended principal and interest payments of $43,161.

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

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

8. Mortgages (cont'd)

Vendor take back loan payable
During the prior year ended September 30, 2021, the Company acquired a property in Red Deer, Alberta in the amount of $9,300,000. As part of the consideration, the Company entered into a Vendor Take Back ("VTB") agreement in the amount of $2,500,000 bearing an interest rate of 3% per annum, due on demand by the seller of the property. The VTB was secured by the related investment property. During the year ended September 30, 2022, the full balance of the VTB along with accrued interest owing were paid in full.

9. Bank operating facilities

		September 30, 2023		September 30, 2022
Bank operating facilities	**$**	**19,873,766**	$	18,883,408

The Company has two credit facilities set out as follows:

1) One operating Line of Credit (LOC) with a limit of $15,500,000 (September 30, 2022 - $13,500,000).

   This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2023, of $15,104,226 (September 30, 2022 - $13,047,268). The credit facility has a fixed rate fixed term ("FRFT") component to a maximum of $8,000,000, which bears interest at 3.36% per annum with a three-year term ending February 1, 2024. The balance of the FRFT component at September 30, 2023 is $7,663,656 (2022 - $7,875,620. The remaining balance of the facility is revolving, and bears interest at prime plus 1% per annum. The LOC is secured by specific revenue-producing properties with combined fair values of $37,157,449 (September 30, 2022- $36,469,039). Prime rate at September 30, 2023 was 7.2% (September 30, 2022 – 5.45%).

   On November 8, 2022, the Company entered into an amending agreement which increased the operating line from $13,500,000 to $15,500,000 while maintaining the $8,000,000 FRFT component, and with the remaining balance as an interest only revolver. The lender may, on demand, require immediate payment of all amounts outstanding or accrued in connection with the facility as a whole.

   Specific covenants of this credit facility include the following:
   - Minimum Occupancy Level: The Company is required to have a minimum of 90% occupancy of the secured buildings. Should a secured property fall below the Minimum Occupancy level, a 6-month grace period will commence subject to a reduced Loan to Value Test of 50%, and the existing Debt Service Test.
   - Debt Service Coverage Ratio ("DSCR"): The DSCR is calculated as the net operating income divided by the debt service. The debt service is defined as the annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 4.5% (September 30, 2022 – 4.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points. The net operating income is defined as stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes, and other expenses that are not recovered from the tenants.
   - Loan to Value Ratio ("LTV"): The LTV must be maintained at less than 70%. The LTV is defined as the total debt on the secured properties divided by the current market value of the secured properties.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

9. Bank operating facilities (cont'd)

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: or b) the level at which a Loan to Value Ratio of 70% can be maintained for the secured properties, over which the Lender has a 1st mortgage and 60% for the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties. For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

The Company was in compliance with all of the covenants as at, and during the year ending September 30, 2023. During the year ended September 30, 2022, one of the securing properties had a lease expiration on March 31, 2022 where the lease was not renewed. A new lease was signed on August 4, 2022 with a new tenant. This resulted in a temporary breach of the bank's covenants relating to the occupancy rate of this facility as it fell below the 90%. The Company's lender was aware of the vacancy throughout the year and has waived the breach as at September 30, 2022 as it was remediated as of the fiscal year end.

2) A second operating LOC with a limit of $6,000,000 (September 30, 2022 – a limit of $6,000,000).

The balance on this credit facility at September 30, 2023, is $4,769,539 (September 30, 2022 - $5,836,140). This credit facility bears interest at prime plus 0.95% per annum and is secured by specific revenue-producing properties with combined fair values at September 30, 2023, of $32,209,073 (September 30, 2022 - $32,052,336).

On March 24, 2023, the Company entered into an agreement for a $2,000,000 temporary increase in the operating line of credit, creating a new limit of $8,000,000. On June 22, 2023, an additional temporary increase of $2,000,000 was approved increasing the credit limit to $10,000,000. The temporary agreements included a general security agreement covering a first position on all present and after acquired property and were extended to September 21, 2023 at which time, the Company received funding on a new mortgage. In accordance with the terms of the agreements, the proceeds of the new mortgage was used to reduce the outstanding balance on the line of credit. Additionally, at the expiration date of the extensions, the security agreement was discharged and the limit on the LOC reverted back to $6,000,000.

There are no specific covenants or margin formulas for this line of credit.

10. Leases

The Company as a lessee
The Company's lease liability and right-of-use asset relate to the Company's office lease.

Below is the carrying amount of the right-of-use asset recognized and the movements during the year:

		September 30, 2023		September 30, 2022
Balance, beginning of year	**$**	**512,639**	$	662,679
Amortization		**(150,041)**		(150,040)
Balance, end of year	**$**	**362,598**	$	512,639

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

10. Leases (cont'd)

Below are the carrying amounts of the lease liability and the movements during the year:

	September 30, 2023	September 30, 2022
Balance, beginning of year	**$ 564,738**	$ 712,784
Lease payments	**(180,000)**	(180,000)
Accretion of interest	**24,457**	31,954
Total	**409,195**	564,738
Less: Current portion	**(163,419)**	(155,543)
Long-term portion	**$ 245,776**	$ 409,195

The remaining lease term is 29 months and includes an option to extend the lease. There are no variable lease payments linked to an index and no termination options or options to purchase.

Future lease payments are as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
September 30, 2023					
Lease payments	**$ 180,000**	**$ 180,000**	**$ 75,000**	**$ -**	**$ 435,000**
Finance charges	**(16,581)**	**(8,305)**	**(919)**	**-**	**(25,805)**
Net present values	**$ 163,419**	**$ 171,695**	**$ 74,081**	**$ -**	**$ 409,195**
September 30, 2022					
Lease payments	$ 180,000	$ 180,000	$ 180,000	$ 75,000	$ 615,000
Finance charges	(24,457)	(16,581)	(8,305)	(919)	(50,262)
Net present values	$ 155,543	$ 163,419	$ 171,695	$ 74,081	$ 564,738

The Company as a lessor

The Company has entered into leases on its investment properties. Refer to Note 17 for further information.

11. Payables and accruals

	September 30, 2023	September 30, 2022
Trade payables	**$ 1,417,824**	$ 2,712,226
Accrued liabilities	**298,209**	242,807
Accrued loan interest	**542,731**	326,345
Current portion of tenant security deposits	**57,344**	40,810
Tenant inducement payable	**-**	200,000
Prepaid rent	**298,216**	232,258
Total	**$ 2,614,324**	$ 3,754,446

Trade payables include commissions payable on acquisitions and leasing fees, as well amounts payable for progress billings relating to properties under development. Accrued liabilities include occupancy costs due to tenants, accruals for work done but not yet billed on investment properties, and accrued vacation balances. Tenant inducements payable relate to a lease agreement with a tenant signed during the prior year. Prepaid rents from tenants relate to rents due on the first of the following month, and the balance represents rents paid in advance which are recognized in revenue over the applicable months.

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

12. Finance costs

The components of finance costs are as follows:

		2023		2022
Interest on mortgages	**$**	**3,541,154**	$	3,546,287
Interest on bank operating facilities		**1,205,258**		666,330
Interest on other unsecured financing		**281,830**		40,425
Interest on lease obligations		**24,457**		31,954
Amortization of deferred financing fees		**89,682**		107,016
Interest income		**(67,681)**		(15,038)
Total	**$**	**5,074,700**	$	4,376,974

13. Income taxes

a) Provision for income taxes

Components of income tax expense (recovery)

		2023		2022
Current tax expense	**$**	**439,590**	$	885,990
Prior period adjustments		**4,735**		(74,362)
Deferred tax expense		**1,310,523**		1,138,767
	$	**1,754,848**	$	1,950,395

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 of 23.00%. These differences result from the following:

		2023		2022
Income before income taxes	**$**	**8,567,778**	$	9,804,067
Expected income tax expense at 23.00% (2022 - 23.00%)		**1,970,589**		2,254,935
Increase (decrease) resulting from:				
Non-taxable items		**(217,383)**		(238,708)
Prior period adjustments		**(4,965)**		(74,632)
Tax rate differentials and tax rate changes		**7,107**		8,800
Other		**(500)**		-
	$	**1,754,848**	$	1,950,395

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

13. Income taxes (cont'd)

b) Deferred taxes

	September 30, 2023	September 30, 2022
Deferred tax assets are attributable to the following:		
Lease liability	**$ 94,115**	$ 129,890
Capital losses	**-**	2,889
Total deferred tax assets	**94,115**	132,779
Offset of deferred tax liabilities	**(94,115)**	(132,779)
Net deferred tax assets	**$ -**	$ -

	September 30, 2023	September 30, 2022
Deferred tax liabilities are attributable to the following:		
Straight-line rent receivable	**$ 462,148**	$ 451,507
Investment properties	**15,842,858**	14,512,133
Finance fees	**3,479**	13,551
Deferred leasing	**413,016**	430,835
Right-of-use-asset	**83,398**	117,907
Capital gain reserve	**10,660**	17,767
Total deferred tax liabilities	**16,815,559**	15,543,700
Offset of deferred tax assets	**(94,115)**	(132,779)
Net deferred tax liabilities	**$ 16,721,444**	$ 15,410,921

$30,273,649 (September 30, 2022 - $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.

14. Supplemental consolidated cash flow information

	2023	2022
Change in operating working capital:		
Receivables	**$ 197,194**	$ (154,788)
Prepaid expenses and deposits	**(127,201)**	(21,251)
Security deposits	**(17,485)**	14,668
Payables and accruals	**327,788**	98,277
Income taxes payable	**(446,491)**	182,145
Net change in operating working capital	**$ (66,195)**	$ 119,051
Interest paid	**$ 5,921,775**	$ 3,994,548
Income taxes paid	**$ 890,816**	$ 641,831

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

14. Supplemental consolidated cash flow information (cont'd)

Non-cash transactions		2023		2022
Tenant inducement payable reversed	$	200,000	$	-
Mortgage receivable	$	-	$	1,475,000

15. Share capital

The Company has unlimited authorized common share capital.

	September 30, 2023		September 30, 2022	
	#	$	#	$
Shares issued, beginning of year and end of year	9,451,242	5,947,346	9,451,242	5,947,364

During the year ended September 30, 2023, the Company paid dividends of $0.08 per shares for a total of $756,099 (2022 - $0.07 per share for a total of $661,587).

16. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income and comprehensive income for the year attributable to shareholders by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by dividing the net income and comprehensive income for the year attributable to shareholders by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of dilutive potential common shares into common shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

		2023		2022
Net income and comprehensive income attributable to shareholders	$	6,812,930	$	7,853,671
Weighted average number of shares		9,451,242		9,451,242
Basic and diluted earnings per share	$	0.72	$	0.83

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

17. Rental revenue

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

		2023		2022
Rental revenue, contractual amount	**$**	**14,708,303**	$	14,716,654
Property tax and insurance recoveries		**3,125,588**		2,823,511
Amortization of tenant inducements		**(57,256)**		(66,201)
Straight-line rental revenue		**46,266**		(174,164)
Lease income		**17,822,901**		17,299,800
Operating expense recoveries		**1,696,644**		1,767,294
Other		**217,220**		-
Total Rental Revenue	**$**	**19,736,765**	$	19,067,094

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

		2023		2022
One year	**$**	**14,075,725**	$	14,154,551
One to two years		**12,711,787**		12,273,128
Two to three years		**11,404,436**		10,909,394
Three to four years		**10,217,969**		9,816,562
Four to five years		**8,688,244**		8,694,726
Thereafter		**34,448,835**		26,442,372
	$	**91,546,996**	$	82,290,733

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

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).

IMPERIAL EQUITIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

18. Guarantees, contingencies, and commitments (cont'd)

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 21.

d) During the year ended September 30, 2022, the Company entered into a construction contract to build an additional 33,200 ft^2 of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price was $8,600,000. As of September 30, 2023 construction was completed. Payables and accruals at September 30, 2023 include $905,800 related to holdbacks payable that will be released on final approval of the construction (2022 - $2,390,132 in payables for construction and holdbacks payable).

e) During the year ended September 30, 2023, the Company entered into a purchase agreement to acquire land for a total purchase price of $8,000,000. The agreement required an initial deposit of $100,000 which was paid by the Company and is included in prepaids and deposits. The initial deposit is refundable if certain conditions related to completing a build-to-suit agreement with a third party, as well as receipt of and review of environmental and real property reports and approval by the Board of Directors of the Company, are met. Within 30 days of the Company waiving the conditions, an additional $600,000 deposit is required, and the balance of the purchase price is due upon closing and transfer of the title of the land.

19. Capital risk management

The Company defines capital that it manages as the aggregate of its equity. 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended September 30, 2023 and 2022.

The Company monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. The Company policy is to keep the average loan to value ratio below 70%. The Company is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced, or may not be refinanced on as favorable terms or with interest rates as favorable as those of the existing debt. The Company mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, enhance the value of its real estate properties, maintain high occupancy levels, and ensure compliance with any debt covenants. The Company is only subject to debt covenants on its bank operating facilities and is in compliance with its covenants at September 30, 2023.

	September 30, 2023	September 30, 2022
Investment properties	**$ 260,517,019**	$ 253,596,382
Mortgages	**107,737,914**	108,041,921
Bank operating facilities	**19,873,766**	18,883,408
Other financing	**3,565,000**	3,000,000
Total Loans	**$ 131,176,680**	$ 129,925,329
Loan to value ratio	**50%**	**51%**

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

20. Financial instruments

		September 30, 2023		September 30, 2022
Financial assets				
Cash and cash equivalents	**$**	**424,451**	$	232,998
Receivables		**237,344**		434,538
Mortgage receivable		**1,439,324**		1,472,316
		2,101,119		2,139,852
Financial liabilities				
Bank operating facilities	**$**	**19,873,766**	$	18,883,408
Payables and accruals		**2,614,324**		3,754,446
Other financing		**3,565,000**		3,000,000
Lease liability		**409,195**		564,738
Security deposits		**745,791**		763,276
Mortgages		**107,737,914**		108,041,921
	$	**134,945,990**	$	135,007,789

The carrying value of cash and cash equivalents, receivables, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the short term and demand nature of those instruments.

The fair value of mortgage receivable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar debt with similar terms and conditions. If the interest rate used to discount the fair value were to decrease by 1%, the fair value of the mortgage receivable would decrease by $12,000.

The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at September 30, 2023 is $102,248,000 (September 30, 2022 - $100,675,995). These estimates are subjective as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for this calculation is 6.84% (September 30, 2022 – 6.40%).

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 is exposed to credit risk equivalent to the balance of its tenant receivables of $222,545 at September 30, 2023 (September 30, 2022 - $431,844), and cash and cash equivalents of $424,451 (September 30, 2022 - $232,998). Credit risk on tenant receivables arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. For tenant accounts receivable, the Company applies the general approach to recognize expected credit losses ("ECL") in the next twelve months. Management uses historical credit losses adjusted for current and forward-looking information which may affect the ability of the customers to settle receivables. Historically the Company has very little credit losses as most tenants have been able to meet their financial obligations. At September 30, 2023 there is no loss provision for tenant receivables (September 30, 2022 - $nil).

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

20. Financial instruments (cont'd)

Accounts receivable are written off when there is no reasonable expectation of recovery. During the year, $129,608 (September 30, 2022 - $nil) of receivables were written off and included in administrative expenses.

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

Interest rate risk
The Company's exposure to interest rate risk relates to its short-term floating interest rates on the portion of bank operating facilities that are not fixed rate fixed term. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance of the floating rate portion of the bank operating facilities at September 30, 2023 is $12,210,110 (September 30, 2022 - $11,007,788). Under the assumption any balance of the floating rate 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 $122,101 (September 30, 2022 - $110,078). The Company minimizes its exposure to interest rate risk to the extent that all mortgages (2022 – all mortgages with the exception of one) have fixed rates with terms of 2-5 years, and a portion of the bank operating facility is at a fixed rate (Note 9).

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

During the current year, the Company renewed five mortgages. Three mortgages were renewed for a further 1-3 years at fixed rates. The Company also entered into a new mortgage with proceeds of $7,200,000 and a fixed interest rate.

Contractual obligations at September 30, 2023

	1 year	2-3 years	3-4 years	4-5 years	5-6 years	Thereafter	Total
Gross mortgage payments	$32,644,681	$ 36,039,265	$27,995,503	$15,399,435	$ 513,106	$ 2,759,105	$115,351,095
Payables and accruals	2,614,324	-	-	-	-	-	2,478,324
Gross lease liability payments	180,000	180,000	75,000	-	-	-	435,000
Security deposits	57,344	25,445	-	75,816	116,914	527,614	803,133
	35,496,349	36,244,710	28,070,503	15,475,251	630,020	3,286,719	119,067,552
Other financing	3,565,000	-	-	-	-	-	3,565,000
Operating facilities	19,873,766	-	-	-	-	-	19,873,766
	$58,935,115	$36,244,710	$ 28,070,503	$15,475,251	$ 630,020	$ 3,286,719	$ 142,506,318

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

20. Financial instruments (cont'd)

Contractual obligations at September 30, 2022

	1 year	2-3 years	3-4 years	4-5 years	5-6 years	Thereafter	Total
Gross mortgage payments	$22,032,456	$33,026,027	$25,182,729	$17,337,588	$15,399,435	$3,272,211	$116,250,446
Payables and accruals	3,754,446	-	-	-	-	-	3,754,446
Gross lease liability payments	180,000	180,000	180,000	75,000	-	-	615,000
Security deposits	40,810	55,894	25,445	-	79,321	602,614	804,084
	26,007,712	33,261,921	25,388,174	17,412,588	15,478,756	3,874,825	121,423,976
Other financing	3,000,000	-	-	-	-	-	3,000,000
Operating facilities	18,883,408	-	-	-	-	-	18,883,408
	$47,891,120	$33,261,921	$25,388,174	$17,412,588	$15,478,756	$3,874,825	$143,307,384

21. Related party transactions

The following are the related party transactions of the Company.

a) *Management agreements*

Sable Realty & Management Ltd. ("Sable") provides property management services to the Company. Sable is controlled by the President and CEO of the Company. Transactions with Sable include payment of a property management fee calculated as 4% of gross rents paid plus a flat fee for ground maintenance on certain properties and payment of property maintenance fees for labour, travel, and equipment usage. Project fees may also be charged by Sable to the Company for large scale tenant improvements, which are negotiated on a project by project basis.

North American Realty Corp. ("NARC") provides asset management services to the Company, and is also controlled by the President and CEO of the Company. Transactions with NARC include leasing, acquisition, and disposition fees.

Transactions with related parties are as follows:

	September 30, 2023	September 30, 2022
Property management and maintenance fees paid to Sable	**$ 1,436,959**	$ 1,272,355
Acquisition fees paid to NARC	**-**	22,500
Disposition fees paid to NARC	**-**	50,250
Leasing fees paid to NARC	**120,806**	229,797
Total payments	**$ 1,557,765**	$ 1,574,902

At September 30, 2023 the Company has $35,023 in outstanding payables to Sable (2022 – $9,159 to Sable, and $208,818 to NARC).

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

21. Related party transactions (cont'd)

b) *Other related party transactions*

i) Payments made to (received from) Sable Realty & Management Ltd. in the normal course of business are as follows:

	September 30, 2023	September 30, 2022
Leased office space and parking	**$ 180,000**	$ 180,000
Fees for accounting/consulting services	**-**	1,800
Rent at Sable Centre	**(94,923)**	(94,923)
Net payments for the year	**$ 85,077**	$ 86,877

ii) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the year were $45,000 (2022 – $45,000).

iii) 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 amount disclosed in the table are recognized as an expense during the year. There were no other transactions with key management personnel.

	September 30, 2023	September 30, 2022
Salaries and wages	**$ 544,570**	$ 625,900
Short-term employee benefits	**12,731**	21,457
Total	**$ 557,301**	$ 647,357

iv) Other financing, unsecured

Related Parties	Balance October 1, 2022	Advances	Repayments	Balance September 30, 2023
Jamel Chadi, Shareholder[1]	$ 1,200,000	$ 1,350,000	$ (585,000)	**$ 1,965,000**
Sine Chadi, Shareholder[1]	750,000	1,050,000	(200,000)	**1,600,000**
NAMC[2]	350,000	885,000	(1,235,000)	**-**
Diane Buchanan, Shareholder[1]	700,000	-	(700,000)	**-**
Total	$ 3,000,000	$ 3,285,000	$ (2,720,000)	**$ 3,565,000**

Related Parties	Balance October 1, 2021	Advances	Repayments	Balance September 30, 2022
Jamel Chadi, Shareholder[1]	$ 2,100,000	$ 1,200,000	$ (2,100,000)	$ 1,200,000
Sine Chadi, Shareholder[1]	700,000	750,000	(700,000)	750,000
NAMC[2]	-	350,000	-	350,000
Diane Buchanan, Shareholder[1]	1,000,000	700,000	(1,000,000)	700,000
Total	$ 3,800,000	$ 3,000,000	$ (3,800,000)	$ 3,000,000

IMPERIAL EQUITIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended September 30, 2023 and 2022

21. Related party transactions (cont'd)

1. Loans received from shareholders bears interest at an annual rate of 6%. Total interest expense during the year ended September 30, 2023 was $254,341 (2022 - $34,597). Accrued interest on the loans at September 30, 2023 is $233,755 (2022 - $33,646) and is included in payables and accruals.

2. Loans from North American Mortgage Corp. ("NAMC"), a company controlled by the President and shareholder of the Company, bear interest at 6% per annum. Total interest expense for the year ended September 30, 2023 was $27,341 (2022 - $5,828). Accrued interest on the loan at September 30, 2023 is $nil (2022 - $2,933) and is included in payables and accruals.

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

22. Post-reporting date events

On October 5, 2023, the Company declared a quarterly dividend of $0.02 per share totalling $189,025 which was paid on October 31, 2023, to shareholders of record effective October 20, 2023.

Board of Directors

Board of Directors

Sine Chadi
CEO & Chairman of the Board

Sine Chadi is the founder of Imperial Equities Inc. and has been the principal driver of its growth and development, overseeing all day-to-day aspects of the Corporation's development and management. He has worked in the real estate and development industries for more than 45 years. He is the owner of several companies involved in real estate sales, asset management, property management and mortgage financing. Mr. Chadi is an active community leader who has determinedly and financially supported many community groups and charities. He has received numerous awards for his business achievements and community involvement including being recognized as a recipient of the Queen Elizabeth II Golden Jubilee Medal (2002), the Alberta Centennial Medal (2005), a finalist for Ernst & Young's Entrepreneur of the Year (2008), the Queen Elizabeth II Diamond Jubilee Medal (2012). He was inducted to the City of Edmonton Hall of Fame (2013), the Alberta Business Hall of Fame by the Junior Achievement of Northern Alberta and NWT (2022) and received the Queen Elizabeth II Platinum Jubilee Medal (2023).

Mr. Chadi is a renowned philanthropist and fundraiser in the Edmonton area, donating and raising millions on behalf of organizations including the Glenrose Rehabilitation Hospital's pediatric unit, where $7,000,000 was raised and the Chadi Family Foundation made a lead donation of $1 million toward the Chadi Centre for Pediatric Rehabilitation. He is currently leading an effort to raise funds for a new Glenrose Hospital program supporting COVID long-haulers and continues to support many other organizations as well. His charitable activities are conducted through his companies and increasingly through the Chadi Family Foundation, which prioritizes healthcare, the arts, sports and other community causes. He is a current board member of the Parkinson Association of Alberta, and of the Gordon and Diane Buchanan Family Foundation, and a past board member of the Capital Care Foundation and the Glenrose Hospital Foundation.

Diane Buchanan
Director

Diane Buchanan has worked in the real estate industry and the Edmonton business community for more than 30 years. She is the former CEO of Advanced Panel Products Ltd. and a former real estate agent that owned several real estate brokerages and has developed several real estate properties including the Union Bank Inn, a 4-star hotel in downtown Edmonton. Ms. Buchanan is also the CEO of Yorkshire Equities and Chair of the Gordon and Diane Buchanan Family Foundation, which has donated more than $16 million to charitable causes to date.

Ms. Buchanan also developed the Buchanan Centre, a world-class wellness centre for Albertans impacted by Parkinson's disease. She continues to lead the development of an endowment fund to ensure Centre sustainability. In 2021, she was named the first female Honorary Lt. Colonel since 1895 for the Military Police for Western Canada and the NWT (overseeing the Army, Navy, and Air Force) and was inducted to the Northern Alberta Junior Achievement Business Hall of Fame. Ms. Buchanan was also recognized in 2019 by being inducted in the City of Edmonton Hall of Fame. She has also been an active Rotarian for many years and is former member of the Royal Alexandra Hospital Foundation Board, a founding member of the Lois Hole Hospital for Women Foundation, and a volunteer/event organizer for the Edmonton Humane Society, as well as an ongoing supporter of multiple community and arts organizations.

Kevin L. Lynch
Director

Kevin Lynch was a partner with Bennett Jones in its Edmonton office (retired December 2021) and is a Vice-President with Grow Lending Group Inc. In his legal practice, he acted for corporations, financial institutions and private equity firms in mergers and acquisitions, financings, commercial real estate financings and corporate/commercial matters. An active member of the community, Mr. Lynch has previously volunteered for sports organizations, school boards, condominium boards, and has assisted with fund raising for hospital foundations. More recently, he has been actively involved in campaigns to increase the awareness of the life-giving gift that is organ donation.

Dave Majeski, ICD
Director

Dave Majeski retired from the Royal Bank of Canada in 2015 after 47 years of continuous service. He enjoyed a diverse career that included branch network and operations, human resources and commercial markets. Most recently, he was the Vice President Real Estate and Construction Services in Edmonton and the market lead for Red Deer North, which included north eastern British Columbia and the Territories. Mr. Majeski is a graduate of the Institute of Corporate Directors – Rotman Directors Education Program. He continues to be an active community supporter and serves two not-for-profit boards and associations. In 2013, Mr. Majeski was recognized as a distinguished citizen by MacEwan University and awarded an Honorary Bachelor Degree. In 2015, he was inducted into the City of Edmonton Hall of Fame for his outstanding community service.

Susan Green, ICD
Director

Susan Green is an experienced board director with demonstrated success on public, private and not-for-profit sector boards. Ms. Green is a director with the Great Western Brewing Company Ltd., Chair of the Resilience Initiative for Crossroads international and Chair of Governance for Habitat for Humanity Canada. She was chair of the Alberta Liquor and Gaming Commission and was a director, officer and owner of Guardian Chemicals Inc. She served as Vice President of External Relations at the University of Alberta and previously held senior executive leadership roles at the Alberta Cancer Board, the Alberta Cancer Foundation and the Government of Alberta. In addition to Crossroads International and Habitat for Humanity, she is presently serving/has served as chair or on the executive committee of provincial, national and international organizations such as the Lieutenant Governor of Alberta Arts Awards Foundation, Peter Lougheed Leadership College, Pearson College of the Pacific, the Rotary Club of Edmonton Glenora and Edzimkulu: A Society for Children with AIDS in South Africa. Ms. Green holds a Bachelor of Arts degree from the University of Alberta, certificates from the Banff School of Advanced Management, the Niagara Institute, the Foundation of Administrative Justice and has her designation from the Institute of Corporate Directors. She is the recipient of Daughter of the Year Award 2017, Distinguished Citizen Award from MacEwan University (2014), the Queen's Diamond Jubilee Award (2013), Global Woman of Vision (2006), the Alberta Centennial Medal (2005) and Venture Magazine's 2016 Top 50.

Contact Information

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ANNUAL MEETING

Date: March 14, 2024
Time: 2:00pm MST
Zoom Videoconference: https://bit.ly/IEIAGM2024

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