THE EVOLUTION OF A COMPANY

IMPERIAL EQUITIES INC.

2018 ANNUAL REPORT

CONTENTS

2018 PRESIDENT'S REPORT

SINE CHADI
CEO & Chairman of the Board

REPORT TO SHAREHOLDERS
2018 CEO MESSAGE

The Evolution of a Company

1998 - 2018

This year marks the 20th anniversary of unremitting progress of a corporation that in 1997 was a nonentity.

What began as a new start up industrial real estate company with sights set on its home base of Edmonton, Alberta, has now morphed into a significant publicly traded enterprise with assets in multiple jurisdictions throughout Alberta. From the very beginning and every year thereafter, despite periodic economic turbulence, our company continually expanded its industrial real estate portfolio. We can now proudly proclaim that our total assets are valued at over $212,000,000 and over the next five years we expect exponential growth that will unfold throughout Canada. Imperial Equities has truly exemplified this year's mantra **"the evolution of a company"**, a company that any shareholder would find rewarding.

Imperial has always been resolute in ensuring the quality of its assets are superior and the scale of its tenant base being primarily multinational, national or large regional. Our steadfast resolution to stay committed to these principles has certainly allowed us to forge forward on a solid foundation that has become the basis to take us to the next level. Our pursuit to grow a large portfolio of industrial real estate properties has us exploring throughout Canada. Management has been very active in searching for revenue producing properties that fit our criteria. Properties in cities as well as smaller markets throughout Alberta and other parts of Canada such as Vancouver, Kelowna, Regina, Winnipeg, Toronto and the Maritimes have been vetted and remain under close consideration.

New construction and new acquisitions along with proposed acquisitions has defined this past year as the most active in our history. This year we added the construction of two new buildings and the acquisition of two existing buildings as well as the acquisition of four vacant raw land properties to our portfolio. Our pursuit to grow is further demonstrated by the events that took place immediately subsequent to September 30, 2018 whereby Imperial agreed to acquire three different properties all located in Edmonton. The first is a large industrial building in the coveted Edmonton Research Park in central south Edmonton. Secondly is the acquisition of three acres of raw land in northwest Edmonton and thirdly we completed negotiations on an industrial building located along the highly popular Yellowhead Trail. The acquisition of all three of these properties will be finalized in Q1 2019.

Throughout our 20-year history we resisted the idea to venture beyond the boundaries of a major or mid-sized city. This year we made the move beyond those boundaries and our inaugural venture began with a new build to suit John Deere dealership in Hanna, Alberta. In Q1, 2018, Imperial completed negotiations with a multinational corporation to construct a 24,454 ft^2 facility on 16.5 acres of what will soon become commercial land. A new 20-year lease agreement was finalized, and Imperial immediately closed on a 65.75-acre property within the corporate limits of Hanna. Concurrent with our lease negotiations was the process of choosing a contractor and obtaining the necessary permits to allow construction to begin without delay. Construction was completed subsequent to this fiscal year end being September 30, 2018 and occupancy of the building took place in early Q1, 2019. An application for subdivision approval as well as rezoning of the lands is in place and we will soon create the separate 16.5 acre parcel which will become the John Deere dealership. The balance of the lands will be land banked for future development.

Imperial's own Coppertone Industrial Common (Coppertone) is a light industrial area within the Mitchell industrial district, a most desirable area within Edmonton. Imperial created Coppertone which has long been a source of pride and expanding its footprint is a priority. The common theme among the recently constructed buildings is the copper cladding and curtain wall finishes that make these industrial buildings superior to anything else in the area. Our newest development in Coppertone is now complete and ready for occupancy. Coppertone III is another jewel within Coppertone which now comprises a total of 5 buildings and a vacant parcel of land that will easily accommodate 2 more new buildings. Coppertone I and Coppertone II have been completed and are fully occupied with international tenants. The new Coppertone III building is a 12,000 ft^2 structure that is situated on a 1.25-acre site adjacent to our Coppertone I and Coppertone II properties creating a contiguous and truly impressive development.

Another jewel in our portfolio is the newly acquired Dynomax building located in the newly developed and highly desirable industrial corridor connecting Nisku with the city of Leduc, Alberta. The property consists of 3.81 acres of serviced industrial land and is situated at the northeast corner of the intersection which affords access to and from 2 major thoroughfares. The large rectangular site has excellent exposure and is easily accessed by surrounding arterials including the QE II highway. Construction of this 41,630 ft^2 single occupant industrial building was completed in 2014. Distinctly, a first-class building constructed using a steel superstructure and a combination of concrete block, stucco, and metal cladding. The large office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The exterior of the office component incorporates quality features such as an abundance of large windows, decorative rock and a stucco facade. The shop/warehouse areas comprise all the latest in engineering technology, including an in-floor water recycling system. There are 8 five-ton cranes on 4 individual craneways, all powered by a 1600-amp service. The components of the mechanical systems that include heating, air conditioning and make up air are all state of the art. The building is fully sprinklered and has a large paved parking lot with an abundance of energized parking stalls. In Q4 2018, Imperial completed the transaction as a "sale lease back" whereby the owner/occupant of the building sells it to Imperial and then agrees to lease it back. A new ten-year lease agreement was finalized with this multinational company involved in manufacturing leading performance drilling products engineered for the oil and gas industry.

Throughout this year, we donated more than $125,000 to 17 different charities in Alberta

Southeast Edmonton has long been a desired location for industrial development that has gained the attention of industrial consumers as well as investors. It is a large industrial area that has been developed to accommodate almost every discipline within this sector of real estate including several oil refineries. Arterial roadways have been designed to allow for an easy flow of truck traffic through the city and onto major Alberta highways. This fiscal year also included the acquisition of the Skyway Canada building which 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 ft^2 industrial building. The large rectangular site is situated at the corner of 36 Street and 73 Avenue and provides effortless access onto 34 Street which connects to surrounding arterials including Sherwood Park Freeway, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday. The Skyway building is archetypical of the industrial fabrication facilities that exist on the landscape of any industrial area. The long rectangular shaped building has 30-foot ceilings and is constructed of pre-engineered steel with a band of translucent wall panels along the underside of the roof overhang. These translucent panels allow for natural lighting throughout the interior of the building. The fully sprinklered building also includes features such as in-slab floor heating along with several wall to wall radiant tubes. There are three bridge cranes ranging in size from ten to fifty tons and a craneway that spans the entire length of the building. Imperial acquired the vacant property and completed certain modifications to suit the prospective tenant, Skyway Canada, a large national company that has become one of the country's leading providers of scaffold, shoring, fireproofing, insulation and rope access solutions.

From the very beginning **and every year thereafter,** despite periodic economic turbulence, our company **continually expanded** its industrial real estate portfolio

The rationale behind the acquisition of raw land and holding for future development has largely been for the build to suit opportunities that may arise from time to time. To hold in inventory, an appropriately sized piece of land in the right location at the right time will almost always place our Company in a position of advantage. Acquiring raw land that is adjacent to an existing asset is even that much more desirable given the ability to provide for future expansion for any existing tenant. In the past fiscal year, we were introduced to an opportunity to acquire three separate but contiguous vacant industrial parcels of raw land in southeast Edmonton's Weir industrial area. All three of the raw parcels of land were adjacent to two separate buildings already owned by Imperial which made the acquisition of these three properties rather obvious. Imperial completed the transactions and immediately approached the adjacent tenants who agreed to lease the lands at terms commensurate with their existing leases.

Throughout Alberta's oil and gas producing regions and especially Fort McMurray, the past several years have been quite challenging. Imperial has several newer industrial properties in Fort McMurray that are leased to large multinationals. One tenant that initially was positioned to accommodate future growth was not immune to the economic challenges and made the decision to downsize. Imperial worked diligently with the tenant to find a replacement tenant that might want to upsize. The opportunity presented itself wherein a large national company with several locations in Fort McMurray agreed to consolidate their operations in our building. We finalized negotiations with the existing tenant who agreed to pay Imperial the equivalent of approximately $3,000,000 as an accelerated rent adjustment for the termination of their lease. Concurrent with those negotiations were negotiations with the new tenant, the large national company with over 100 branches across Canada, who agreed to fulfil the 11-year term that had remained on the existing lease. A new lease agreement was approved by the parties and effective July 1, 2018 the new tenant began occupying the building. Our Fort McMurray properties remain 100 percent occupied and thriving!

Interest rates in Canada have fluctuated dramatically over the past two decades and Imperial has taken every advantage presented to it. In 2015 as a response to plummeting oil prices and an inflation rate below the 2 percent threshold, the Bank of Canada (BOC) twice lowered its key lending rate by 25 basis points (BP) in each interval which effectively lowered the interest rates from 1.0 percent to 0.5 percent. Financial institutions followed suit by reducing their prime lending rates and in turn provided mortgage financing at the lowest levels our company has ever experienced. Despite some minor fluctuations, for every quarter in each year that we've been reporting our weighted average interest rate, Imperial's average rates had been declining. In 2017, notwithstanding oil prices had begun a modest recovery, the BOC argued that the stimulative power of the two rate cuts had achieved its intended goal and it was time to raise rates.

In July of 2017, for the first time in seven years, the BOC raised its key lending rate by 25 BP to 0.75 percent and less than 2 months later in September of 2017 raised it a further 25 BP to full 1 percent. The BOC was now on a path to use rising interest rates in an attempt to keep inflation at its perceived optimal target of 2 percent. In January 2018 the BOC again raised rates by a further 25 BP and again in July of 2018 by a further 25 BP and subsequent to this fiscal year end, in October 2018, the BOC again raised the interest rates by a further 25 BP to a standing of 1.75 percent and by most accounts Canadians are expecting the BOC to raise rates even further in the future. With every increase announced by the BOC, financial institutions were quick to react and raise their rates accordingly.

The BOC announces its interest rate policies eight times per year. At the next announcement it is widely expected that the BOC will affirm rates to remain constant at 1.75 percent. The BOC has been using its key interest rate in an attempt to keep inflation at around 2 percent. Economic growth in Canada has improved throughout much of 2017 and 2018 which in turn has triggered increased inflation. Lower rates that were in place to encourage individuals and companies to borrow more has increased the demand for goods and services which consequently creates higher prices thus increasing the inflation rates. For several decades, the BOC has been following its inflation fighting policies and has recently agreed with Canadians that its one size fits all policy has exposed many problems and a rewriting of the policy may be due. Recently, the BOC announced that it will launch the most sweeping review into alternatives to its current 2 percent inflation policy as it prepares for the expiration of the existing policy in 2021.

Borrowing is an integral component to our industry and for years Imperial has taken every advantage available to it and the ability for a company to finance its real estate assets at the lowest rates possible is as prudent as negotiating the highest priced lease rate. Despite the recent increases in interest rates, Imperial has experienced a marginal increase but continues to maintain a relatively low weighted average interest rate of 3.13 percent. Management is extremely vigilant and maintains a close watch on fluctuations in interest rates.

The ability to gauge the success of a company by comparing it to its rivals is very exciting and also quite motivating. The Globe and Mail publishes the Report on Business magazine that delivers insightful content through stories behind market moves, industry developments and emerging business opportunities. Once a year it also publishes a ranking of Canada's top 1000 public companies according to their after-tax profits in their most recent fiscal year. In the case of Imperial Equities, the most recent fiscal year would be September 30, 2017 and we are delighted to report that Imperial Equities is once again included among the top public companies in the country. Being included among Canada's most successful corporations is quite an accomplishment and a proud achievement for a relatively young company to realize such a standing!

From its inception Imperial Equities has been a caring corporate citizen. Backed by a strong belief in supporting the community through health care, sports, arts and general people initiatives, Imperial has become a leader in charitable giving. Throughout this year, we donated more than $125,000 to 17 different charities in Alberta. With so many organizations doing so much great work, determining to who, where and when to place our support has become increasingly difficult. Placing an emphasis on "people wellness" has certainly been a path we've followed and will continue to do so. This year we included a substantial donation to support our four-legged companions by donating to the Edmonton Humane Society.

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

We are proud of the fact that our entire portfolio remains 99.9 percent occupied and that in some cases our tenants are asking for expanded space which we will gladly oblige. Continuing to expand our real estate portfolio with quality tenants is a priority for Management. Our growth will not abate and is expected to increase throughout 2019. We encourage you to regularly view our website at www.imperialequities.com to capture the tangible substance of our existing portfolio.

As we look ahead to the next several years, we are encouraged by the possibilities that may exist for Imperial Equities. The Conference Board of Canada has a positive outlook for Canada and Alberta's economy and with the prospect of increased pipeline capacity we feel all of Canada will reap the benefit. By most accounts Alberta's economic outlook is quite exciting and we are eagerly looking forward to 2019 with vigor and optimism.

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

Sincerely,

Sine Chadi
Chief Executive Officer and Chairman of the Board

MD&A

MANAGEMENT'S DISCUSSION & ANALYSIS

for the year
ending September 30, 2018

AS AT NOVEMBER 29, 2018

The following Management's Discussion and Analysis ("MD&A") is intended to provide readers with an explanation of the performance of Imperial Equities Inc. ("Imperial" or the "Company" or "Imperial Equities") and its subsidiaries. This MD&A should be read in conjunction with the consolidated financial statements for the year ended September 30, 2018 and the related notes. Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol "IEI'. Additional information on the Company may be obtained by visiting www.sedar.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

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

FORWARD LOOKING INFORMATION

In our report to shareholders, management may talk about the current economy and express opinions on future interest rates and capitalization rates that we might experience or speculate on future market conditions. This forward-looking information is based on management's current assessment of market conditions based on their expertise as well as the opinions of other professionals in this industry. While management may consider these statements to be reasonably optimistic and favorable, the opinions and estimates of future trends are subject to risk and uncertainties. Readers are encouraged to read the risk factors identified in Note 21 of our 2018 annual consolidated financial statements and this MD&A. Any forward-looking statements in our report should not be relied upon as facts, as actual results may differ from estimates.

ADDITIONAL NON-IFRS MEASURES

Throughout the MD&A, management will use measures that may include Adjusted EBITDA (net income from operations before interest, taxes, depreciation and amortization, valuation gains (losses), straight-line rental revenue and other non-recurring items) and NOI (net operating income from properties which includes property revenue less direct property operating expenses and excludes non-cash and all non recurring items, administrative expenses, amortization, valuation gains or losses, gains or losses on sales of investment property, stock based compensation, finance costs and income taxes). Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one period to another period. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Management believes its use of Adjusted EBITDA and NOI provides the shareholders and prospective investors with an additional performance measure to show the cash flow from operations that is available to finance debt and further growth of the Company. A detail of the calculation and a further description can be found in this MD&A.

BUSINESS OVERVIEW

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

Since operations began in 1998, Imperial Equities has achieved solid growth each year for the past 20 years. The Board of Directors along with corporate Management are all committed to the continued growth of the Company with much vigor and enthusiasm.

STRATEGIC DIRECTION

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

The fundamental strategic goals that drive our Company are:

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

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

KEY PERFORMANCE DRIVERS

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee the business activities. The CEO and CFO have been with the Company since becoming publicly traded 20 years ago. There is a strong Board of Directors with significant real estate experience to guide decisions surrounding strategic direction and achieving the goals and objectives of the Company. This dedication and professional experience of Imperial's management team has helped the Company achieve positive earnings every year the Company has been in business.

Management monitors the success of Imperial by measuring how well we are meeting our strategic directives. External performance drivers that affect our business include the overall economic health of industries operating in the province of Alberta. Alberta is still largely reliant on the oil industry and we are careful to select tenants that we feel are best able to weather an economic downturn. This assessment will include the size of the tenant, the length of time they have been in business, their operations and exposure to the oil and gas industry; all these factors will be a part in our evaluation of the strength of their lease covenant. Another external driver to our success is interest rates related to financing of our properties. The investment properties are financed with conventional mortgages that leave the Company with an exposure to possible increases in interest rates, affecting our operating income and cash flow. The Company had experienced consistently lower weighted average interest rates throughout each quarter, until Q1 2018 where the weighted average rate began to marginally increase. With Canada's economy improving and consequently giving rise to higher inflation, interest rates will likely continue upward in the foreseeable future. The Company, in the short term, does not consider rising interest rates to have a significant impact on the operating cash flows, as commercial lease terms associated with new acquisitions and lease renewals will reflect changing market conditions.

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

Comprehensive due diligence on all acquisitions including evaluating the strength of the tenant(s) before entering into contracts

Maximize the revenue per property and secure long lease terms to reduce the turnover of tenants

Maintain high occupancy rates to recover carrying costs of the properties

Monitoring the quality of tenants in the portfolio to reduce the risk of defaults on leases

Maintain our assets to high standards including structural, mechanical and cosmetic to showcase our existing properties to prospective tenants or purchasers

Preventative maintenance on the properties to reduce operating costs and to maximize longevity of the buildings

Ensure that maintenance on the properties is done to exacting standards involving monitoring the quality of work provided by our business partners while ensuring the costs are competitive

Maximizing the cash flow from operations to ensure funding for growth opportunities

Selecting mortgage terms that provide a low cost of capital and utilizing debt leverage opportunities

Minimize higher rate short term borrowings to reduce the cost of capital

Provide donations to a wide variety of charities in the community

SUMMARY OF PERFORMANCE INDICATORS
FOR THE YEAR ENDING SEPTEMBER 30

	2018	2017
Number of leased properties	29	24
Number of properties under development	2	-
Number of properties held for future development	3	3
Total leased square feet	810,018	719,079
Total land under lease with tenants	4.9 acres	-
Occupancy year to date	99.9%	99.9%
Average lease term to maturity in years	4.53	5.01
Total square footage of leases up for renewal in twelve months	81,735	13,929
% operating cost recoveries to operating costs	81%	86%
Weighted average interest rates on mortgages	3.13%	3.00%
Other financing	$4,020,000	$1,300,000

Total leased square feet during the year ending September 30, 2018 = net increase of 90,939

- Acquisition of Skyway building 24,855 ft^2 December 2017
- Acquisition of Dynomax building 41,630 ft^2 September 2018
- Under construction 24,454 ft^2 at September 30, 2018

Land acquisitions during the year ending September 30, 2018

- 1.7 acres in SE Edmonton, Alberta now under lease with an existing tenant
- 1.71 acres in SE Edmonton, Alberta now under lease with an existing tenant
- 1.49 acres in SE Edmonton, Alberta now under lease with an existing tenant
- 65.75 acres in Hanna, Alberta including 16.5 acres under contract for a build to suit

There are four tenant leases up for renewal during the next twelve months totalling 81,735 ft^2. Three of the four tenants have indicated a desire to renew, and the remaining tenant with 32,762 ft^2 vacated their space prior to the maturity of their lease. This tenant paid the rent payable to the term of the lease, subsequent to the year end. Negotiations are underway with a prospective large international tenant to lease this space.

AVERAGE ANNUAL LEASE RATES
PER SQUARE FOOT

	2018	2017
Edmonton, Alberta	$ 13.65	$ 10.53
Red Deer, Alberta*	$ 24.89	$ 24.52
Fort Saskatchewan, Alberta*	$ 35.40	$ 44.62
Fort McMurray, Alberta	$ 42.99	$ 48.23
Leduc, Alberta	$ 15.70	$ -
Hanna, Alberta (under development)	$ 21.55	$ -

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

LEASE PROFILES at September 30, 2018

TOTAL SQUARE FEET OF LEASED SPACE

Single Tenant Buildings	
Square Feet	**Expiry Year**
30,939	2019
25,580	2020
40,766	2021
240,207	2022
75,151	2023
43,396	2024
26,400	2026
29,450	2027
116,630	2028
25,024	2029
24,454	2038
677,997	Weighted Average Remaining Lease Terms: **6.78 years**

Multi Tenant Buildings	
Square Feet	**Expiry Year**
4,798	Month to Month
4,907	2018
55,858	2019
80,970	2020
972	2021
9,037	2022
4,929	2023
161,471	Weighted Average Remaining Lease Terms: **2.71 years**

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

Operating cost recoveries are budgeted annually and reconciled every 12 months on a tenant by tenant basis. All the Company's leases are triple net leases which allows the landlord to recover operating costs. Management will decide on large maintenance items as to how it will treat the recovery of those costs from the tenant, so as not to incur hardship on their operations. In some cases management will amortize the costs over a period of time within the tenant's lease term. Some leases have lower management fees than other leases dependent upon the responsibility of performing maintenance remaining with the tenant or the landlord. Because of these variations, there will always be a percentage of operating costs not recovered by the landlord in the current fiscal year. Historical optimal recovery percentages will be in the range of 80%-86%. At September 30, 2018 recoveries are 81% compared to 86% in the prior year which is within the Company's optimal range. This year there were large expenditures for exterior painting, parking lot maintenance, LED light fixture upgrades, all of which will be recovered through amortization. Affecting recoveries this year is one building where the tenant was placed into receivership and subsequently a new lease was signed with a different company. Lease incentives for the new lessee included six months of free rent where the landlord absorbed the operating costs.

Weighted average interest rates on our mortgages have increased marginally in 2018 compared to 2017 with rates now on the increase for new, and renewed financing from the Company's lenders. This will undoubtedly begin to affect our weighted average. The Company received four new mortgages and renewed one mortgage during the current year. Interest rates did not significantly affect the current weighted average rates which are now 3.13% compared to 3.00% one year ago.

In Q1 2018 the Company commenced construction of our new Coppertone III; a 12,124 ft^2 building on 1.25 acres in the Coppertone Industrial Common in northwest Edmonton. Construction was completed in Q1, 2019 and the Company is actively marketing the building for lease. During the year, construction also commenced on a 16.5 acre site in Hanna, Alberta. The Company has constructed a build to suit building comprising 24,454 ft^2 as well as a 4,044 ft^2 ancillary building for an international company involved in the agribusiness. The tenant has taken occupancy in Q1 2019.

2018

PERFORMANCE HIGHLIGHTS

FOR THE YEAR | ENDING SEPTEMBER 30, 2018

01

In Q1 the Company **acquired 1.7 acres** in SE Edmonton for a total purchase price of $1,451,681. A new multi-year lease agreement with an adjacent tenant commenced November 1, 2017.

02

In Q1 the Company completed the **acquisition of the Skyway Canada building** for a total purchase price of $2,796,892. Situated in SE Edmonton, the building is 24,855 sf^2 on 2.19 acres. A multi-year lease agreement with Skyway, a large national company, commenced January 1, 2018.

03

In Q1 the Company **completed the acquisition of 1.49 acres** adjacent to the Skyway building. This land is now under lease to Skyway and the lease commenced January 1, 2018. The total acquisition cost was $1,094,152.

04

In Q1 the Company **acquired a 65.75 acre** parcel of land within the corporate limits of Hanna, Alberta. The land will be rezoned and subdivided in preparation of future development opportunities.

05

In Q1 the Company completed negotiations for a **build to suit, 24,454 sf^2 building** in Hanna, Alberta on 16.5 acres of the 65.75 land parcel, and construction commenced in Q2. An additional 4,044 sf^2 ancillary building was also completed on site for the tenant's cold storage. The tenant, Cervus Equipment, is an international company that will sell and service John Deere equipment to the agricultural sector. The tenant took occupancy in Q1 2019.

06

In Q3 the Company completed the **acquisition of 1.71 acres** in SE Edmonton. The total acquisition cost was $1,348,750. A new lease agreement with a current tenant commenced July 1, 2018.

07

Construction of the **12,124 sf^2 Coppertone III** building in the Coppertone Industrial Common, in NW Edmonton was completed in Q1 2019 and the Company is actively looking for a tenant.

08

During the year the Company secured **additional lines of credit** with the Company's major lenders. The total limit is $20,000,000 and is available to assist with property acquisitions and general expenditures.

09

In Q3 the Company completed negotiations for an early lease termination of a tenant in Fort McMurray, Alberta. A net **accelerated rent adjustment of $1,992,928** was recorded as revenue in Q4 2018.

10

In Q3 the Company completed negotiations with a large national tenant to lease the building in Fort McMurray. A **new multi-year lease** commenced July 1, 2018.

11

In Q3 fair valuations of the investment property portfolio showed **a net loss of $4,281,718.** This is largely due to the Fort McMurray property which was revalued based on a new lease agreement at market rent.

12

In Q4 the Company completed the **acquisition of the Dynomax building** in Leduc, Alberta. The 41,630 sf^2 building is situated on 3.81 acres. A new multi-year lease with Dynomax Drilling Tools Inc. commenced September 19, 2018. The total acquisition cost was $9,100,965.

13

In Q4 the Company entered into an agreement to **purchase a 29,450 sf^2 building situated on 3.78 acres** in the southeast Edmonton Research and Development park. The total purchase price is $6,150,000. The tenant is an international company with operations in 70 countries. The acquisition closed in Q1 2019.

14

In Q4 the Company entered into an agreement to **purchase 3 acres of vacant land** in west Edmonton for a total purchase price of $1,650,000. The acquisition closed subsequent to the year end.

15

In Q4 the Company entered into an agreement to **purchase a 7,313 sf^2 building** situated on .35 acres in northeast Edmonton. The total purchase price is $975,000 and the acquisition closed subsequent to the year end.

16

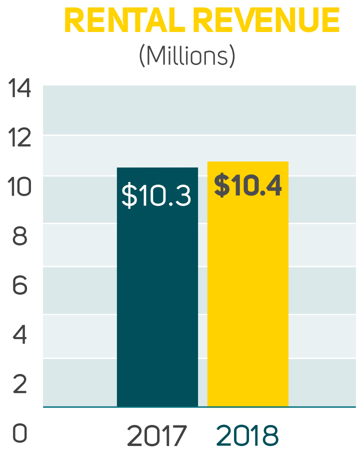
During Q1 and this Q2 the Company paid off two mortgages and two new mortgages were obtained on the same properties, providing some additional capital. A third mortgage with a term date of January 1, 2018 was renewed for a further five years, and two new mortgages were placed on the Skyway building and the Dynomax building. A mortgage with a term date of October 1, 2018 was renewed in Q4 for a further five year term. A marginal increase in the interest rates during the year affected the **weighted average rate of interest on all mortgages which is now 3.13%** at September 30, 2018 (September 30, 2017 – 3.00%).

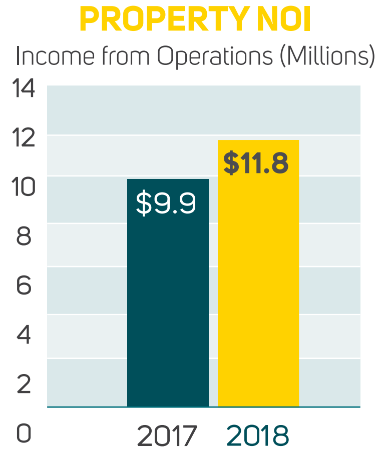
17

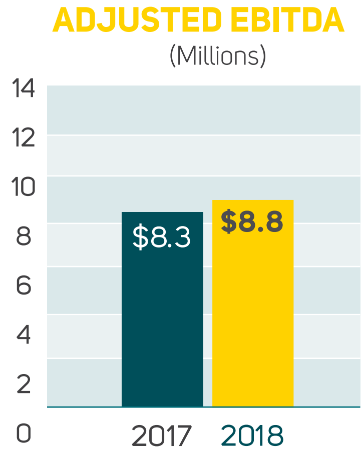
The Company's total **equity** is $8.91 per share at September 30, 2018 (September 30, 2017 - $8.66).

PERFORMANCE RESULTS

FOR THE YEAR ENDING SEPTEMBER 30, 2018







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

Management is of the opinion that ADJUSTED EBITDA as calculated below is another useful measure for investors to use when evaluating the ability of the Company to generate cash to service interest on debt, and facilitate growth in the Company.

Income taxes are removed from the earnings because they often include deferred taxes which are non-cash. Removing the interest expense also allows an investor to see the operating cash flows from properties without the influence of how the Company has financed its properties. When comparing other real estate companies, the differences in how companies finance their assets, together with their individual tax situations, are taken out of the equation.

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

ADJUSTED EBITDA AT SEPTEMBER 30

	2017	2018
Net income and total comprehensive income	**$4,737,393**	**$ 2,342,613**
Add (subtract):		
Valuation (gains) losses on investment property	(612,790)	3,475,926
Straight-line rental revenue	(190,965)	(141,838)
Finance costs	2,605,259	2,950,726
Amortization of loan discount	(17,989)	(3,586)
Amortization of deferred leasing	246,898	278,603
Amortization of tenant inducements	36,364	336,364
Income taxes	1,671,639	1,521,911
Other non recurring	(187,061)	(1,992,928)
ADJUSTED EBITDA	**$ 8,288,748**	**$8,767,791**

Other non-recurring item at Q4 2018 is for the accelerated rent adjustment, net of a provision of $1,000,000. At Q4 2017, the non-recurring items are a forfeited deposit income netted with a loss on sale of equipment.

RESULTS OF OPERATIONS
AND CASH FLOWS

For over four years the Company has enjoyed better than 99% occupancy in its properties. There have been no significant changes in operations for each quarter during 2018 or 2017, except for fluctuations in earnings resulting from the fair valuations of investment properties and lease termination revenue.

Net valuation gains (losses) per quarter:

2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
$805,792	$(4,702,567)	$235,704	$185,145	$280,967	$(197,446)	$363,625	$165,644

When valuing the investment properties to fair value, all other inputs being equal, an increase in property revenue for the ensuing twelve months will have a positive impact on the fair values and a decrease in revenue will have a negative impact. When interest rates are low, investors are eager to expand their portfolios creating a healthy, competitive environment in which to acquire property, which will keep the cap rates very competitive. During 2016 and to date, Management decided to marginally increase the cap rates on some of the properties where the Company believes property values and lease rates have decreased slightly; the result of more product coming on stream from developers eager to lease up vacant buildings. Some properties' cap rates were increased to maintain existing values, despite increasing contracted revenue streams which would otherwise drive the value upwards.

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

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

The net fair value losses that often occur at Q3 each year are the result of small increases in the revenue stream which typically cause fair value increases, netted against items capitalized. Building improvements are performed in the warmer summer months of Q3. The capitalized building improvements generally exceed any incremental fair value increase, and Management will make a negative adjustment to the property's carrying value to bring it to the fair value at the reporting date. Also at Q3 each year, property taxes are capitalized to vacant land causing a negative revaluation to bring the values back to estimated market values.

At each quarter during 2017 and 2018, the Company has adjusted the cap rates upward on several properties because if left unadjusted, the increase in contracted revenue for the next twelve months would cause fair value increases that are not likely indicative of current market values. Notwithstanding there are increases in contracted rents, the cap rates were adjusted upward to keep values of the properties at estimated current market values.

Income from operations in the current quarter was positively affected by the recording of the net accelerated rent adjustment of $1,992,928. Rental revenue is up in 2018 over 2017 due to the increased activity in acquisitions and new leases. Despite having new leases with additional revenue coming on stream this year, there were two major items affecting income from operations in the current year.

Firstly, the amortization of tenant inducements is netted against rental revenue. In Q1 2018 a tenant was placed in receivership and their lease was terminated when the receiver found a buyer for their operations. The unamortized balance of their tenant inducement of $336,364 was fully amortized during the current year. Secondly, in Q3 2018 the Company negotiated an early lease termination with a tenant in Fort McMurray, Alberta. The unamortized balance of straight-line rent associated with this lease, was fully amortized during the year reducing revenue by $162,652.

- **Administrative expenses** are lower this year compared to last year by $152,333. In the prior year there was a write down of a bad debt in the amount of $257,208 which skewed the regular expenditures. Salaries increased during 2018 with the addition of new employees and going forward this will increase the total administrative expenses.

Regular administrative expenses include salaries, annual finance fees on lines of credit, charitable donations, shareholder communications and other small sundry accounts.

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

- **Unrealized gains on short term investments** are the result of valuing the marketable securities held by the company at fair value at the reporting date.

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

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

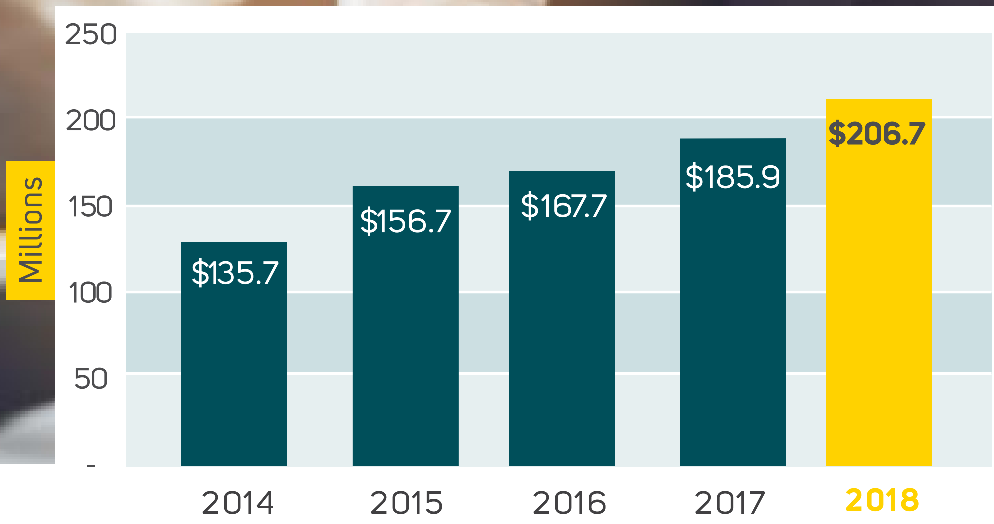
At each reporting date, this calculation method is performed on all the investment properties except for the Oliver Crossing property, vacant land, land under lease, and one property under development. The market value of Oliver Crossing is calculated based on the total square footage of land multiplied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

Construction of new buildings are valued at cost until the earlier of the date that fair value can be reliably determined, or the projects are complete. Land held for development is valued using management's research of similar vacant land that has sold recently or, is available for sale. Land under lease with tenants is valued at the fair value of similar vacant land.

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

FAIR MARKET VALUE of INVESTMENT PROPERTY

For the years ending September 30,



- **Finance costs** include interest on financing, net of interest income and amortization of deferred finance fees. Interest on financing is up at Q4 2018 compared to Q4 2017 due to additional mortgages received, rising interest rates on new and renewed mortgages, an increase in other financing, and increased use of the bank credit facilities. The Company utilized the lines of credit and related party financing in the last twelve months to assist with new acquisitions.

SEPTEMBER 30,	2018	2017
ADJUSTED EBITDA	$ 8,767,791	$ 8,288,748
Interest on financing	$ 3,080,694	$ 2,545,127
Interest coverage ratio	2.85	3.26
Minimum threshold set by Management	1.50	1.50

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

CHANGES IN CASH FLOWS

Cash provided by operating activities was $7,180,380 at Q4 2018 (Q4 2017 – $7,308,398). The Company continues to generate positive cash from operations to cover day to day expenditures and bank cash for future opportunities. Affecting the cash flows in the current period is the adoption of amendments to the accounting standard, IAS 7, “Statement of Cash Flows”, which involves reclassifying working capital that relates to assets and liabilities in the investing, and or financing activities, which were previously all recorded as operating activities. Comparative figures have been reclassified to conform to the presentation of the current period.

Prior year changes to statements of cash flows		2017
Cash inflow from operating activities of continuing operations, previously stated	$	6,078,965
Interest income, reclassified to financing activities		(19,636)
Direct leasing costs, reclassified from investing activities		(268,611)
Deposits in trust, reclassified to investing activities		1,367,049
Payables for acquisition fees, reclassified to investing activities		128,625
Refundable deposit, reclassified to financing activities		41,000
Accrued interest on financing, reclassified to financing activities		(18,994)
Cash inflow from operation activities, reclassified	**$**	**7,308,398**
Cash outflow used in investment activities of continuing operations, previously stated	$	(17,187,879)
Deposits in trust for investment properties, reclassified from operating activities		(1,367,049)
Payables for acquisition fees, reclassified from operating activities		(128,625)
Direct leasing costs, reclassified to operating activities		268,611
Cash used in investing activities, reclassified	**$**	**(18,414,942)**
Cash provided by financing activities of continuing operations, previously stated	$	9,837,217
Refundable deposit, reclassified from operating activities		(41,000)
Accrued interest on financing, reclassified from operating activities		18,994
Interest income, reclassified to finance costs in operating activities		19,636
Cash provided by financing activities, reclassified	**$**	**9,834,847**

- The **cash flow provided from operations** this year was negatively affected by an increase in direct leasing fees which were $1,078,511 at Q4 2018 (Q4 2017 - $268,611) as well as the cash revenue forgone from six months of free rent for a new tenant.

- **Cash used in investing activities** was $19,973,543 at Q4 2018 (Q4 2017 – $18,414,942). There have been six property acquisitions this year totalling $16,130,567 and two buildings were under construction during 2018 at a cost of $7,145,418 at Q4 2018. This compares to three acquisitions during 2017 at a cost of $17,133,798. At Q4 2018 the Company has placed deposits totalling $665,000 (Q4 2017 - $1,517,049) on agreements to purchase investment property.

- **Cash provided by financing activities** was $14,293,347 at Q4 2018 compared to $9,834,847 at Q4 2017. During the current year the Company received an increase in available credit facilities from $8,000,000 to $20,000,000. The Company utilized an additional $8,951,557 of the credit facilities to assist with closing six property acquisitions and fund the construction projects. During the current year the Company received mortgage proceeds of $16,350,000 (2017 - $10,250,000). The proceeds paid out two mortgages totalling $4,813,093, and other financing of $1,300,000 that was outstanding at Q4 2017. The Company also received $6,570,000 from related parties to assist with payables for property under construction, annual property tax payments and acquisitions. The balance owing to related parties at Q4 2018 is $4,020,000 (Q4 2017 - $1,300,000). In addition to regular principal payments on the mortgages, one lender required the Company to deposit $1,300,000 (monthly instalments of $100,000) in GIC's until a specific mortgage matures in 2019. Total GIC's held under this agreement at Q4 2018 are $400,000 (Q4 2017 – Nil).

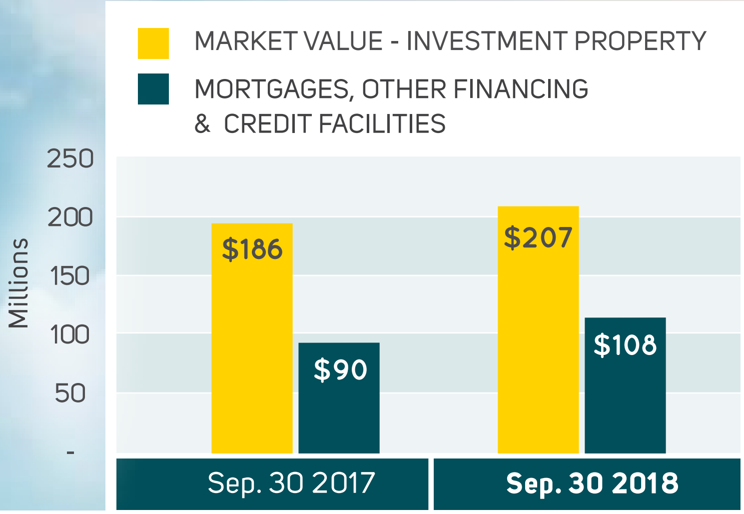
Fees associated with new and renewed mortgages totalled $87,084 at Q4 2018 (Q4 2017 - $106,317). These costs are amortized over the terms of the respective mortgages and are shown net of the mortgages on the consolidated statements of financial position. Amortization of finance fees is included in finance costs on the statements of comprehensive income.

During the current year, the Company purchased 30,800 common shares under the normal course issuer bid for a total cost of $128,890 (Q4 2017 - a total of 26,200 shares were purchased for a total cost of $113,765).

At Q4 2018 there was a **net increase in cash** of $1,500,184 compared to a decrease in cash at Q4 2017 of $1,271,697.

" We are delighted to report that Imperial Equities is once again included among the **top public companies in the country** "

SIGNIFICANT BALANCE SHEET CHANGES



EQUITY in investment properties has **increased $3,365,748** since September 30, 2017 through principal repayments of loans and cash used for acquisitions and construction, as well as changes in fair values.

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

The total increase in investment properties from September 30, 2017 to September 30, 2018 is $20,814,411.

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

Loan receivable of $1,009,825 at Q4 2018 is net of a $1,000,000 provision for impairment. The loan relates to the early lease termination of a tenant in Fort McMurray, Alberta where a contractual accelerated rent adjustment in the amount of $2,992,928 was negotiated during the current year, including a loan receivable with a balance of $2,200,000, repayable in 22 monthly instalments that include interest at an annual rate of 6%. An impairment provision of $1,000,000 was applied to this loan at September 30, 2018. Two instalments were received at Q4 2018. Management will re-evaluate the provision at each reporting period and should conditions change positively, any reversal will be recorded at that time.

At Q4 2017 the loan receivable of $496,414 related to the sale of the Company's subsidiary Imperial Distributors in 2015 and is shown net of a discount. The loan was non-interest bearing and therefore discounted and amortized over the two-year term. At the term date of December 31, 2017, the Company agreed to payment terms for the balance owing and included interest at an annual rate of 6.5%. The loan was paid in full on July 1, 2018.

Receivables of $242,792 at Q4 2018 and $81,534 at Q4, 2017 are net of an allowance for doubtful accounts of $16,061. Trade receivables at Q4 each year include the occupancy cost reconciliations that are completed on a property by property basis at September 30th and typically cause some increases to the receivables at year end. All the occupancy costs were collected from Q4 2017. Receivables at Q4 2018 also include excise taxes and rebates receivable totaling $111,757.

Prepaid expenses and deposits have a balance at Q4 2018 of $1,218,946 (Q4 2017 -$2,008,256) relating to property taxes, property insurance premiums, and security deposits with municipalities. At Q4 2018 there were deposits of $665,000 (Q4 2017 - $1,517,049) placed pursuant to offers to purchase investment property.

Restricted cash of $400,000 at Q4 2018 (Q4 2017 - Nil) is held as collateral for one of the Company's major lenders as additional security and collateral for a specific mortgage that matures in the next twelve months. Total monthly instalments of $100,000 to an aggregate of $1,300,000 to be held in interest bearing GIC's, and are redeemable/cashable with the Lender's approval. This debt service reserve relates to the mortgage on the building in Fort McMurray, Alberta where the tenant was granted an early termination of the lease.

Short–term investments are common shares held for trading that were acquired in the current year at a value of $300,000. At Q4 2018 the shares were recorded at the quoted market value creating an unrealized gain of $73,500. Management will look to the disposition of these investments over the next twelve months as market forces permit.

Mortgages at Q4 2018 have a balance of $85,669,230 (Q4 2017 - $79,891,816). During Q1 2018 two mortgages were repaid in full at their term dates, and two new mortgages were placed with the same lender on the properties. During the current year two mortgages were renewed for a further five years, and new mortgages were received for the Skyway building and the Dynomax building.

At Q4 2018 there are four mortgages up for renewal in the next twelve months with combined principal balances of $16,901,509 which are shown as current liabilities. The Company intends to renew the mortgages as they come due. Netted against mortgages on the consolidated statements of financial position is the balance of unamortized fees associated with new or renewed mortgages, totalling $242,183 at Q4 2018 (Q4 2017 – $241,874).

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

Other financing unsecured at Q4 2018 is $4,020,000 (Q4 2017 - $1,300,000) and bears interest at an annual rate of 6% (Q4 2017 – 6%). Other financing is due to related parties and has no specific dates of repayment.

Bank operating facilities at Q4 2018 have a balance of $18,457,672 with two of the Company's major lenders (Q4 2017 - $9,506,115 with one of the Company's major lenders). These credit facilities were used to assist with the acquisitions of investment properties, and the construction of two buildings.

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

1) During Q1, 2018 the Company secured a LOC with a limit of $5,000,000. The LOC is secured by a general security agreement and a collateral mortgage in the amount of $5,000,000 placing a fixed charge against specific properties. During the year, this lender increased the LOC a further $5,000,000 to a total limit of $10,000,000 at Q4 2018. Additional specific properties were provided as security. The facility bears interest at prime + .95% and can be used for property acquisitions and general operations. There are no financial covenants with this credit facility.

2) During the current year, a second LOC received an increase to the limit from $8,000,000 to $10,000,000. The LOC bears interest at prime plus 1% per annum and is secured by specific revenue producing properties. This LOC incurs standby fees of 0.25% per annum on any unused portion of the facility. The revolving demand facility is available to assist with property acquisitions, payment of development costs, and general corporate purposes.

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

CREDIT FACILITIES

AT SEPTEMBER 30,	2018	2017
Bank credit facilities	$ 20,000,000	$ 9,500,000
Amounts drawn on facilities	(18,457,672)	(9,506,115)
Available credit facilities	**$ 1,542,328**	**$ (6,115)**

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

- **Payables and accruals** are $3,145,876 at Q4 2018 (Q4 2017 - $672,789) and include construction costs of $2,359,361 at Q4 2018. Accruals include interest on mortgages, prepaid rents from tenants, and the current portion of tenant security deposits.

SUMMARY of CONSOLIDATED QUARTERLY RESULTS

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	**2017 Q4**	2017 Q3	2017 Q2	2017 Q1
Revenue	**5,497,881**	2,930,792	3,486,193	3,328,342	**3,396,004**	3,319,384	3,211,027	2,951,195
Total Comprehensive (Loss) Income	**3,395,251**	(3,163,279)	1,449,203	661,436	**1,860,217**	564,313	1,587,629	725,234
EPS-Basic	**0.35**	(0.33)	0.15	0.07	**0.19**	0.06	0.16	0.08
EPS-Diluted	**0.35**	(0.33)	0.15	0.07	**0.19**	0.06	0.16	0.07

QUARTERLY CHANGES IN THE REVENUE

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

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

During Q2 2018 the Company started receiving revenue from the Skyway building and an additional land lease. At Q1 2018 revenue increased with the addition of one new land lease.

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

Revenue increased in Q3 2017 and Q2 2017 with revenue generated from three new acquisitions; Coppertone VII, Coppertone VIII and the Derrick building. The acquired properties Coppertone VII & VIII began generating revenue in Q2 2017, and the Derrick building in Q3 2017. The Company's investment property portfolio remains 99.9% occupied.

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

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

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

We can now proudly proclaim that our total **assets are valued at over $212,000,000** and over the next five years we expect exponential growth that will unfold throughout Canada

QUARTERLY CHANGES IN TOTAL COMPREHENSIVE INCOME

AND EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)

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

Net valuation gains (losses) per quarter:

2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
$805,792	$(4,702,567)	$235,704	$185,145	$280,967	$(197,446)	$363,625	$165,644

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

Q3 2018 net losses are primarily the result of one property in Fort McMurray, Alberta. During Q3 2018 the Company agreed to an early lease termination for a tenant resulting in an accelerated rent adjustment of $2,992,928 less a provision for impairment of $1,000,000 that was reported as income in Q4 2018. Concurrent with the negotiations to release the tenant from their lease obligations, Management agreed to a new lease with a large national tenant that took occupancy of the building July 1, 2018. The new lease rental revenue is lower than the lease that was terminated due to decreased market rates in Fort McMurray. The impact of the recession, and the major fires that attacked the Fort McMurray region, means the city is still recovering to its former glory. All other inputs remaining the same, the effect of the lowered income from the new lease, meant a decrease of $4,464,828 in the fair value of the land and building. Rent from the new tenant commenced in Q4 2018.

The balance of net losses at Q3 2018 in the amount of $237,739 are typical of this time of year where capital improvements and capitalization of property taxes on vacant land, will increase the cost for accounting purposes. A negative revaluation is required to keep the values at market rates.

While a considerable number of properties had increases in the contracted revenue stream which increases the value when applying a capitalization (“cap”) rate, the Company has chosen to keep the values the same on some of the properties by adjusting the cap rates upward during 2017 and 2018. There is no evidence in the market to suggest the related property values are increasing or decreasing at the present, therefore most of the values are adjusted slightly upward in the quarter to offset the amortization of deferred charges, which include straight-line rent, leasing fees, and tenant inducements.

At Q4 each year, budgeted occupancy costs are reconciled with actual costs and where possible those additional costs are charged back to the tenants. This will typically have a positive affect on earnings for the fourth quarter.

Affecting fair values are changes in the contracted revenue to be received in the next twelve months, as well as changes in the balances of straight-line rent, deferred leasing, tenant inducements, capitalized expenditures, and changes to cap rates. These are inputs that contribute to the fair value increases or decreases of the investment properties.

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

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Total issued and outstanding shares at Q4 2018 are 9,583,642 (Q4 2017 – 9,614,442). The Company received approval to renew its normal course issuer bid which now expires on August 30, 2019. During the current year, the Company purchased 30,800 shares for a total cost of $128,890. All the shares were cancelled and the excess purchase price over the cost of the issued shares was $109,496. This amount was charged to retained earnings.

During the prior year, the Company purchased 26,200 shares for $113,765. All the shares were cancelled at Q4 2017 along with 30,800 shares that were held in treasury at the beginning of the year. The excess purchase price paid over the cost of the issued shares was $217,175. This amount was charged to retained earnings.

At Q4 2018 and Q4 2017 there are 475,000 share options issued and outstanding under the Company's stock option plan. The options entitle the holder to one common share in exchange for each option held at an option price of $4.25. The options expire August 26, 2019.

DIVIDENDS

The Company issued a press release January 14, 2015 announcing the suspension of the dividend payments until further notice, due to the uncertainty surrounding the Alberta economy and oil prices. Dividend distribution is determined by the board of directors after evaluating the earnings of the Company and the overall outlook for the economy. Dividends are declared and paid, based on the common shares owned at the record date. Shareholders are cautioned that past issuance of dividends by the Company does not guarantee that future dividends will be issued. Management and the Board of Directors have not set a date for the resumption of a dividend. Currently, it is their opinion that the Company should focus on reserving cash balances to position itself for opportunities that arise to increase the portfolio and create shareholder value through capital appreciation of the properties.

RELATED PARTY TRANSACTIONS

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

Property management and maintenance fees in the amount of $931,553 (Q4 2017 - $796,651) were paid to Sable Realty & Management Ltd., ("Sable") a company controlled by Sine Chadi, a director and officer of the Company. Fees paid to Sable are pursuant to a contract with Imperial Equities Inc. to bill for the management and maintenance of its properties for a fee of 4% of rents collected. Maintenance performed by Sable's property management team is charged at competitive rates of $50-$65 per hour (Q4 2017 - $50-$65 per hour) for labour, plus equipment and parts charges. Sable provides its own trucks, tools and equipment to perform property maintenance. Imperial Equities recovers the majority of the maintenance fees from the tenants under their occupancy costs. Four leases have no management fee recoverable and the remaining leases have a provision for the recovery of 2%-5% of minimum rent, or rent, which would include minimum rent and operating expense recoveries. The percentage of management fees negotiated and collectible under the leases varies based on the amount of work involving Management in maintaining the property, as opposed to how much the tenant is involved.

Leasing, acquisition and disposition fees in the aggregate of $1,098,318 (Q4 2017 – $384,980) were paid to North American Realty Corp. ("NARC") a Company controlled by Sine Chadi. In Q4 2018, $159,588 was paid for the acquisitions the Skyway building, the Dynomax building and three vacant parcels of land. Leasing fees totalling $938,730 were paid for commissions on eleven lease transactions. Fees and commissions are in line with current industry standards and are comparable to similar transactions undertaken by the Company with unrelated parties.

Office rent, parking and warehouse lease space were paid to Sable in the aggregate amount of $103,668 (Q4 2017 – $131,450). Imperial Equities shares office space with Sable and pays $8,000 per month. Warehouse lease fees to store materials owned by Imperial, was discontinued in Q1 2018.

Fees paid in the amount of $200,000 (Q4 2017 - $210,000) were paid to Sable for the services provided by the Company's Chief Financial Officer who is not paid directly by Imperial Equities.

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

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

PAID TO DIRECTORS

Directors' fees paid for attending directors' meetings were $45,000 at Q4 2018 (Q4 2017 - $47,500). Fees per meeting are currently $2,500. The fees paid are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations.

COMPENSATION TO KEY MANAGEMENT PERSONNEL

The Company's key management personnel include the President Sine Chadi who is also a director and significant shareholder of the Company. Total salary paid to Mr. Chadi during the year was $300,000 (2017 - $300,000).

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

Interim related party financing from North American Mortgage Corp. totalling $50,000 was received and repaid during Q1 2018, without interest.

In the prior year, interim financing in the amount of $675,000 was received from North American Mortgage Corp. The total amount was repaid with interest at an annual rate of 8% on $575,000 and an annual rate of 6% on the remaining $100,000. Total interest paid was $12,845.

UNSECURED INTERIM FINANCING FROM DIRECTORS AND SHAREHOLDERS

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

During the current year, other financing unsecured in the amount of $6,520,000 was received from two shareholders of the Company. The loans were repaid with interest at an annual rate of 6%. Total interest paid was $43,685.

In the prior year, interim financing in the amount of $2,675,000 was received. $775,000 was repaid with interest at an annual rate of 8% and $600,000 was repaid at an annual rate of 6%. Total interest on the loans was $10,653.

UNSECURED INTERIM FINANCING FROM A COMPANY UNDER COMMON CONTROL

During the current year, interim financing of $4,020,000 was received from a company that is under common control by Sine Chadi. The loan is unsecured and bears interest at an annual rate of 6%. Total interest paid was $19,287.

LIQUIDITY, CAPITAL RESOURCES AND SOLVENCY

The Company's Liquidity Position	September 30 2018	September 30 2017
Cash and cash equivalents	$ 2,343,520	$ 843,336
Receivables, net of a provision	242,792	81,534
Short term investments	373,500	-
Loan receivable, net of a provision	1,009,825	496,414
	$ 3,969,637	$ 1,421,284
Payables and accruals	$ 3,145,876	$ 672,789
Current portion of mortgages	21,280,840	11,020,384
Bank operating facilities	18,457,672	9,506,115
Other financing	4,020,000	1,300,000
Income taxes, net	915,477	852,725
	$ 47,819,865	$23,352,013
LIQUIDITY RATIO	**.08**	**.06**

LIQUIDITY RATIO

▸ **The liquidity ratio increased marginally from September 30,** 2017. The current portion of mortgages includes regular principal payments plus the full principal balance of any mortgages due in the next twelve months. The Company used available cash, other financing, and credit facilities to fund the acquisitions of four vacant parcels of land, the Skyway building, the Dynomax building and the construction of two buildings. Payables have increased by over $2,400,000 since September 30, 2017 as construction is now at or near completion at Q4 2018 and contractors are submitting larger billings. Two new mortgages were received on the Skyway building and the Dynomax building and subsequent to the year end, the Company received financing on the build to suit project in Hanna. As soon as a lease can be negotiated for the second building under construction in NW Edmonton, the Company will place conventional mortgage financing on this property as well. The Company plans to use proceeds to repay other financing and pay down the bank operating facilities.

CASH FLOWS

	2018	2017
Cash provided by operations	$ 7,180,380	$ 7,308,398
Cash used in investing	(19,973,543)	(18,414,942)
Cash provided by financing	14,293,347	9,834,847
Net increase (decrease) in cash	**$ 1,500,184**	**$ (1,271,697)**

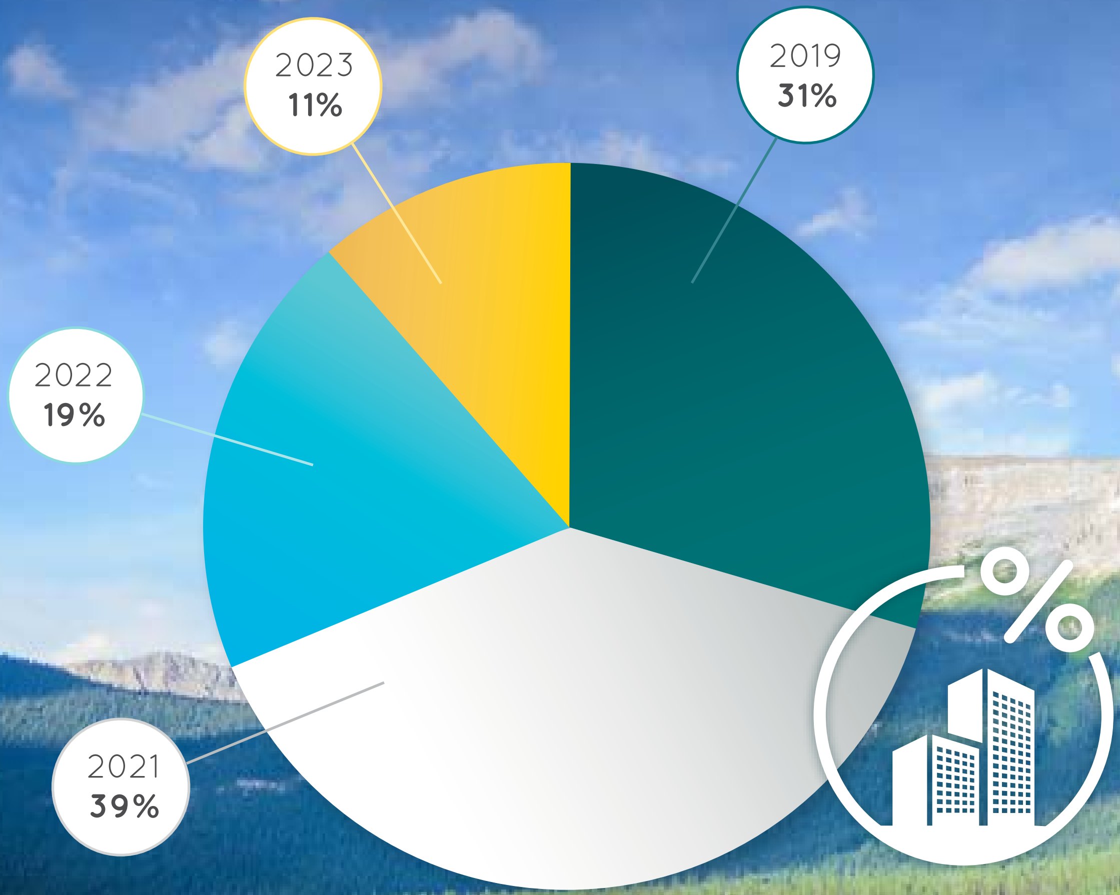
The Company continues to have sufficient **cash provided by operations** to fund day to day operations and provide additional funds for growth.

Cash used in investing includes the cash used to fund acquisitions, property improvements, and property construction costs. Investing activities also include the proceeds from the loan receivable.

The major components of **cash provided by financing** includes proceeds of new mortgages, the repayment of principal and interest on mortgages through regular monthly payments, repayment of mortgages at maturity, as well as the receipt and repayment of other financing. At Q4 2018 there were net advances on the credit facilities of $8,951,557 (Q4 2017 - $7,003,728). The advances were used to assist with closing property acquisitions and repay other financing of $1,300,000 during Q1 2018.

New construction and new acquisitions along with proposed acquisitions has defined this past year as **the most active in our history**

MATURITY DATES OF MORTGAGES
AT SEPTEMBER 30, 2018



Mortgages on the investment properties have term dates varying to 2023. The weighted average interest rate on the mortgages continued to decline each year until Q1 2018, when rates began to rise. At Q4 2018 the weighted average rate is 3.13% (Q4 2017 – 3.00%). During the year mortgages that were received had higher rates increasing the weighted average rate. There are four mortgages up for renewal in the next twelve months with combined principal balances of $16,901,509 at Q4 2018. The Company intends to renew the mortgages as they come due.

Total monthly principal and interest payments are $665,877. Annual payments of $7,990,524 will be covered with cash flow from operations as the Company is able to receive additional revenue from the new tenants. The Company has relied on other financing as well as the credit facilities to assist with the increase in growth this year through acquisitions, and properties currently under development. One tenant has taken occupancy of the constructed buildings in Hanna and the Company has placed conventional mortgage financing, subsequent to the year end. When the other building is leased, the Company will place a conventional mortgage and use the proceeds to repay other financing, and the lines of credit.

LEVERAGE RATIOS

SEPTEMBER 30,	2018	2017
Investment properties	$ 206,710,736	$ 185,896,325
Mortgages	(85,669,230)	(79,891,816)
Other financing	(4,020,000)	(1,300,000)
Bank operating facilities	(18,457,672)	(9,506,115)
Total debt	$ (108,146,902)	$ (90,697,931)
Total equity in the properties	$ 98,563,834	$ 95,198,394
Debt to financed assets ratio	.52	.49
Interest coverage ratio	2.85	3.31

Based on the fair values of the investment properties at Q4 2018 and the related debt including mortgages, other financing and the bank operating facilities, the Company has equity of $98,563,834 in its investment properties. Subsequent to the year end, the Company renewed three of the four mortgages that mature in the next twelve months. Subsequent to the year end one mortgage was received on the property in Hanna, and the Company will place a new conventional mortgage on the second newly constructed building when it is leased. When tenants take occupancy of the new buildings constructed, revenue generated from new leases will increase operating cash flows. As other mortgages come due, the Company may have the option of increasing the debt on a particular property, and subject to the lender's approval, provide increased capital. Other capital resources include related party interim financing, and the unused portion of the credit facilities which is $1,542,328 at Q4 2018.

Other sources of funds include the loan receivable of $2,009,825 (before a provision) at Q4 2018 which should contractually provide monthly cash receipts of $105,850. In addition, the short-term investments of $373,500 at Q4 2018 will likely be converted to cash within the next year.

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

What began as a new start up industrial real estate company with sights set on its home base of Edmonton, Alberta, has now morphed into a **significant publicly traded enterprise with assets in multiple jurisdictions throughout Alberta**

CRITICAL ESTIMATES OF THE CURRENT ECONOMIC ENVIRONMENT AND OUTLOOK

The economic environment that Imperial operates in could be adversely affected by tenants that may be challenged by unfavourable economic conditions within our economy. During 2017, we encountered three such cases where tenants advised that they were experiencing some temporary cash flow issues and asked for some relief by deferring part or all of their rent for a period of time.

One very small tenant has resumed making payments on their arrears. The rent from this tenant amounts to one half of one percent of monthly rents and is not considered a financial threat if the tenant, in a worst-case scenario, had to vacate. At Q4 2018 and Q4 2017 Management included an allowance for bad debt for this tenant.

Early in 2017 a tenant with direct exposure to the oil and gas industry contacted Management to advise of their cash flow challenges and asked to defer part of their rent for one year. Upon the expiration of the deferred period in Q2 2018, Management extended the deferral to Q3 2018. During Q3 2018, Management completed negotiations to accept an accelerated rent adjustment for early termination of this tenant's lease. The total net rent adjustment of $1,992,928 was recorded in revenue in Q4 2018 (Note 4). Simultaneous with this lease termination, is a new 11 - year lease agreement with a large national tenant who wished to take over this space in Fort McMurray, Alberta. Rental income commenced in Q4 2018.

Lastly, an Edmonton based tenant asked Management to provide them with some time to resolve their company's cashflow issues. In Q1 2018, this tenant was placed into receivership. Management recorded the full receivable of $257,209 from this tenant as a bad debt at September 30, 2017. The Receiver paid the Company its contracted rent for the period they occupied the premises and finalized a sale of the business. The Company negotiated a new lease agreement with the new owner which came into effect in Q2 2018, with rent payments commencing in Q4 2018.

During the current year a tenant vacated their space prior to the lease end date and continued to pay their rent obligations. Subsequent to the year end this tenant paid their lease obligations in full and the Company is currently in negotiations to lease the space to another company. There are no other indications from any other tenants that they will not be able to pay their rent. During the current year, six new leases were signed, and five leases were renewed.

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

Imperial has always been resolute in **ensuring the quality of its assets are superior** and the scale of its tenant base being primarily multinational, national or large regional.

RISKS

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

▸ **Current tenants and their exposure to market risks may** impact Imperial if the tenant fails to make contracted rental payments. Imperial's real estate portfolio is predominately made up of large single tenant buildings that are leased to multinational, national and large regional tenants. Larger companies tend to be more skilled in the ability to weather an economic downturn.

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

The risk of vacancy of any leased space is the Company's ability to continue to meet the mortgage obligations on the property as well as carrying costs including property taxes, utilities and insurance. If in an extreme case a property became vacant, the carrying costs and mortgage payments could be paid for with existing cash flows from operations. At Q4 2018 Imperial remains 99.9% occupied. As with all the Company's past transactions, future opportunities will be looked at through proper due diligence, and limited risk measures.

▸ **Market values of the investment properties** can decrease if the demand for industrial properties lease space decreases and rental rates are reduced, or capitalization rates increase. Imperial's exposure to the market value of its real estate assets affects mortgages up for renewal. Properties with mortgages that are maturing in the next 12 months may be externally appraised for their current market value, if the lender requires, however subsequent to the year ending, three of the four mortgages have already been extended for further five - year terms. Factors that influence market value are the income generated from the property, demand, vacancy rates, term of the current lease, strength of the current tenant, age of the building and location. Imperial is not aware of any obstacles at this date that would negatively affect its ability to refinance its buildings as the mortgages come due.

One property in Fort McMurray, Alberta where the tenant vacated early in the current year, the lender required the Company to place additional security and collateral against this mortgage, by depositing funds into GIC's held to the maturity date of the mortgage, which is in the next twelve months. Total deposits to GIC's will not exceed $1,300,000. This requirement was based on the new lease signed with another company at lower rates than the previous lease. The lower income generated from the property, caused a valuation loss of over $4 million during the current year.

The Company has determined that capitalization rates used to evaluate a property have recently moved slightly upward however the demand for industrial space is still favorable. The total fair value of the investment properties at Q4 2018 is $206,710,736. The mortgages and bank operating facilities encumbered on the properties leaves equity in the properties of $98,806,018 at Q4 2018 which Management believes will be sufficient to absorb any decline in values and support our ability to refinance.

▸ **Lease rates** may adjust downward if demand for industrial lease space decreases. As demand for this type of lease space goes up so does the lease rate. In any economic downturn, we could expect that the demand for space decreases and therefore the lease rate would decrease accordingly. Imperial is mindful of these risks. Management believes that any further leases that are up for renewal in 2018 and 2019 will likely be renewed at the same or higher rates than the Company is currently achieving.

Interest rates on mortgages that are up for renewal will likely rise as the Bank of Canada continues to keep inflation in check by increasing its benchmark interest rates. The mortgages that were up for renewal prior to September 30, 2018 were renewed at higher rates than the prior terms. New mortgages being placed now will be at slightly higher rates than we have been experiencing in the past few years. The Company tries to mitigate the risk of rising interest rates by fixing rates for longer terms and by minimizing its exposure to floating rate financing. All mortgages have fixed rates.

ENVIRONMENTAL RISK

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

CYBERSECURITY RISK

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

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

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

PLANNED EXPENDITURES

At Q4 2018, the Company has placed a deposit of $100,000 pursuant to a conditional agreement to purchase land in Conklin, Alberta for a total purchase price of $1,064,000. Subsequent to the year end, the Company did not remove its conditions and the deposit was refunded to the Company.

At Q4 2018 the Company has placed deposits of $250,000 on an agreement to purchase 3.78 acres of land with a 29,450 square foot building in southeast Edmonton. The total purchase price is $6,150,000. The acquisition was completed in Q1 2019 with a conventional mortgage received in the amount of $4,300,000.

At Q4 2018 a deposit of $165,000 was placed on an agreement to purchase 3 acres of vacant land in northwest Edmonton. The total purchase price is $1,650,000. The acquisition was completed in Q1 2019.

At Q4 2018 a deposit of $50,000 was placed on an agreement to purchase .35 acres of land with a 7,313 square foot building in northeast Edmonton. The total purchase price is $975,000 and the acquisition was completed in Q1 2019.

At Q4 2018 a deposit of $100,000 was placed on an agreement to purchase land in Crossfield Alberta. Subsequent to the year end, the Company did not remove conditions and the deposit was refunded to the Company in Q1 2019.

Subsequent to the year end in Q1 2019, a tenant took occupancy of the build to suit building in Hanna, Alberta. A conventional mortgage secured against the property in the amount of $5,100,000 was received in Q1 2019.

At Q4 2018 the Company has construction costs to complete the two buildings under development. Total contracted costs not incurred at September 30, 2018 are $1,521,661.

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

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

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICIES

ADOPTION OF ACCOUNTING STANDARDS

Amendments to IAS 7, "Statement of Cash Flows" ("IAS 7"). The amendments require disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments do not define financing activities; instead they clarify that financing activities are based on the existing definition used in IAS 7. The amendments are to be applied prospectively effective for annual periods beginning January 1, 2017.

In these consolidated financial statements, the amortization of deferred financing costs has been reclassified and included in financing activities when they were previously reported as part of operating activities. Accrued interest liabilities have been reclassified to financing activities from operating activities and any deposits held in trust for acquisitions, are now classified as investing activities rather than operating activities.

Finance costs on the statement of comprehensive income are comprised of interest, amortization of deferred financing costs, and net of interest income.

Comparative figures have been reclassified to conform to the presentation of the current period.

FUTURE ACCOUNTING PRONOUNCEMENTS

(a) Future Accounting Policies

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has determined that the impact on the consolidated financial statements of adopting this new standard is not expected to be material.

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

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

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has determined that the impact on the consolidated financial statements of adopting this new standard is not expected to be material.

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

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

(b) Critical judgments in applying accounting policies

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

(i) Leases

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

(ii) Investment property

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

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

(iii) Income tax

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

(c) Critical accounting estimates and assumptions

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

Investment properties

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

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

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

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

Income taxes

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

Valuation of loan receivable

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

MEASURES NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Throughout the MD&A, management will use measures that may include Adjusted EBITDA (net income from continuing operations before interest, taxes, depreciation, amortization, valuation gains and straight-line rental revenue) and NOI (net operating income from properties which includes property revenue less direct property operating expenses and excludes non-cash and extraordinary items, administrative expenses, amortization, valuation gains or losses, gains or losses on sales of investment property or equipment, stock based compensation, interest and income taxes). Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one period to another period. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Management believes its use of Adjusted EBITDA and NOI provides the shareholders and prospective investors with additional performance measures to show the cash flow from operations that will be used to finance debt and further growth of the Company. A detail of the calculation can be found on page 17 in this MD&A.

DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

We are proud of the fact that our entire portfolio remains **99.9 percent occupied** and that in some cases our tenants are asking for expanded space which we will gladly oblige

2018

PROPERTY PERFORMANCE

CERVUS
EQUIPMENT BUILDING

- 302 Pioneer Trail South, Hanna, AB
- Developed by Imperial Equities: 2018
- 16.5 Acres of land
- 28,891 Total square feet

2018 PROPERTY DETAILS

Located in the heart of Alberta's breadbasket is the town of Hanna. With a vast agricultural drawing area and a limited supply of existing buildings in town, Imperial undertook to develop a large new commercial building that would accommodate a John Deere dealership for decades to come. Imperial acquired a 65.75 acre parcel of land at the southern boundary of the town. The property which was specifically chosen, afforded exceptional access to and from all major thoroughfares and its location provided incredible exposure for any business. A 16.5 acre parcel was subdivided and rezoned to allow for the new development.

Construction of two separate buildings were completed in 2018. The main dealership building is 24,847 ft^2 and an ancillary building of 4,044 ft^2 for a total of 28,891 ft^2. 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 ft^2 of built out shop space incorporates 10 technical work stations complete with equipment that will accommodate the repair of any agricultural implement.

The dealership building also features a 10 ton crane with a crane way that spans several work stations. Other features include a state-of-the-art wash facility and a highly advanced air handling system. The building is fully sprinklered and powered by an 800 amp 600 volt electrical service. The second building was specifically designed to handle the storage of all parts and serve as overflow space for small equipment and seasonal merchandise.

MEET THE TENANT

Cervus Equipment Corporation - is a world-leading equipment dealer, powered by iconic brands and passionate people. With dealerships across Canada, New Zealand and Australia, Cervus is a global team with one shared purpose. Cervus' mission is to enable its customers' success by providing practical and reliable equipment solutions and support. John Deere, Peterbilt, JLG, Clark, Doosan & Sellick, these are the names that stand for quality and performance. Cervus is proud to grow alongside these icons, delivering the quality and innovation customers have demanded for decades and even centuries.

403-854-3334 | www.cervusequipment.com | TSX:CERV

UNITED RENTALS
FORT MCMURRAY

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

2018 PROPERTY DETAILS

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

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

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

MEET THE TENANT

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

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

CEDA
BUILDING

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

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

780-395-3900 | www.ceda.com

ESSENTIAL ENERGY BUILDING

- 77 Queensgate Crescent, Red Deer, AB
- Acquired by Imperial Equities: 2014
- 10 Acres of land
- 43,400 Total square feet

2018 PROPERTY DETAILS

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

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

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

MEET THE TENANT

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

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

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

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

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

DYNOMAX
BUILDING

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

2018 PROPERTY DETAILS

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

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

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

MEET THE TENANT

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

780-986-3070 | www.dynomaxdrillingtools.com

ALS BUILDING

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

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

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

MEET THE TENANT

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

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

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

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

WAJAX
BUILDING

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

2018 PROPERTY DETAILS

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

Construction of the Wajax Building was completed in February 2014 with immediate occupancy. The new 25,000 square foot building has a structural steel frame with prefinished exterior metal insulated wall panels. The main reception and office area features a central open staircase accessing its second level that overlooks the rear shop areas. The warehouse/shop areas have a ceiling height of 32 feet to underside of the steel trusses that easily accommodates the four 20 ton cranes. Also included is a roof mounted exhaust and fume extraction system including flexible pipes to supply eight bays. This system is interlocked with a roof mounted makeup air unit.

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

MEET THE TENANT

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

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

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

SEABOARD CANADA BUILDING

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

2018 PROPERTY DETAILS

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

MEET THE TENANT

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

780-438-1122 | www.weiroilandgas.com

DERRICK BUILDING

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

2018 PROPERTY DETAILS

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

Construction of this 34,404 square foot single occupant industrial building is of a high quality steel superstructure with a combination of metal cladding and a brick facade throughout the front office area. The 11,000 square foot office component is built on two levels and features high quality finishes and workmanship. The 23,400 square foot shop features an abundance of grade doors, a total of 5 overhead cranes with individual craneways and driven by a 1200 amp power service. Originally constructed in 1993, the Derrick Building has undergone major additions, renovations and upgrades in 2006 and in 2016 the building was completely renovated and updated to comply with all current building codes. The building is fully sprinklered and has a large paved parking lot with 60 energized parking stalls. The property is fully serviced, fenced and landscaped.

MEET THE TENANT

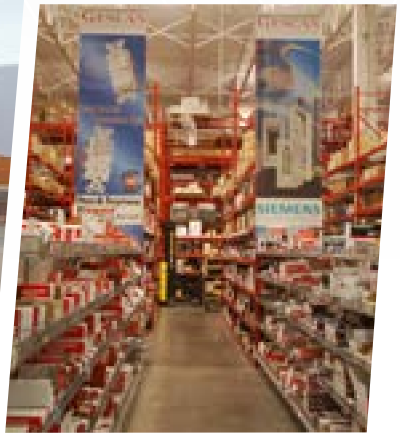
Derrick Disposal - is a locally owned and operated business which provides waste services to Edmonton's booming construction industry. The company has been in business for 6 years and was originally named Derrick Fencing and Port-a-Potty. Since inception, the company operated under the umbrella company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

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

780-437-5000 | www.derrickdisposal.com

COPPERTONE I
BUILDING

- Coppertone Industrial Common
  15103 – 121 A Avenue Edmonton, AB
- Developed by Imperial Equities: 2004
- 2.34 Acres of land
- 17,963 Total square feet



2018 PROPERTY DETAILS

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

The 2.34 acre site for the development was a portion of the 11.06 acre block of industrial lands in Edmonton's westend industrial corridor, part of Coppertone Industrial Common. The facility includes a 4,700 square foot 2 storey office component with the balance of the building being a 17,963 square foot, 28 foot high, state of the art warehousing facility. Amenities include enhanced mechanical systems, a fully paved and landscaped site, customer parking, both dock and grade loading along with a secured storage yard area.

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

MEET THE TENANT

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

780-455-7171 | www.gescan.com

COPPERTONE II
BUILDING

- Coppertone Industrial Common
  12015 - 152 St, Edmonton, AB
- Developed by Imperial Equities: 2012
- 5.13 Acres of land
- 21,000 Total square feet

2018 PROPERTY DETAILS

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

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

The building design ties in with the theme of the Coppertone Industrial Common that creates the appearance of being an Imperial Equities built building.

MEET THE TENANT

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

780-474-7440 | www.norwescocanada.com

COPPERTONE III BUILDING

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

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

Although Imperial will only seldom develop a property without a prearranged tenant, the development of Coppertone III was imminent. Construction of the 12,124 ft^2 on Imperial's final undeveloped lot along 152 Street completed our vision of a campus style look for the area. Coppertone III is ready for occupancy and its size, appearance, layout and location are the most desirable in Edmonton. For further details regarding leasing opportunities, please download the leasing brochure by logging on to our website at www.imperialequities.com or call us at 780 424-7227.

COPPERTONE VII
BUILDING

2018 PROPERTY DETAILS

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

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

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

MEET THE TENANTS

LDI Commercial Kitchen Repair Ltd.

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

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

780-455-0451 | www.lditechs.com

Battery World

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

780-415-5626 | www.batteryworld.net

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

Uniglassplus/Ziebart

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

780-448-9374 | www.uniglassplus.com

ColourSpec Paint and Decorating

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

780-451-2246 | www.benjaminmooreedmonton.ca

Fifendekel Pie Shop Cafe

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

780-454-5503 | www.fifendekel.com

Magnacharge Battery Corporation

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

780-452-2863 | www.magnacharge.com

Farm Credit Canada

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

780-495-4446 | www.fcc.ca

COPPERTONE VIII
BUILDING

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

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

780-643-8787 | www.frontiersupply.ca

INDEPENDENT SUPPLY BUILDING

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

2018 PROPERTY DETAILS

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

MEET THE TENANT

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

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

780-451-4744 | www.ischvacr.com

NAIT
DISTRIBUTION BUILDING

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

2018 PROPERTY DETAILS

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

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

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

MEET THE TENANT

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

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

www.nait.ca

TEAM INDUSTRIAL
SERVICE BUILDING

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

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

CENTRAL
DISTRIBUTION BUILDING

2018 PROPERTY DETAILS

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

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

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

MEET THE TENANTS

Amre Supply Co Ltd.

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

780-426-2673 | www.amresupply.com

- 11415 – 120 Street Edmonton, AB
- Acquired by Imperial Equities: 2005
- 3.83 Acres of land
- 103,000 Total square feet

Brazilian Canadian Coffee (Alberta) Inc.

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

780-435-3551 | www.bccab.ca

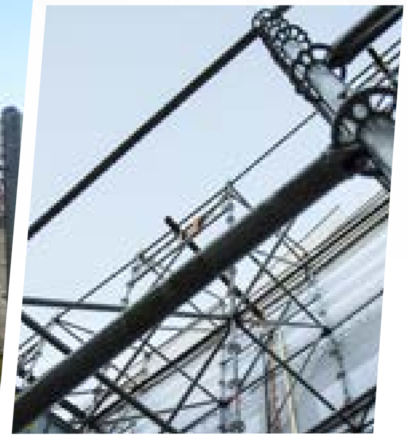
CCT Canada Inc.

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

780-481-0100 | www.cctcanada.com

SKYWAY CANADA
BUILDING

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



2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

780-417-8007 | www.skycan.ca

MYE CANADA
BUILDING

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

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

MYE Canada - is an Edmonton based state of the art bottling facility supplying the private label market throughout Canada. With a total of 11 production lines and the ability to bottle 720,000 bottles per day, production begins with PET resin and ends with a filled, great tasting bottle of water.

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

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

780-486-6663 | www.myecanada.com

THE CAPITAL
BUSINESS PARK

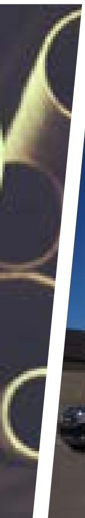
2018 PROPERTY DETAILS

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

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

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

15730/40 – 118 Avenue Edmonton, AB
Acquired by Imperial Equities: 1999
Build to Suit: 2012
4.10 Acres of land
28,102 Total square feet



MEET THE TENANTS

EMCO Corporation

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

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

780-447-4800 | www.emcoltd.com

Ahern Equipment of Canada

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

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

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

780-467-0600 | www.ahern.com

OLIVER CROSSING

2018 PROPERTY DETAILS

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

Imperial has made significant upgrades to this 78-year old building to transform it into a charming property, located on the fringe of downtown Edmonton, in the city's historic Oliver district. This area has undergone a remarkable transformation over the past 10 years becoming one of the city's fastest growing residential and commercial communities.

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

MEET THE TENANTS

Urban Timber

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

587-521-9663 | www.urbantimber.ca

Indian Fusion

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

780-752-5500 | www.indianfusionrestaurant.ca

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

Louisiana Purchase

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

780-420-6779 | www.louisianapurchase.ca

William H. Ross Architect Ltd.

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

780-482-3495

Privé

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

780-394-2342 | www.priveultralounge.ca

ASHWORTH
BUILDING

- 18037 - 105 Avenue, Edmonton, AB
- Developed by Imperial Equities: 2012
- 19,602 Square feet of land
- 8,000 Total square feet

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

780-482-7219 | www.tb3supply.ca

UNITED RENTALS
FORT SASKATCHEWAN

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

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

DAY & ROSS
CROSSDOCK FACILITY

- 11727 – 178 Street Edmonton, Alberta
- Acquired by Imperial Equities: 2002
- 4.79 Acres of land
- 22,600 Total square feet

2018 PROPERTY DETAILS

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

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

MEET THE TENANT

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

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

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

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

www.dayross.com

LAND
FOR DEVELOPMENT

12.9 ACRES

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

2018 PROPERTY DETAILS

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

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

3.0 ACRES

14420 – 112 Avenue, Edmonton, AB

2018 PROPERTY DETAILS

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

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

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

1.70 ACRES

3503 – 74 Avenue, Edmonton, AB

2018 PROPERTY DETAILS

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

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

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

1.71 ACRES

7335 – 36 Street, Edmonton, AB

2018 PROPERTY DETAILS

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

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

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

1.49 ACRES

3603 – 73 Avenue, Edmonton, AB

2018 PROPERTY DETAILS

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

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

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

2.24 ACRES

15003 – 121a Avenue, Edmonton, AB

2018 PROPERTY DETAILS

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

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

2018

FINANCIAL STATEMENTS

IMPERIAL EQUITIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	September 30, 2018	September 30, 2017
Assets			
Investment properties	3, 23	206,710,736	185,896,325
Total non-current assets		**206,710,736**	**185,896,325**
Loan receivable	4	1,009,825	496,414
Receivables	6	242,792	81,534
Prepaid expenses and deposits	7	1,218,946	2,008,256
Restricted cash	8	400,000	-
Short term investments	5	373,500	-
Cash and cash equivalents		2,343,520	843,336
Total current assets		**5,588,583**	**3,429,540**
Total Assets		**212,299,319**	**189,325,865**
Liabilities			
Mortgages	8	64,146,206	68,629,558
Security deposits		611,654	325,538
Deferred taxes	12(b)	14,299,347	13,810,232
Total non-current liabilities		**79,057,207**	**82,765,328**
Current portion of mortgages	8	21,280,840	11,020,384
Other financing	22 (b)	4,020,000	1,300,000
Bank operating facilities	9	18,457,672	9,506,115
Payables and accruals	10	3,145,876	672,789
Income taxes payable		915,477	852,725
Total current liabilities		**47,819,865**	**23,352,013**
Total Liabilities		**126,877,072**	**106,117,341**
Equity			
Issued share capital	14(a)	6,030,758	6,050,152
Contributed surplus	14(b)	593,750	593,750
Retained earnings		78,797,739	76,564,622
Total Equity		**85,422,247**	**83,208,524**
Total Equity and Liabilities		**212,299,319**	**189,325,865**

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

See accompanying notes to the consolidated financial statements.

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

	Notes	2018	2017
Rental revenue	17 (a)	10,435,054	10,325,117
Accelerated rent adjustment	4	1,992,928	-
Property operating expense recoveries		2,815,226	2,552,493
Property operating expenses	17 (b)	(3,454,607)	(2,971,617)
Income from operations		**11,788,601**	**9,905,993**
Finance costs	11	(2,950,726)	(2,605,259)
Administration expenses		(1,292,322)	(1,444,655)
Amortization of deferred leasing		(278,603)	(246,898)
Forfeited deposit	3	-	238,095
Loss on the sale of equipment	3	-	(51,034)
Unrealized gains on short term investments		73,500	-
Valuation net (losses) gains from investment properties	3	(3,475,926)	612,790
Income before income tax		**3,864,524**	**6,409,032**
Income tax expense	12(a)	(1,521,911)	(1,671,639)
Net income and comprehensive income		**2,342,613**	**4,737,393**
Earnings per share basic and diluted	15	**.24**	**.49**

See accompanying notes to the consolidated financial statements.

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

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

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

See accompanying notes to the consolidated financial statements.

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

	Notes	2018	2017
Operating activities			
Net income from operations		2,342,613	4,737,393
Finance costs		2,950,726	2,605,259
Items not affecting cash:			
Non-cash accelerated rent adjustment	13	(1,749,709)	-
Forfeited deposit on agreement to sell investment property		-	(238,095)
Amortization of discount on loan receivable		(3,586)	(17,989)
Amortization of tenant inducements		336,364	36,364
Amortization of deferred leasing costs		278,603	246,898
Fair value changes on investment properties		3,475,926	(612,790)
Loss on the sale of equipment		-	51,034
Unrealized gains on short term investments		(73,500)	-
Straight-line rental revenue		(141,838)	(190,965)
Deferred income taxes		489,114	818,914
Initial direct leasing costs		(1,078,511)	(268,611)
Net change in operating working capital	13	354,178	140,986
Cash provided by operating activities		**7,180,380**	**7,308,398**
Investing activities			
Purchase of investment properties		(16,130,567)	(17,133,798)
Property under development		(7,145,418)	-
Improvements to investment properties		(408,968)	(308,470)
Proceeds on sale of equipment		-	23,000
Proceeds from loan receivable		500,000	500,000
Net change in investing working capital	13	3,211,410	(1,495,674)
Cash used in investing activities		**(19,973,543)**	**(18,414,942)**
Financing activities			
Proceeds from new mortgages		16,350,000	10,250,000
Repayment of mortgages on maturity		(4,813,093)	(853,823)
Repayment of mortgages through principal instalments		(5,509,782)	(5,097,479)
Restricted cash held in guaranteed investment certificates		(400,000)	-
Amortization of deferred finance fees		86,773	79,768
Fees associated with new or renewed mortgages		(87,084)	(106,317)
Advances from other financing		6,570,000	3,350,000
Repayment of other financing		(3,850,000)	(2,050,000)
Finance costs		(2,950,726)	(2,605,259)
Purchase of common shares for cancellation		(128,890)	(113,765)
Net advances on bank operating facilities		8,951,557	7,003,728
Net change in financing working capital	13	74,592	(22,006)
Cash provided by financing activities		**14,293,347**	**9,834,847**
Increase (decrease) in cash and cash equivalents		1,500,184	(1,271,697)
Cash and cash equivalents, beginning of year		843,336	2,115,033
Cash and cash equivalents, end of period		**2,343,520**	**843,336**

See accompanying notes to the consolidated financial statements.

1. Nature of operations

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

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

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

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

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

(b) Investment properties

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

Investment properties

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

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

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

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

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

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

Investment properties under development

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

Borrowing costs related to properties under development

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

(c) Business combinations

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

(d) Impairment of assets

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

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

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. Should this impairment loss be determined to have reversed in a future period, a reversal of the impairment loss is recorded in the consolidated statements of comprehensive income. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined had no impairment loss been recognized.

(e) Investment property held for sale

Investment property is categorized as held for sale where the property is available for sale in its present condition and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the property is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where a property is acquired with a view to resale, it is classified as held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a brief period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect property held for sale. On reclassification to or from investment property held for sale, investment property that is measured at fair value continues to be so measured.

(f) Leases – Company as lessor

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

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

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

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

(g) Segment reporting

Operating segments are defined as components of the Company for which separate financial information is available and is evaluated by the chief decision makers in allocating resources and assessing performance. All the Company's operations are solely in Canada and are under one business, commercial real estate.

(h) Income tax

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

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

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

(i) Provisions

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

(j) Revenue recognition

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

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

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

Accelerated rent adjustments occur when the Company agrees to allow a tenant to terminate their lease in advance of the contractual lease term. The proceeds of the negotiated rent adjustment is recognized in income when it is receivable, and there is no ongoing contractual obligation.

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

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

(k) Fair value measurements

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

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

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

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

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

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

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

(l) Financial instruments

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

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

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

Financial assets and liabilities	Classification	Subsequent measurement
Cash, cash equivalents and restricted cash	Loans and receivables	Amortized cost
Short term investments	Held-for-trading	Fair value through profit and loss
Receivables and loans receivable	Loans and receivables	Amortized cost
Bank operating facilities	Other financial liabilities	Amortized cost

Payables and accruals	Other financial liabilities	Amortized cost
Other financing	Other financial liabilities	Amortized cost
Mortgages	Other financial liabilities	Amortized cost
Security deposits	Other financial liabilities	Amortized cost

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

(m) Cash and cash equivalents and restricted cash

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

(n) Stock based compensation

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

(o) Normal course issuers bid

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

(p) Critical judgments in applying accounting policies

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

(i) Leases

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

(ii) Investment properties

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

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

(iii) Income tax

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

(q) Critical accounting estimates and assumptions

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

(i) Investment properties

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

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

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

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

(ii) Income taxes

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

(iii) Stock-based compensation

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

(iv) Valuation of loan receivable

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

(r) Adoption of accounting standards

Current accounting policy changes

Amendments to IAS 7, "Statement of Cash Flows" ("IAS 7"). The amendments require disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments do not define financing activities; instead they clarify that financing activities are based on the existing definition used in IAS 7. The amendments are to be applied effective for annual periods beginning January 1, 2017.

In these consolidated financial statements, the amortization of direct leasing costs has been reclassified and included in operating activities when it was previously reported as part of investing activities. Accrued interest liabilities and amortization of deferred finance costs have been reclassified to financing activities from operating activities and any deposits held in trust for acquisitions are now classified as investing activities rather than operating activities.

Prior year changes to statements of cash flows

	2017
Cash inflow from operating activities of continuing operations, previously stated	$ 6,078,965
Interest income, reclassified to financing activities	(19,636)
Direct leasing costs, reclassified from investing activities	(268,611)
Deposits in trust for investment properties, reclassified to investing activities	1,367,049
Payables for acquisition fees, reclassified to investing activities	128,625
Refundable deposit, reclassified to financing activities	41,000
Accrued interest on financing, reclassified to financing activities	(18,994)
Cash inflow from operation activities, reclassified	**$ 7,308,398**
Cash outflow used in investment activities of continuing operations, previously stated	$ (17,187,879)
Deposits in trust for investment properties, reclassified from operating activities	(1,367,049)
Payables for acquisition fees, reclassified from operating activities	(128,625)
Direct leasing costs, reclassified to operating activities	268,611
Cash used in investing activities, reclassified	**$ (18,414,942)**
Cash provided by financing activities of continuing operations, previously stated	$ 9,837,217
Refundable deposit, reclassified from operating activities	(41,000)
Accrued interest on financing, reclassified from operating activities	18,994
Interest income, reclassified to finance costs in operating activities	19,636
Cash provided by financing activities, reclassified	**$ 9,834,847**

Future accounting pronouncements

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has determined that the impact on the consolidated financial statements of adopting this new standard is not expected to be material.

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

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

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has determined that the impact on the consolidated financial statements of adopting this new standard is not expected to be material.

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

3. Investment properties

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

	Income Producing Properties	Properties Held For Sale	Held For Development	Total Investment Properties
Opening balance at September 30, 2016	$ 156,290,087	$ 8,104,500	$ 3,344,400	**$ 167,738,987**
Additions:				
Capitalized property taxes and other	-	-	167,956	**167,956**
Property improvements	140,514	-	-	**140,514**
Leasing commissions	268,611	-	-	**268,611**
Property acquisitions	17,133,798	-	-	**17,133,798**
Change in straight-line revenues	190,965	-	-	**190,965**
Revaluation (losses) gains, net	780,746	-	(167,956)	**612,790**
Loss on the sale of equipment	(74,033)	-	-	**(74,033)**
Amortization of deferred leasing	(246,898)	-	-	**(246,898)**
Amortization of tenant inducements	(36,365)	-	-	**(36,365)**
Transfers (from) to	-	(8,104,500)	8,104,500	-
Ending balance at September 30, 2017	**$ 174,447,425**	**$ -**	**$ 11,448,900**	**$ 185,896,325**

Valuation methodology and processes

The fair value of investment properties at September 30, 2018 and September 30, 2017 is determined internally by management using assumptions and market information obtained from industry professionals and qualified external appraisers. Management uses inputs from external appraisers as additional sources of information when recording property specific attributes. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, all the investment properties are classified as Level 3 assets. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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

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

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

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

	September 30, 2018	**September 30, 2017**
Range of capitalization rates applied to investment properties	5.00% - 7.17%	5.00% - 7.00%
Fair values of properties where cap rates were applied	$ 181,766,587	$ 166,047,426
Weighted average cap rates	6.26%	6.24%
Fair value impact of increasing average cap rate by 0.25%	$ (6,968,691)	$ (9,635,229)
Fair value impact of a 1% decrease in net operating income	$ (1,817,669)	$ (4,993,344)

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

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

	September 30, 2018	September 30, 2017
Oliver Crossing		
Fair value	$ 8,400,000	$ 8,400,000
Impact of a $10 change in price per square foot	$ 525,000	$ 525,000
Land held for development		
Average price per acre of land	$ 163,349	$ 698,956
Number of acres	64.38	16.38
Total fair values	$ 10,516,418	$ 11,448,900
Impact of a 10% change in average price per acre	$ 1,051,642	$ 1,144,890
Property under development		
Coppertone III – 1.25 acres, Edmonton, AB	$ 3,473,629	$ -
Impact of a $10 change in price per square foot	$ 119,989	$ -
Land under lease agreements with tenants		
Number of acres leased	4.90	-
Average price per acre	$ 798,104	$ -
Total fair values of leased land	$ 3,910,710	$ -
Impact of a 10% change in average price per acre	$ 391,071	$ -

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

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

	September 30, 2018	September 30, 2017
Straight line rent receivable	$ 1,547,901	$ 1,406,063
Leasing costs	1,632,652	832,744
Tenant inducement	-	336,364
	$ 3,180,553	$ 2,575,171

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

The tenant inducement was for one tenant that went into receivership in the current year and is no longer occupying the building. The inducement was fully expensed in the current year.

Forfeited deposit-prior year

In the prior year, an arm's length purchaser was unable to complete an unconditional purchase and sale agreement. The deposit of $250,000 was recorded as revenue, net of GST in the prior year.

Loss on sale of equipment-prior year

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

4. Loan receivable

	September 30, 2018	September 30, 2017
Loan receivable, beginning of year	$ 496,414	$ 978,425
Additional loan receivable during the year	2,200,000	-
Provision for impairment	(1,000,000)	-
Principal payments received during the year	(686,589)	(482,011)
Balance, end of year	**$ 1,009,825**	**$ 496,414**

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

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

The Company received the first two monthly instalments during the year. The final instalment date is May 1, 2020. The contractual receivable at year end is $2,009,825 (September 30, 2017 - $Nil). Due to the unsecured nature of the additional loan received during the year, a provision for impairment of $1,000,000 was recorded on initial recognition and remains at September 30, 2018, with a resulting balance of $1,009,825 at September 30, 2018 (September 31, 2017 - $Nil).

The loan receivable at September 30, 2017 was in relation to the sale of a subsidiary which took place in December 2015. The principal balance of the loan plus interest at an annual rate of 6.5% was received in full during the current year (September 30, 2017 - $496,414).

5. Short – term investments

Short – term investments are common shares acquired in the settlement of the accelerated rent adjustment (Note 4) The securities acquired have a hold date for trading until November 3, 2018.

Level 1 Measurement	September 30, 2018	September 30, 2017
Marketable securities, beginning of year	$ -	$ -
Value of shares acquired during the year	300,000	-
Change in fair value during the year	73,500	-
Balance at the end of the year	**$ 373,500**	**$ -**

6. Receivables

	September 30, 2018	September 30, 2017
Tenant receivables	$ 136,324	$ 97,595
Accrued interest	10,772	-
Excise taxes receivable and rebates receivable	111,757	-
Provision for impairment	(16,061)	(16,061)
Receivables, net	**$ 242,792**	**$ 81,534**

The Company has many tenants that are multinational companies with solid credit ratings. The tenant receivables at September 30, 2018 and September 30, 2017 include invoices for occupancy costs that were reconciled at year end and subsequently collected.

At September 30, 2018 and September 30, 2017 there is one tenant with rental arrears and the Company has recorded a provision in both years for impairment of this receivable. The tenant continues to make payments. There was no additional provision for impaired receivables from other tenants at September 30, 2018 as the Company has assessed the remaining receivables to be collectible.

7. Prepaid expenses and deposits

	September 30, 2018	September 30, 2017
Prepaid operating expenses	$ 497,507	$ 430,207
Deposits on offers to purchase investment property	665,000	1,517,049
Security deposits with municipalities	56,439	20,000
Refundable deposit	-	41,000
Total prepaid expenses and deposits	**$ 1,218,946**	**$ 2,008,256**

Prepaid operating expenses at September 30, 2018 and September 30, 2017 are for property taxes and insurance.

At September 30, 2018 the Company has placed deposits on agreements to purchase investment property as follows:

- Deposits of $250,000 were placed pursuant to an agreement to purchase 3.78 acres of land with a 29,450 square foot building in southeast Edmonton. The total purchase price is $6,150,000. The acquisition was completed in Q1 2019 (Note 23).

- A deposit of $165,000 was placed pursuant to an agreement to purchase 3 acres of vacant land in northwest Edmonton. The total purchase price is $1,650,000. The acquisition was completed in Q1 2019 (Note 23).

- A deposit of $50,000 was placed pursuant to an agreement to purchase .35 acres of land with a 7,313 square foot building in northeast Edmonton. The total purchase price is $975,000 and the acquisition was completed in Q1 2019 (Note 23).

- Deposits of $200,000 were placed pursuant to agreements to purchase property that were not completed. The deposits were refunded to the Company subsequent to the year end.

At September 30, 2017 the Company had deposits of $1,517,049 on agreements to purchase investment property. The acquisitions were completed in Q1 2018. The refundable deposit at September 30, 2017 was received in Q1 2018.

8. Mortgages

	Maturity	Rate	September 30, 2018	September 30, 2017
	September 1, 2017	3.486%	$ -	$ 2,564,288
	October 1, 2017	3.357%	-	2,248,805
*	January 1, 2019	2.620%	1,742,156	1,904,583
*	January 1, 2019	2.630%	2,569,227	2,743,490
*	January 1, 2019	2.630%	2,039,948	2,177,932
*	July 1, 2019	3.450%	10,550,178	11,043,785
	November 1, 2019	3.334%	9,414,128	9,847,403
	January 1, 2021	2.980%	3,740,559	3,988,201
	January 1, 2021	2.980%	5,787,844	6,171,024
	April 1, 2021	2.880%	5,982,442	6,371,859
	April 1, 2021	2.948%	3,231,172	3,422,086
	October 1, 2021	2.470%	6,676,895	7,253,384
	October 1, 2021	2.470%	7,936,856	8,445,018
	February 1, 2022	3.040%	6,172,934	6,540,597
	June 1, 2022	2.730%	2,404,821	2,594,914
	December 1, 2022	3.670%	3,943,735	-
	December 1, 2022	3.671%	3,583,038	-
	January 1, 2023	3.570%	811,376	884,065
	February 1, 2023	3.750%	2,159,649	-
	October 1, 2023	3.950%	622,272	731,921
	October 1, 2023	4.090%	6,300,000	-
	July 1, 2024	5.000%	-	958,459
	Total mortgages		$ 85,669,230	$ 79,891,816
	Less: current portion of principal payments		(21,280,840)	(11,020,384)
	Less: balance of unamortized finance fees		(242,184)	(241,874)
			$ 64,146,206	**$ 68,629,558**
	Weighted average rate		**3.13%**	**3.00%**

*Mortgages due in the next twelve months

A mortgage with a balance of $249,709 at June 30, 2018 was discharged as part of the consideration received under the accelerated rent adjustment (Note 4).

All the above mortgages are repayable in blended monthly payments of interest and principal. The security pledged for each mortgage is limited to the related investment property, except for one mortgage with a maturity date of July 1, 2019. Additional security and collateral for the lender of this mortgage includes monthly instalments of $100,000 held in interest bearing GIC's, for a total debt service reserve in the aggregate of $1,300,000. Total instalments at September 30, 2018 are $400,000 and are classified as restricted cash.

9. Bank operating facilities

	September 30, 2018	September 30, 2017
Bank operating facilities	$ 18,457,672	$ 9,506,115

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

1) An operating line of credit (LOC) with a limit of $10,000,000 (September 30, 2017 - a limit of $8,000,000 and provisions for a temporary increase of an additional $1,500,000).

   This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2018 of $9,888,223 (September 30, 2017 - $9,506,115). The credit facility bears interest at prime plus 1% per annum (September 30, 2017 – interest at prime plus 1% per annum) and is secured by specific revenue producing properties with combined fair values of $39,870,611 (September 30, 2017 specific revenue producing properties with combined fair values of $17,227,241). The Company pays a standby fee of .25% per annum (September 30, 2017 - .25% per annum), payable monthly on the un-drawn portion of the facility. Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

   Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.25 can be maintained, less the Prior Debt on the properties, (September 30, 2017: a Debt Service Coverage Ratio of 1.30 can be maintained, less the Prior Debt on the properties) or b) the level at which a Loan to Value Ratio of 70% can be maintained with respect to the secured properties, over which the Lender has a 1st mortgage and 60% with respect to the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties (September 30, 2017: a Loan to Value Ratio of 65% can be maintained with respect to the secured properties, over which the Lender has a 1st mortgage and 60% with respect to the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties). For these secured properties, the loan to value is set at 65%, unchanged from the prior year.

   Debt service = annual principal and interest payments based on 25-year amortization and an interest rate that is the greater of 5.0% (September 30, 2017 - 5.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points.

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

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

   The aggregate of the above calculation for each property is the "Preliminary Lending Value" and is determined by the lender to be $9,354,020. The "Final Lending Value" is $10,000,000 and will be accommodated by the Lender until March 31, 2019 at which time it will be adjusted back down to the preliminary Lending Value, as recalculated at that time. Any resulting margin shortfall is to be covered by the Company's own resources.

   At September 30, 2018 the debt service coverage ratio is 1.12 and the loan to value ratio is 72% (September 30, 2017 the debt service coverage ratio was 1.31 and the loan to value ratio was 77%).

   At the fiscal year end of September 30, 2017, the lender had allowed the Company to overdraw the LOC. The Company was in the process of paying out two conventional mortgages that were due on September 1, 2017 and October 1, 2017 and replacing them with two new mortgages through the same lender. The two new mortgages would provide additional capital to complete a purchase agreement, set to close subsequent to the year end. As the lender was unable to fund the mortgages prior to the year end, the lender agreed to allow the Company to overdraw the credit facility and allow the loan to value ratio to exceed 65% at September 30, 2017, until the mortgages were fully advanced in Q1 2018. The Company did not breach any financial covenants during the current year, or prior year.

2) An additional operating LOC with a limit of $10,000,000.

This credit facility bears interest at prime plus .95% per annum and is secured by specific revenue producing properties with combined fair values at September 30, 2018 of $64,956,941.

There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at September 30, 2018 is $8,569,449 (September 30, 2017 - $ Nil).

10. Payables and accruals

	September 30, 2018	September 30, 2017
Trade payables	$ 1,814,114	$ 68,118
Accrued loan interest	228,729	195,136
Current portion of tenant security deposits	25,624	37,850
Accrued liabilities	734,175	193,529
Prepaid rents	343,234	178,156
Total payables and accruals	**$ 3,145,876**	**$ 672,789**

Trade payables at September 30, 2018 include construction payables for two projects currently under development. Accrued liabilities include construction holdbacks of $641,505 (September 30, 2017 - $ Nil). Prepaid rents from tenants largely relates to rent due on the first of the following month, and the balance represents rents paid in advance which is recognized in revenue over the applicable months. The carrying value of payables and accruals approximates fair value due to their short-term maturity.

11. Finance costs

The components of finance costs are as follows:

	September 30, 2018	September 30, 2017
Interest on mortgages	$ 2,435,159	$ 2,317,832
Interest on bank operating facilities	496,210	203,796
Interest on other unsecured financing	62,971	23,499
Amortization of deferred finance fees	86,773	79,768
Interest income	(44,033)	(19,636)
Capitalized interest to properties under development	(86,354)	-
	$ 2,950,726	**$ 2,605,259**

12. Income taxes

a) Provision for income taxes

Components of income tax expense

	September 30, 2018	September 30, 2017
Current tax expense	$ 1,032,797	$ 852,725
Deferred tax expense	489,114	818,914
	$ 1,521,911	$ 1,671,639

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

	2018	2017
Income before income taxes	$ 3,864,524	$ 6,409,032
Expected income tax expense at 27% (2017-27%)	$ 1,043,421	$ 1,730,439
Increase (decrease) resulting from:		
Non-taxable items	(19,691)	23,926
Tax rate differentials	498,181	(82,726)
	$ 1,521,911	$ 1,671,639

b) Deferred taxes

Deferred tax assets are attributable to the following:

	September 30, 2018	September 30, 2017
Financing fees	$ 6,259	$ 10,319
Loan receivable	-	968
Deferred tax assets	6,259	11,287
Offset of tax	(6,259)	(11,287)
Net deferred tax assets	**$ -**	**$ -**

Deferred tax liabilities are attributable to the following:	September 30, 2018	September 30, 2017
Straight-line rent receivable	$ 417,933	$ 379,637
Investment properties	13,436,855	13,087,371
Marketable securities	9,923	-
Finance fees	79	-
Tenant inducements	-	90,818
Capital gain reserve	-	38,852
Deferred leasing	440,816	224,841
Deferred tax liabilities	14,305,606	13,821,519
Offset of tax	(6,259)	(11,287)
Net tax liabilities	**$ 14,299,347**	**$ 13,810,232**

$30,273,649 (September 30, 2017 - $30,273,649) related to investments in certain subsidiaries was not recognized because it was not probable that the temporary difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

13. Supplemental consolidated cash flow information

Net change in operating working capital	**September 30, 2018**	**September 30, 2017**
(Increase) decrease in receivables	$ (161,259)	$ 29,051
Decrease in loans receivable	190,175	-
Increase in prepaid expenses and deposits	(103,740)	(105,445)
Increase (decrease) in payables and accruals	80,133	(48,225)
Increase in income taxes payable	62,752	196,382
Increase in security deposits	286,117	69,223
	$ 354,178	**$ 140,986**

Net change in investing working capital		
Decrease (increase) in deposits in trust for property acquisitions	$ 852,049	$ (1,367,049)
Decrease in acquisition fees payable	-	(128,625)
Increase in construction payables and accruals	2,359,361	-
	$ 3,211,410	**$ (1,495,674)**

Net change in financing working capital		
Decrease (increase) in refundable deposits with lenders	$ 41,000	$ (41,000)
Increase in accrued interest payable	33,592	18,994
	$ 74,592	**$ (22,006)**

Interest paid	$ 2,980,033	$ 2,526,560
Income taxes paid	$ 970,044	$ 683,930

Non-cash transaction:		
Accelerated rent adjustment		
Common shares received	$ 300,000	$ -
Discharge of mortgage payable	249,709	-
Loan receivable, net of a provision for impairment	1,200,000	-
	$ 1,749,709	**$ -**

14. Share capital

a) The Company has unlimited authorized common share capital.

	September 30, 2018	**September 30, 2017**
Number of shares issued		
Balance beginning of year	9,614,442	9,671,442
Shares cancelled during the year	(30,800)	(57,000)
Ending number of shares	**9,583,642**	**9,614,442**
Capital stock		
Balance beginning of year	$ 6,050,152	$ 5,946,742
Shares previously held in treasury	-	139,322
Shares cancelled during the year	(19,394)	(35,912)
Ending capital stock	**$ 6,030,758**	**$ 6,050,152**

The Company received approval from the TSX Venture Exchange to purchase up to 480,227 common shares representing 5% of the outstanding shares under a normal course issuer bid (“NCIB”) that expired August 30, 2018. Prior to the expiry date, the Company received further approval to purchase up to 480,047 common shares under a NCIB which expires August 30, 2019.

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

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

b) **Contributed surplus**

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

	September 30, 2018	September 30, 2017
Contributed surplus, beginning and end of year	**$ 593,750**	**$ 593,750**

15. Earnings per share

The following are the weighted average number of shares outstanding:

	September 30, 2018	September 30, 2017
Net income and comprehensive income for the year	$ 2,342,613	$ 4,737,393
Weighted average shares outstanding – basic	9,598,215	9,604,975
Unexercised dilutive options	21,184	27,899
Weighted average shares outstanding – diluted	9,619,399	9,632,874
Earnings per share – basic and diluted	**$ .24**	**$ .49**

16. Stock-based compensation plan

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

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Yrs.)
Opening balance at October 1, 2017	475,000	$ 4.25	1.92
Ending balance at September 30, 2018	**475,000**	**$ 4.25**	**.92**

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

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

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options. All the options outstanding as of September 30, 2018 and September 30, 2017 are exercisable.

17. Rental revenue

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

a) Rental revenue

	September 30, 2018	September 30, 2017
Rental revenue, contractual amount	$ 10,629,580	$ 10,170,516
Amortization of tenant inducements	(336,364)	(36,364)
Straight line of rental revenue from leases	141,838	190,965
Rental revenue on statement of comprehensive income	**$ 10,435,054**	**$ 10,325,117**

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

	2018	2017
No later than one year	$ 11,219,026	$ 10,691,138
2 – 5 years	35,524,690	36,519,292
Over 5 years	18,892,089	24,569,133
	$ 65,635,805	**$ 71,779,563**

The decrease in future contracted rent receivable at September 30, 2018 is due primarily to the early termination of a lease where an accelerated rent adjustment of $2,992,928 was negotiated (Note 4).

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

b) Property operating expenses

	September 30, 2018	September 30, 2017
Property taxes	$ 1,889,811	$ 1,660,344
Insurance	82,461	102,465
Repairs and maintenance	781,912	553,321
Management fees	599,505	564,251
Utilities	100,918	91,236
	$ 3,454,607	**$ 2,971,617**

18. Guarantees, contingencies and commitments

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

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

c) The Company has contracts in place with related parties to provide property management and asset management. Both contracts have been in place since 1999 and have been renewed on an annual basis with no changes to the terms. Further information can be found in the Related Party Transactions in Note 21.

d) The Company has commitments under contracts for properties under development. The balance of construction contracts not incurred at September 30, 2018 is $1,521,661 (September 31, 2017 - $Nil)

20. Capital risk management

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

	September 30, 2018	September 30 2017
Mortgages	$ 85,669,230	$ 79,891,815
Bank operating facilities	18,457,672	9,506,115
Other financing	4,020,000	1,300,000
Total debt financing	108,146,902	90,697,930
Equity	85,422,247	83,208,524
Total capital	**$ 193,569,149**	**$ 173,906,454**

21. Financial instruments

	September 30, 2018	September 30, 2017
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 2,343,520	$ 843,336
Restricted cash	400,000	-
Short term investments	373,500	-
Receivables, net of provisions	242,792	81,534
Loan receivable, net of provision	1,009,825	496,414
	$ 4,369,637	**$ 1,421,284**
Financial liabilities		
Other financial liabilities		
Bank operating facilities	$ 18,457,672	$ 9,506,115
Payables and accruals	3,145,876	672,789
Other financing	4,020,000	1,300,000
Security deposits	611,654	325,538
Mortgages	85,669,230	79,891,815
	$ 111,904,432	**$ 91,696,257**

The carrying value of cash and cash equivalents, restricted cash, receivables, loan receivable, bank operating facilities, other financing, payables and accruals and security deposits approximate their fair value because of the near-term maturity of those instruments. The fair value of short - term investments is a level 1 measurement valued at the quoted market price. The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at September 30, 2018 is $84,553,051 (September 30, 2017 - $78,566,380). These estimates are subjective in nature as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for this calculation is 4.090% (September 30, 2017 – 3.448%).

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

Credit risk

The Company's maximum exposure to credit risk is the balance of its trade receivables of $120,263 (September 30, 2017 - $81,534), cash and cash equivalents of $2,343,520 (September 30, 2017 - $843,336), restricted cash of $400,000 (September 30, 2017 - $ Nil) and loan receivable of $1,009,825, net of provision of $1,000,000 (September 30, 2017 - $496,414).

Credit risk on trade receivables for Imperial Equities Inc. arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions. Restricted cash is held in GIC's with a financial institution. Credit risk associated with the loan receivable arises from the possibility that the counterparty may experience financial difficulty and be unable to make the contractual payments. The Company has made a provision for impairment of this loan of $1,000,000 at September 30, 2018.

Trade accounts receivable that have been deemed uncollectible are expensed as bad debts and charged to net income in the period when the account is determined to be doubtful. During the prior year, the Company had a tenant that had difficulty paying their rent. This tenant was placed into receivership and the Company wrote off the rent receivable of $257,209 at September 30, 2017 as a bad debt. The Receiver found a buyer for this tenant's business, and a new lease was entered into in Q2 2018. Estimates for the allowance for doubtful accounts are determined on a tenant-by-tenant evaluation of collectability at each reporting date. As at September 30, 2018 and September 30, 2017, an allowance for doubtful accounts was recorded in the amount of $16,061 for one small tenant. The Company will continue to closely monitor this tenant for financial stability. All other accounts are deemed collectible.

Interest rate risk

The Company's exposure to interest rate risk relates to its short-term floating interest rates on bank operating facilities. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance on the bank operating facilities at September 30, 2018 is $18,457,672 (September 30, 2017 - $9,506,115). Under the assumption any balance of debt is outstanding for a further one year; a 1% increase in the prime rate would have a negative impact on the future annual earnings of the Company of $184,577 (September 30, 2017 - $95,062). The Company minimizes its exposure to interest rate risk to the extent that all mortgages have fixed rates with terms of five years.

Liquidity risk

Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they become due. The Company's objective related to liquidity risk is to effectively manage cash flows to minimize the exposure that the Company will not be able to meet its obligations associated with financial liabilities. The Company actively monitors its financing obligations and cash and cash equivalents to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost. Management manages its liquidity risk with the use of the lines of credit available to the Company as well as short term financing from related parties and private parties. Management estimates that cash flows from real estate activities will provide sufficient cash requirements to cover normal operating and budgeted expenditures. Short–term investments held by the Company may have some liquidity risk due to the underlying low trading volumes of the stock. Management will look to the disposition of these investments over the next 12 months as market forces permit.

The Company took advantage of leverage opportunities on two mortgages that were in the process of being renewed at September 30, 2017. Both mortgages were paid in full at their due date and new mortgages were received on the properties. The proceeds of the mortgages were used to repay an amount on a line of credit that had a balance at September 30, 2017 of $9,506,115. During the current year, the Company secured an additional new credit facility with one of the Company's major lenders to be used for property acquisitions and general operations. The limit on this credit facility is $10,000,000 and bears interest at prime plus .95% per annum. An existing line of credit with a major lender was increased during the year to a limit of $10,000,000 to assist with acquisitions and general operations. Two conventional mortgages were received on two new acquisitions and two mortgages were renewed for further five - year terms.

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

Contractual obligations at September 30, 2018

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

Contractual obligations at September 30, 2017

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

22. Related party transactions

The following are the related party transactions of the Company.

a) *Management Agreements*

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

Fee structure

Payments to Sable Realty & Management Ltd.:

Property management	4% of gross rents paid plus a flat fee for ground maintenance on certain properties
Property maintenance	$50-$65/hour for labour plus charges for truck, equipment and parts
Office rent and parking	flat rate of $8,000 monthly
Warehouse lease space	discontinued at December 31, 2017 (September 30, 2017 -market rate for comparable leased space)
Fees for Chief Financial Officer	$200,000 ($210,000-September 30, 2017)

Payments to North American Realty Corp.:

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

Payments for the year ending September 30,	**2018**	**2017**
Property management and maintenance fees	$ 931,553	$ 796,651
Acquisition fees	159,588	169,000
Leasing fees	938,730	215,980
Office rent and parking	97,750	96,000
Warehouse lease space	5,918	35,450
Fees for Chief Financial Officer	200,000	210,000
Total payments	**$ 2,333,539**	**$ 1,523,081**
Amounts payable at September 30,	**$ 10,684**	**$ -**

b) *Other related party transactions*

i) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the year ending September 30, 2018 were $45,000 (September 30, 2017 – $47,500).

ii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company's key management personnel include the President Sine Chadi who is also a director of the Company. Total compensation paid to Mr. Chadi for the year ending September 30, 2018 was $300,000 (September 30, 2017 - $300,000).

iii) Other financing, unsecured

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

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

1. North American Mortgage Corp. ("NAMC") is controlled by Mr. Sine Chadi, President of the Company. No interest was paid on the repayment of the loan at September 30, 2018 due to the short term nature of the loan (September 30, 2017 - $575,000 was repaid with interest at an annual rate of 8% and $100,000 was repaid with interest at an annual rate of 6%. Total interest paid was $12,845).

2. Loans repaid to shareholders totalling $3,800,000 were repaid with interest at an annual rate of 6%. Total interest paid at September 30, 2018 was $43,685 (September 30, 2017 – $775,000 was repaid with interest at an annual rate of 8% and $600,000 was repaid with interest at an annual rate of 6%. Total interest paid was $10,653).

3. Imperial Land Corp. is controlled by Mr. Sine Chadi, President of the Company. Total interest paid at an annual rate of 6% was $19,287 (September 30, 2017 - $ Nil).

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 September 30, 2018 and September 30, 2017 approximates their carrying value as the amounts are due on demand.

23. Post-reporting date events

Subsequent to the year end, the Company terminated a tenant lease prior to the expiry date. The total accelerated rent adjustment of $210,000 was received in Q1 2019.

In Q4 2018 the Company placed deposits totaling $250,000 pursuant to an agreement to purchase 3.78 acres of land with a 29,450 square foot building in southeast Edmonton. The total purchase price is $6,150,000. The acquisition was completed in Q1 2019 with a conventional mortgage received in the amount of $4,300,000.

In Q4 2018 a deposit of $165,000 was placed pursuant to an agreement to purchase 3 acres of vacant land in northwest Edmonton. The total purchase price is $1,650,000. The acquisition was completed in Q1 2019.

In Q4 2018 a deposit of $50,000 was placed pursuant to an agreement to purchase .35 acres of land with a 7,313 square foot building in northeast Edmonton. The total purchase price is $975,000 and the acquisition was completed in Q1 2019.

In Q4 2018 the Company placed a deposit of $100,000 pursuant to a conditional agreement to purchase land in Conklin, Alberta for a total purchase price of $1,064,000. Subsequent to the year end, the Company did not complete the purchase and the deposit was refunded in Q1 2019.

In Q4 2018 a deposit of $100,000 was placed pursuant to an agreement to purchase land in Crossfield, Alberta. Subsequent to the year end, the Company did not complete the purchase and the deposit was refunded in Q1 2019.

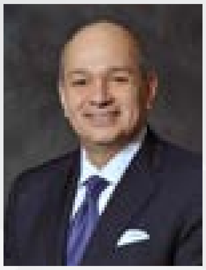
Subsequent to the year end in Q1 2019, a tenant took occupancy of the build to suit building in Hanna, Alberta that was under development at year end. A conventional mortgage secured against the property in the amount of $5,100,000 was received in Q1 2019.

24. Authorization of consolidated financial statements

The consolidated financial statements for the year ending September 30, 2018 (including comparatives) were authorized for issue by the Board of Directors on November 29, 2018.

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

BOARD OF DIRECTORS



SINE CHADI
CEO & Chairman of the Board

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

▸ He brings more than 40 years of professional real estate experience to Imperial and is the founder and principal shareholder of several other companies involved in real estate sales, asset management, property management and mortgage financing. Sine is an active community leader and an enthusiastic organizer and fundraiser for many community groups, charities and not for profit organizations. Sine was a member of the Legislative Assembly of Alberta from 1993–1997. Here he represented his caucus on a number of the Legislature's economic development, public accounts and treasury committees. In 2002 on the occasion of the 50th anniversary of the accession of Her Majesty Queen Elizabeth II to the Throne, Sine was awarded the Golden Jubilee Medal in recognition of his contributions to Canada. In 2005 he was awarded the Alberta Centennial Medal "for outstanding service to the people and Province of Alberta". In 2008 Sine was a finalist for the Ernst & Young Entrepreneur of the year award and in 2012 he was awarded the Queen Elizabeth II Diamond Jubilee Medal in commemoration of the 60th anniversary of Her Majesty's Accession to the Throne. In 2013, Sine was inducted to the city of Edmonton's Hall of Fame.

DIANE BUCHANAN
Director

Diane is a director and Chairman of the Gordon & Diane Buchanan Foundation and CEO of Yorkshire Equities Inc.

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

Diane has extensive experience in real estate and business operations for over 35 years. She is the former CEO of Advanced Panel Products Ltd. and currently President & CEO of Yorkshire Equities Inc. Diane is a former real estate agent that owned several real estate brokerages and has developed several real estate properties including the Union Bank Inn (a 4 star Hotel in downtown Edmonton).

KEVIN L. LYNCH
Director

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

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

DAVID MAJESKI
Director

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

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

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

SUSAN GREEN
Director

Susan has extensive experience in the public, private, and not-for-profit sectors.

Over her career she has held senior executive leadership roles at the University of Alberta, the Alberta Cancer Board, the Alberta Cancer Foundation, the Government of Alberta and most recently completed her term as Chair of the Alberta Gaming and Liquor Commission.

In addition to almost 30 years of executive leadership in government, health care and education, Susan has devoted countless hours giving back to the community. She commits her talents to social activism and humanitarian works, which has included serving as the chair and on the executive committee of provincial, national and international organizations such as Habitat for Humanity, Crossroads International, Pearson College of the Pacific, the Rotary Club of Edmonton Glenora, Edzimkulu: A Society for Children with AIDS in South Africa and the Lieutenant Governor of Alberta Arts Awards Foundation.

Susa is the recipient of several prestigious awards for professional and community service including an Honorary Degree from MacEwan University (2014), the Queen's Diamond Jubilee Award (2013), Global Woman of Vision (2006) the Alberta Centennial Medal for Community Service and Professional Service (2005) and Venture magazine's 2016 Top 50 Influential Albertans.

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TSX Venture Exchange
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10th Floor, 300 Fifth Avenue S.W | Calgary, Alberta T2P 3C4
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ANNUAL MEETING

Date: March 7, 2019
Time: 2:00 pm
Place: Conference Room A and B
Concourse Level Scotia Place
10060 Jasper Avenue | Edmonton, Alberta

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