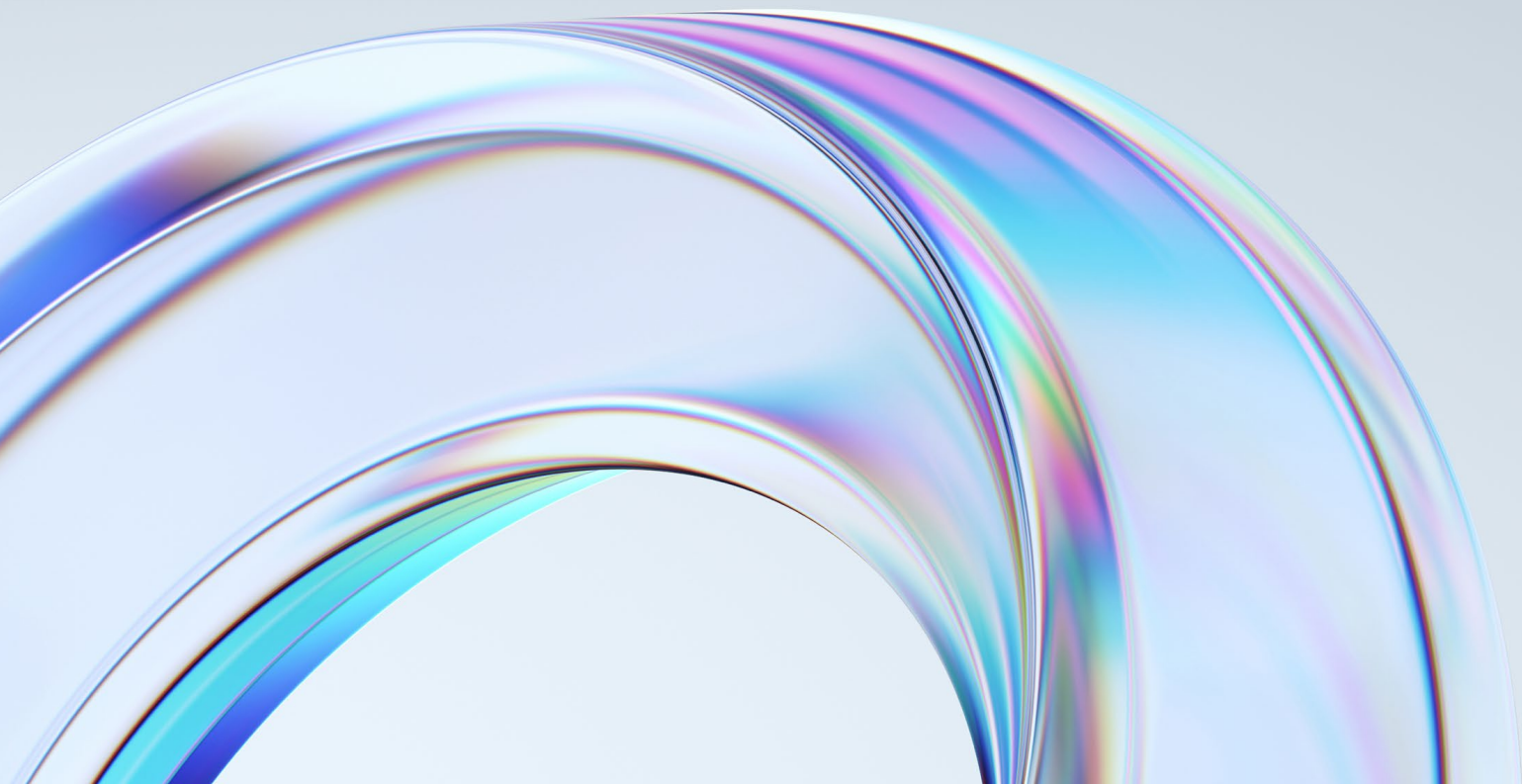




2nd Quarter Report 2026

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2026





Statement of Financial Results

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President's Report

 Q2 2026



2026 Q2 Message

From CEO, Sine Chadi



As we navigate through 2026, the external environment continues to evolve, but our approach remains consistent. We maintain discipline, preserve flexibility, and are ready to act when the right opportunities emerge.

During this second quarter, we focused heavily on strengthening our financial position. We refinanced several mortgages and used the resulting capacity to reduce our credit lines. These were deliberate steps aimed at improving liquidity and ensuring the Company is well positioned to move quickly when opportunities arise. As interest rates began to ease, we realized the benefits of this strategy through improved cash flow and greater financial flexibility.

That flexibility is already paying off. Throughout the quarter, we evaluated multiple acquisition opportunities and advanced several to the offer stage. Subsequent to this second quarter, we entered into agreements to acquire both a building and a parcel of land with in place income. These are exactly the types of well located, long term assets we have been targeting, and we expect both transactions to close in Q3 2026.

Operationally, the portfolio continues to perform well. We experienced temporary vacancy in a single tenant property, which affected results in the first half of the year. However, a new lease has now been secured, and occupancy is expected to resume shortly. Even through this transition, the Company maintained an overall occupancy rate of **99.3%**, underscoring the strength of our tenant base and the quality of our portfolio. Our team remains focused on leasing, tenant relationships, and maintaining asset quality.

We are also beginning to see the benefits of the financing decisions made over the past year. By keeping terms shorter and preserving optionality, we are now renewing mortgages at lower rates. This has improved capital efficiency and supports

our ability to continue growing in a disciplined manner. With a **debt to assets ratio of 45%**, we believe the Company remains well positioned to pursue additional opportunities while maintaining a strong balance sheet.

Overall, this was a steady and constructive quarter. While there were some transitional elements in the portfolio, we are entering the second half of the year with strong liquidity, high occupancy, and a growing pipeline of opportunities.

I want to thank all those who attended our 28th Annual General Meeting on March 12, 2026. As always, I enjoyed having the chance to interact and I continue to welcome your reach outs through the year. I also want to extend a thank you to our team, our Board, and our shareholders for their continued support. We look forward to providing further updates as the year progresses.

Sincerely,

Sine Chadi, President

A handwritten signature in blue ink, appearing to read 'Sine', with a stylized flourish at the end.

MD & A



Management's Discussion & Analysis

For the three and six months ended March 31, 2026

Imperial Equities Inc.

MD&A as at May 13, 2026

The following Management’s Discussion and Analysis (“MD&A”) is intended to provide readers with an explanation of the performance of Imperial Equities Inc. (“Imperial” or “Imperial Equities” or the “Company”). This MD&A should be read in conjunction with the unaudited interim condensed financial statements for the three and six months ended March 31, 2026 and the related notes, as well as the audited financial statements and MD&A for the years ended September 30, 2025 and 2024.

Unless otherwise noted, all amounts in this MD&A are reported in Canadian dollars, which is the Company’s presentation and functional currency. The information contained in this MD&A, including forward-looking statements, is based on information available to management as at May 13, 2026 except as otherwise noted.

Throughout the MD&A, Management will use measures that do not have any standardized meaning prescribed by IFRS and may

not be comparable to similar calculations presented by other issuers. These measures include operating expense recoveries, funds available for property improvements and growth, debt, debt to asset ratios, and unencumbered properties. A description of these measures and their limitations are discussed under “Non-IFRS Financial Measures”.

Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol “IEI”. Additional information on the Company may be obtained by visiting www.sedarplus.com.

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

Forward-Looking Information

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

Forward-looking statements may involve but are not limited to, comments with respect to our initiatives for 2026 and beyond, future leasing, acquisition and financing plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results or outlook for our operations. By their nature, forward looking statements

are subject to numerous risks and uncertainties including those discussed under Risks and Risk Management in this MD&A. Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise, and as such, undue reliance should not be placed on forward- looking statements.

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



Wajax Campus, Fort McMurray AB

Our Business

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

There have been no significant changes to the Company's overall business or strategy during the three and six months ended March 31, 2026. During Q2 2026, management completed the refinancing of two mortgages and applied the additional equity against the outstanding lines of credit to provide funding for future acquisitions. Management evaluated several opportunities during

the quarter, culminating in two offers to purchase. A building and land offer to purchase was completed at quarter end, with conditions waived after quarter end. Subsequent to quarter end the Company entered into a conditional agreement to purchase land, which comes with an in-place lease. Both acquisitions are expected to close during Q3 2026. The Company continued to benefit from the lower interest rate environment, generating additional cash flows from operations as a result of reduced payments required on mortgages renewed at lower rates.

Management and the Board monitor specific key performance indicators in three critical areas of the business: property operations and financing, investment properties, and leasing activities. These key performance indicators remain consistent with those discussed in the MD&A for the year ended September 30, 2025.

Key Highlights

Management and the board monitor the performance of the Company using specific key performance indicators which are highlighted below. There were no changes to the number or nature of investment properties held since the year ended September 30, 2025.

Our Operations and Financing

Income from operations ('000s)			
Q2 2026		YTD 2026	
\$ 3,297		\$ 6,506	
Q2 2025		YTD 2025	
\$ 3,367	-2.08%	\$ 6,698	-2.87%

Income from operations decreased slightly in comparison to the same periods of the prior year due to changes in the composition of the Company's properties. The prior year included rental revenue on a property that was sold in Q4 2025. Additionally, the prior year included rental revenue on a property that was occupied until the tenant vacated in early Q3 2025. This property remained vacant to the end of Q2 2026, but has a lease commencing in Q3 2026. The vacancy of this property in the first two quarters of the current year resulted in lower rental revenue, with higher non-recoverable costs for utilities, insurance and property taxes.

Operating expense recovery percentage (1)			
Q2 2026		YTD 2026	
84%		83%	
Q2 2025		YTD 2025	
85%	-0.75%	84%	-0.77%

The operating expense recovery percentage decreased slightly due to a vacant property that was occupied in previous quarters. Vacant properties result in the Company having to pay property taxes, insurance, utilities and repairs and maintenance expenses without offsetting recovery revenues. Additionally, as recoverable expenses can be incurred in varying times over the year, but recoverable revenues are only adjusted in Q4 of each year, some fluctuations in this percentage are expected during the quarters. The Company targets a recovery percentage of between 80 - 85%.

(1) See "Non-IFRS Financial Measures" for further information about this measure.

Funds available for property operations (1)

Q2 2026	YTD 2026
\$ 765,414	\$ 1,330,789
Q2 2025	YTD 2025
\$ 503,877 51.90%	\$ 642,118 107.25%

Funds available for property operations increased due to continued reductions in interest costs, and principal repayments on mortgages. As mortgages have been renewed over the prior twelve months at lower interest rates, both the interest expense and principal payments required on the mortgages have decreased. Interest on the line of credit remained consistent year-over-year, with lower interest rates being offset by higher average balances outstanding.

Debt to total assets ratio (1)

Q2 2026		
45%		
Q2 2025	46%	-2.83%

Debt to total assets decreased over the same period in the prior year due to the repayment of the mortgage on the sale of a property in Q4 of 2025, where a portion of the purchase price was paid via a vendor-take-back loan, which is included in total assets. Additionally, the ongoing principal repayment on mortgages continues to result in lower debt compared to total assets. This ratio indicates that the Company has room to increase its leverage going forward.

Weighted average interest rates on mortgages

Q2 2026		
4.05%		
Q2 2025	4.36%	-7.11%

The weighted average interest rate on mortgages decreased in the current quarter due to the renewal of mortgages at lower rates. Management made the decision in 2024 and 2025 to renew mortgages for one or two year terms with the assumption that interest rates would continue to decrease. As a result, the Company has a large number of mortgages maturing in the current fiscal year. The weighted average interest rate of mortgages that matured in the six months ended March 31, 2026 went from 5.92% to 4.02%.

Our Leasing Activities

	Q2 2026	Q2 2025	% Change
Gross Leasable Area ("GLA") (2)	1,017,545	1,059,599	-3.97%
Building Occupancy	99.3%	99.3%	0.00%
Average lease term to maturity (years)	4.51	4.48	0.59%

During Q4 2025, the Company sold a 50,000 ft² building, and acquired a 5,000 ft² building, resulting in a decrease of GLA year over year. With the leasing activity noted below, the Company is almost fully occupied at Q2 2026, with only 7,119 ft² in a single tenant building that is unoccupied. The average lease term to maturity has increased, due to the renewals and new leases signed since Q2 2025.

Renewals (GLA) (2)

Q2 2026	YTD 2026
4,924	38,319
Q2 2025	YTD 2025
43,555 -88.69%	80,755 -52.55%

The lease that was renewed in Q2 2026 was renewed in advance of the expiry date of June 2026. The six month period included an additional lease that was renewed. Both leases were renewed for additional five-year terms.

(1) See "Non-IFRS Financial Measures" for further information about this measure.

(2) GLA is the square footage of space in the Company's investment properties that is leased or available to be leased to tenants.

New Leases (GLA) ⁽²⁾	
Q2 2026	YTD 2026
12,124	24,724
Q2 2025	YTD 2025
- 100.00%	- 100.00%

A new lease was signed in Q2 2026 for the Coppertone III building. The year-to-date new leases also include a short-term lease in a space in a multi-tenant building, and a lease of the Coppertone IV building.

Leases expiring in the next twelve months (GLA) ⁽²⁾		
Q2 2026		
11,499		
Q2 2025	136,243	-91.56%

Two leases in the multi-tenant Coppertone VII building are expiring in the next twelve months. This includes the short-term lease that was entered into starting in Q1 2026, which ended in April 2026.

⁽²⁾ GLA is the square footage of space in the Company's investment properties that is leased or available to be leased to tenants.

Financial Performance

(in thousands)	Three months ended March 31,			Six months ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Rental revenue	\$ 4,841	\$ 4,906	\$ (65)	\$ 9,629	\$ 9,814	\$ (185)
Property operating expenses	1,544	1,539	5	3,123	3,116	7
Income from operations	3,297	3,367	(70)	6,506	6,698	(192)
Finance costs	1,181	1,279	(98)	2,463	2,591	(128)
Administrative expenses	505	598	(93)	907	923	(16)
Finance income	(168)	(88)	(80)	(340)	(203)	(137)
Amortization of deferred leasing	99	117	(18)	198	221	(23)
Amortization of right-of-use asset	46	45	1	90	89	1
Loss on sale of investment properties	-	-	-	-	141	(141)
Valuation net (gain) loss from investment properties	(208)	741	(949)	433	607	(174)
Income before income tax	1,842	675	1,167	2,755	2,329	426
Income tax expense	396	(1,271)	1,667	580	(745)	1,325
Net income and comprehensive income	\$ 1,446	\$ 1,946	\$ (500)	\$ 2,175	\$ 3,074	\$ (899)
Earnings per share basic and diluted (in dollars)	\$ 0.15	\$ 0.21	\$ (0.06)	\$ 0.23	\$ 0.33	\$ (0.10)
Dividends per share (in dollars)	\$ 0.02	\$ 0.02	\$ -	\$ 0.04	\$ 0.04	\$ -

Rental revenue includes minimum rent, which is recorded on a straight-line basis over the terms of the related leases, as well as property tax, insurance, and occupancy cost recovery revenue. Rental revenue also includes adjustments for amortization of tenant inducements.

For the three and six months ended March 31, 2026 rental revenue was lower than the same periods in the prior year. This decrease was primarily due to reduced minimum rent from changes in the lease portfolio compared to the prior year, related to vacancies in the current period and the sale of a building in Q4 2025 that had rental revenue for the first two quarters of 2025. Recovery revenue was consistent overall between the current and prior year periods.

Income from operations was \$3,296,535 and \$6,506,430 for the three and six months ended March 31, 2026 compared to \$3,367,325 and \$6,698,120 for the same periods in the prior year. The decrease compared to the prior year is due to decreased rental revenue as noted above, as recovery revenue and property operating expenses were consistent between the years.

Net income decreased to \$1,445,742 and \$2,174,983 for the three and six months ended March 31, 2026 compared to \$1,946,187 and \$3,073,598 for the same periods in the prior year. The prior year net income was impacted by a one-time deferred tax reversal for the change in expected tax rates on capital gains. This was offset by valuation losses in those periods. In the current year, there is a valuation gain for the three month period, and a smaller valuation loss in the six month period.

Property Operating Expenses

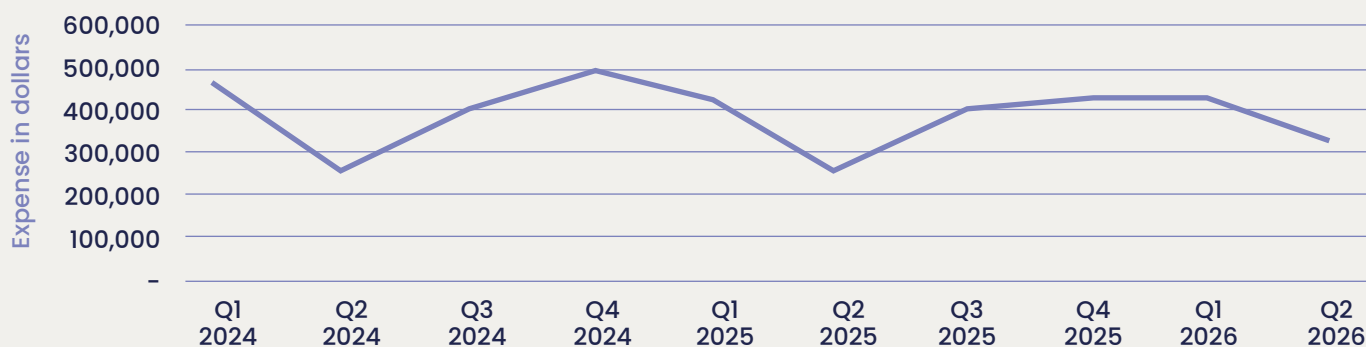
	Three months ended March 31,			Six months ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Property taxes	\$ 850,391	\$ 841,067	\$ 9,324	\$ 1,704,196	\$ 1,682,135	\$ 22,061
Insurance	50,492	59,885	(9,393)	101,441	119,771	(18,330)
Repairs and maintenance	511,415	452,951	58,464	1,111,777	1,069,806	41,971
Utilities	131,332	184,836	(53,504)	204,749	244,396	(39,647)
	\$ 1,543,630	\$ 1,538,739	\$ 4,891	\$ 3,122,163	\$ 3,116,108	\$ 6,055

Property operating expenses for the three and six months ended March 31, 2026 were consistent with the same periods in the prior years. Increases in property taxes and repairs and maintenance have been offset by decreases in insurance and utilities. Property taxes are higher in the current year due to increased property tax assessment values and rates particularly in the Edmonton region where the majority of the Company's properties are located.

Repairs and maintenance expenses for the three and six months ended March 31, 2026 were higher than the same periods in the

prior year. While the Company does not experience seasonality in its revenues, the ability to complete certain repairs and maintenance work is dependent on weather, and historically, repairs & maintenance expense has been lower in Q2 than the other quarters because of winter weather which prevents certain exterior maintenance being done. In the current year, more interior maintenance needed to be completed as a result of specific tenant requests as well as tenant move-outs requiring additional work for deferred maintenance which resulted in higher overall expense in the period.

Repairs & Maintenance Expense (excl property management fees)



During Q1 and Q2 2026, a significant roof replacement on a building was in progress, however this was capital in nature and was not expensed in repairs and maintenance.

Finance Costs

	Three months ended March 31,			Six months ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Interest on mortgages	\$ 898,069	\$ 976,967	\$ (78,898)	\$ 1,836,824	\$ 1,976,387	\$ (139,563)
Interest on bank operating facilities	255,069	281,813	(26,744)	580,726	567,350	13,376
Interest on lease obligations	3,038	2,885	153	4,233	5,897	(1,664)
Amortization of deferred financing fees	25,298	17,689	7,609	41,713	36,444	5,269
Financing fees	-	-	-	-	5,000	(5,000)
	\$ 1,181,474	\$ 1,279,354	\$ (97,880)	\$ 2,463,496	\$ 2,591,078	\$ (127,582)

Finance costs for the three and six months ending March 31, 2026 are lower than for the same periods in the prior year primarily due to decreases in interest rates for mortgages that were renewed throughout the previous fiscal year, and overall lower mortgage balances for the periods. During Q2 2026, the Company completed equity draws on two mortgages, increasing the outstanding mortgage balances at period end compared to Q1. The amounts drawn were used to reduce the outstanding lines of credit. The increase in interest on bank operating facilities for the six months ended March 31, 2026 compared to the same period in the prior year is due to a higher average balance outstanding for the six month period, which offset the lower interest rate.

Administrative Expenses

	Three months ended March 31,			Six months ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Salaries and benefits	\$ 318,617	\$ 216,773	\$ 101,844	\$ 609,442	\$ 423,131	\$ 186,311
Public company costs	47,544	47,659	(115)	64,273	64,566	(293)
Professional fees	-	15,590	(15,590)	13,728	35,864	(22,136)
Office and other	109,304	118,603	(9,299)	190,896	199,197	(8,301)
Bad debts	28,941	200,030	(171,089)	28,941	200,130	(171,189)
	\$ 504,406	\$ 598,655	\$ (94,249)	\$ 907,280	\$ 922,888	\$ (15,608)

Administrative expenses decreased for the three and six months ended March 31, 2026 as a result of smaller bad debts incurred in the current three and six month periods. In the prior periods, a tenant of the Company defaulted on their lease, and was locked out of the premises in Q3 2025. Outstanding rent was allowed for in Q2 2025. In the current quarter, an outstanding operating cost receivable was written off based on subsequent negotiations with the tenant. The decrease in bad debts expense for the three and six month periods was offset by increased salaries and benefits expense. Salaries and benefits expense increased due to additional individuals who joined the Company during fiscal 2025, including a new finance administrator and the Chief Operating Officer.

Amortization of deferred leasing and right-of-use assets are related to the accounting for deferred leasing costs and right-of-use assets. Amortization of deferred leasing expense

decreased as certain deferred leasing costs were fully amortized prior to the current quarter.

Loss on sale of investment property is the amount recognized on the sale of one investment property during Q1 2025, and consists of transaction costs, as the fair value of investment properties does not include any adjustment for transaction costs. There have been no property sales in the current year.

Valuation (gain) loss from investment properties, net is the result of adjusting the investment properties to fair value at the end of each reporting period. For Q2 2026 there was a valuation gain, and for the six month period ending March 31, 2026 there was a valuation loss. The change in investment properties fair value is discussed below in "Investment properties".

Selected Statement of Financial Position Information

As At (in thousands)	March 31, 2026	September 30, 2025	Variance
Investment properties	\$ 227,300	\$ 227,029	\$ 271
Right-of-use asset	494	86	408
Mortgages and loans receivable	5,816	5,850	(34)
Total non-current assets	233,610	232,965	645
Current portion of mortgage receivable	5,415	5,485	(70)
Current assets	429	2,105	(1,676)
Total current assets	5,844	7,590	(1,746)
Total assets	\$ 239,454	\$ 240,555	\$ (1,101)
Mortgages	\$ 4,215	\$ 19,985	\$ (15,770)
Security deposits	877	821	56
Term loan	185	214	(29)
Lease liability	319	-	319
Deferred taxes	16,266	15,862	404
Total non-current liabilities	21,862	36,882	(15,020)
Current portion of mortgages	84,767	66,332	18,435
Bank operating facilities	17,640	23,265	(5,625)
Other current liabilities	1,866	2,554	(688)
Total current liabilities	104,273	92,151	12,122
Total liabilities	126,135	129,033	(2,898)
Equity	113,319	111,522	1,797
Total equity and liabilities	\$ 239,454	\$ 240,555	\$ (1,101)

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

Changes in investment properties since the fiscal year-end of September 30, 2025, are detailed below.

	Income producing properties	Held for development	Total investment properties
Balance, October 1, 2025	\$ 224,093,750	\$ 2,935,636	\$ 227,029,386
<i>Additions:</i>			
Property improvements and additions	449,673	-	449,673
Leasing commissions	658,376	-	658,376
Amortization of tenant inducements	(63,427)	-	(63,427)
Amortization of deferred leasing commissions	(197,536)	-	(197,536)
Change in straight-line rental revenue	(143,610)	-	(143,610)
Fair value losses, net	(432,993)	-	(432,993)
Balance, March 31, 2026	\$ 224,364,233	\$ 2,935,636	\$ 227,299,869

The fair value of investment properties increased by \$270,483 between March 31, 2026 and September 30, 2025. The net increase is a result of the following:

- The Company recorded an increase of \$107,000 on a property to reflect the impact of increased market rent for comparable properties.
- The Company recorded an increase of \$158,000 on a property located in Edmonton as a result of adjusting net operating income for a reduction in structural allowance taken due to significant roof replacement undertaken between Q4 2025 and Q2 2026 that is expected to reduce future structural expenses.
- Several properties had increased rental revenue because of lease step-ups and renewals with lease rates at higher rates. Where applicable, management reviewed capitalization rates and normalized net operating income if the increases in property value were not supportable. Total net increases for the six months ended March 31, 2026 were \$215,000.
- Increases were offset by a net decrease of \$214,000 related to a property where lease negotiations indicated that the market expectations for net operating income were lower than previously anticipated.

Mortgages and loans receivable decreased by \$103,624 between September 30, 2025 and March 31, 2026 for principal payments received. During Q2 2026 management became aware that the borrower on the Vendor-take-back (“VTB”) mortgage with a balance of \$5,619,279 (September 30, 2025 - \$5,658,179) was in default of its requirements under the terms of the mortgage. Management has been in discussions with the borrower to remedy the defaults and is monitoring the situation closely. Management believes that the security on this mortgage continues to have a value in excess of the outstanding debt, and as such no impairment has been recognized on the balance at quarter-end.

Right-of-use assets and lease liabilities have been recorded in accordance with the requirements of IFRS 16 Leases. During Q2 2026, the Company completed a lease renewal on its office space. This resulted in the recognition of a right-of-use asset and lease liability of \$484,738, based on the present value of future lease payments discounted at the Company’s incremental borrowing rate. During Q1 2026, the Company terminated an existing vehicle lease and entered into a new vehicle lease. The net change was an increase of \$14,000 in the ROU asset and lease liability. The principal payments on the leases for the three and six months ended March 31, 2026 were \$49,808 and \$101,224 respectively (three and six months ending March 31, 2025 - \$52,740 and \$99,326).

Current assets include receivables, income tax receivable, prepaid expenses and deposits and cash balances with banks. The balance has decreased primarily due to lower prepaid expenses and deposits and lower receivables.

Prepaid expenses decreased due to the timing of property taxes. Property taxes are charged on a calendar year-end basis, and for most of the Company’s properties is paid in full in June, and so at March 31 the balance of property taxes is payable and not prepaid.

Receivables decreased due to the timing of the reconciliation of occupancy costs. Occupancy cost recoveries are reconciled and accrued at September 30. As of March 31, 2026, all these receivables have been collected from tenants decreasing the receivables balance since September 30, 2025.

Included in current assets at March 31, 2026 is an income tax receivable. This balance results from the Company’s payment of instalments towards its fiscal 2026 corporate income taxes.

Mortgages including both current and long-term portions and unamortized finance fees have a balance of \$88,981,787

at March 31, 2026 (September 30, 2025 - \$86,316,497). The increase in mortgages is a result of refinancing two mortgages that matured in Q1 2026 and the addition of a new mortgage on previously unencumbered property in Q1 2026. The additional funds received from the refinancing and new mortgage totalled approximately \$5,400,000 and was applied against the outstanding lines of credit. Offsetting this increase were ongoing principal payments of \$2,758,092 for the six month period. The Company renewed 4 mortgages during Q2 2026, with a total of 6 mortgages renewed during the six month period (excluding the two mortgages that matured and were refinanced).

Security deposits increased at March 31, 2026 compared to September 30, 2025 as the result of a new tenant who commenced leasing a property that was vacant at year-end.

Deferred taxes are recorded on the difference between the accounting and tax bases of assets and liabilities. The difference between the fair value of investment properties recorded for accounting purposes, and the cost basis used for tax purposes generates the largest deferred tax liability of \$15,356,183 (September 30, 2025 - \$14,966,816). The increase in deferred tax is due to the changes in the value of the investment properties.

Bank operating facilities at March 31, 2026 have a total balance of \$17,640,474 (September 30, 2025 - \$23,265,456) with two of the Company's major lenders. The decrease in the outstanding balance is due to proceeds from the refinancing of two mortgages, and a new mortgage being applied against the outstanding balances during the six month period.

The total **term loan** balance of \$243,408 decreased from the balance of \$271,795 at September 30, 2025 due to monthly repayments.

Other current liabilities include payables and accruals, income taxes payable and the current portion of the lease liabilities and term loan. The decrease in other current liabilities at March 31, 2026 compared to September 30, 2025 is due primarily to a decrease of \$965,764 in income taxes payable as the Company paid its outstanding taxes from fiscal 2025 fully in Q1 2026 and started making instalments towards its fiscal 2026 income taxes generating a \$52,306 income tax receivable which is included in current assets. This was offset by an increase in payables and accruals due to the timing of property tax payments.

Selected Cash Flow Information

	Three months ended March 31,			Six months ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Cash provided by operating activities	\$ 2,968	\$ 3,478	\$ (510)	\$ 5,977	\$ 6,283	\$ (306)
Cash provided by (used in) investing activities	216	7	209	(6)	1,937	(1,943)
Cash used in financing activities	(3,627)	(3,379)	(248)	(5,982)	(8,114)	2,132
(Decrease) increase in cash and cash equivalents	(443)	106	(549)	(11)	106	(117)
Cash and cash equivalents, beginning of period	702	306	396	270	306	(36)
Cash and cash equivalents, end of period	\$ 259	\$ 412	\$ (153)	\$ 259	\$ 412	\$ (153)

Cash provided by operating activities for the three and six months ended March 31, 2026 decreased compared to the same period in the prior year primarily due to higher valuation gains (lower losses), and lower operating working capital due timing differences in receivables and payables. The Company continues to generate positive cash flows from operations which covers operating expenses, additions to investment properties, and payments on financing.

Cash provided by (used in) investing activities for the three months ended March 31, 2026 increased over the same period in the prior year primarily because of cash outflows for expenditures on property improvements in the prior year, which did not occur in the current period. Cash used in investing activities decreased in the six months ended March 31, 2026 compared to the same period in the prior year due to higher property expenditures in

the current year-to-date, and that the six months ended March 31, 2025 included proceeds from the sale of an investment property.

Cash used in financing activities increased for the three months ended March 31, 2026 compared to the same period in the prior year due to the prior year including positive cash flows from advances received from the term loan. The decrease in cash used in financing activities for the six months ended March 31, 2026 compared to the same period of the prior year is due to increased cash from the refinancing of two mortgages, and reduced cash outflows for principal repayments on mortgages due to lower interest rates.

For the three and six months ended March 31, 2026, there were **net decreases in cash** of \$443,384 and \$10,749 respectively.

Summary of Quarterly Results

(in thousands)	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Revenue	4,841	4,788	5,165	4,940	4,906	4,908	5,056	4,670
Total Comprehensive (Loss) Income	1,446	729	(39)	1,831	1,946	1,128	889	(1,446)
EPS-Basic (in dollars)	0.15	0.08	-	0.19	0.21	0.12	0.09	(0.15)
EPS-Diluted (in dollars)	0.15	0.08	-	0.19	0.21	0.12	0.09	(0.15)

The Company is not significantly impacted by seasonality in its operations. Minimum rental revenue is recorded on a straight-line basis over the term of the lease, and property operating recoveries are recorded at estimated amounts throughout the year, with a reconciliation to actual recoveries completed at Q4 each year. As a result, the revenue in Q4 2025 and Q4 2024 increased in comparison to prior quarters, as amounts receivable from tenants over the budgeted recoveries were accrued.

Changes in comprehensive income relate primarily to fluctuations in the net valuation gain (loss) from investment

properties and changes in finance costs. Additionally, as noted above, repairs & maintenance costs may also fluctuate as peak maintenance periods coincide with warmer weather.

In Q1 2025, the Company began to see the impact of lower interest rates which reduced finance costs and increased total comprehensive income in the periods since that time.

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

(in thousands)	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Valuation gains (losses) from investment properties, net	208	(641)	(873)	706	(741)	134	476	115

Fluctuations in the net valuation gains (losses) from investment properties quarter over quarter primarily reflect adjustments to the fair value of investment properties related to the completion of new or renewed leases, and completion or progress on redevelopment projects that improve the overall value of the buildings, and the impact of vacancies and market conditions on expected rent.

In Q2 2025, a loss was recorded on the investment property that was subsequently sold in Q4 2025 to bring the fair value to the sales price. In Q3 2025, the Company completed the acquisition of a new property and recognized a fair value increase over property costs as a result of the expected value from the lease and upgrades to the property. In Q4 2025 the Company recorded additional fair value loss on a property

where a lease renewal indicated that the market rate was lower than the current minimum rent. Additionally, in Q4 2025 and Q1 2026 capital projects including building and parking additions were undertaken on various buildings, however the fair value of the related buildings was maintained, which resulted in additional valuation losses recorded in the quarters. In Q2 2026 the fair value gain resulted from adjustments to market rent on a property that was leased in the quarter.

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

Liquidity and Capital Resources

There have been no significant changes in the Company's liquidity or capital resources available during the three and six months ended March 31, 2026.

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

	March 31, 2026	September 30, 2025
Available bank credit facilities	\$ 23,500,000	\$ 23,500,000
Bank facilities outstanding	(17,640,474)	(23,265,456)
Available credit facilities	\$ 5,859,526	\$ 234,544

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

During Q2 2026, the Company completed the refinancing of two mortgages and used the additional proceeds of \$4,260,000 to reduce the outstanding bank credit facility balances. During Q1 2026, the Company entered into a mortgage on a previously unencumbered property for total gross proceeds of \$1,050,000. The net proceeds were applied against the outstanding balance in the bank operating facilities.

At March 31, 2026 twenty (September 30, 2025 – sixteen) mortgages are due in the next twelve months with combined principal balances of \$84,340,690 (September 30, 2025 – \$64,646,509) and are shown as current liabilities. Management decided during fiscal 2024 and 2025 to renew mortgages that came due for one year periods in the expectation that interest rates would continue to decline over fiscal 2025. As a result, a significant number of mortgages are renewing over the next twelve months. Subsequent to quarter end, the Company confirmed with the lenders the renewals of three of the mortgages and started the process of refinancing one of the mortgages. The additional equity from the refinancing will be applied against the lines of credit and used for future growth. Management does not anticipate any issues with renewing the remaining mortgages with its lenders and will be assessing the potential refinancing of some of the mortgages to generate additional funds for growth.

Investment properties unencumbered with debt are valued at \$9,068,636 at March 31, 2026 (September 30, 2025 - \$10,711,636).

This balance decreased compared to year end as the result of a mortgage being placed on a previously unencumbered property. This mortgage generated \$1,050,000 in proceeds that were applied against the Company's outstanding bank credit facilities.

The debt to total assets ratio of the Company was 45% at March 31, 2026 which is lower than the ratio at September 30, 2025 of 46% and lower than the historical average of 50%, providing possible leverage opportunities in the future.

The Company has a contract to complete a roof replacement on one of its buildings, with a total remaining commitment outstanding of approximately \$200,000 at March 31, 2026. The project was completed and the outstanding balance was paid subsequent to quarter end.

As of the date of the MD&A, the Company had entered into a purchase agreement for the acquisition of an investment property consisting of land and building that is currently occupied under lease located in Edmonton, Alberta. Subsequent to quarter end, the Company's conditions on the sale have cleared and the sale is expected to close in Q3 2026 for total gross proceeds of \$5,000,000. The sale will be funded through financing and operating cash flows.



United Rentals Building,
Fort McMurray AB



Related Party Transactions

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

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

Property management and maintenance fees for the three and six months ended March 31, 2026 of \$340,110 and \$692,511 (three and six months ended March 31, 2025 - \$329,959 and 783,651) respectively were paid to Sable Realty & Management Ltd. (“Sable”), a company controlled by Sine Chadi, a director and officer of the Company.

Acquisition, disposition and leasing fees in the aggregate amount of \$95,723 and \$265,068 for the three and six months ended March 31, 2026 (three and six months ended March 31, 2025 – \$187,636 and \$289,816) were paid to North American Realty Corp. (“NARC”), a company controlled by Sine Chadi.

Vehicle leasing fees of \$2,250 and \$4,500 for the three and six months ended March 31, 2026 (three and six months ended March 31, 2025- \$2,250 and \$4,500) were paid to North American Mortgage & Leasing Corp., a company controlled by Sine Chadi.

Leased office space and parking were paid to Sable in the aggregate amount of \$45,000 and \$90,000 for the three and six months ended March 31, 2026 (three and six months ended March 31, 2025 - \$45,000 and \$90,000).

Rent collected from Sable for commercial leased space for the three and six months ended March 31, 2026 was \$25,633 and \$51,266 (three and six months ended March 31, 2025 – \$25,633 and \$51,266). Sable leases a 7,871 ft² building in Edmonton, Alberta from the Company.

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

Paid to Directors

Directors’ fees paid to independent directors for attending directors’ meetings during the three and six months ended March 31, 2026 were \$20,000 and \$30,000 (three and six months ended March 31, 2025- \$17,500 and \$27,500).

Compensation to Key Management Personnel

Compensation of key management personnel is as follows:

	Salaries and wages	Short-term benefits	Three months ended March 31,		Six months ended March 31,	
			2026	2025	2026	2025
Sine Chadi, President & CEO	\$ 75,000	\$ 2,189	\$ 77,189	\$ 77,048	\$ 154,544	\$ 154,096
Meghan DeRoo McConnan, CFO	55,000	1,750	56,750	56,750	113,500	113,500
Total	\$ 130,000	\$ 3,939	\$ 133,939	\$ 133,798	\$ 268,044	\$ 267,596



Planned Expenditures

At the date of this MD&A, the Company has one planned expenditure for the acquisition of an investment property consisting of land and building that is currently occupied under lease, located in Edmonton, Alberta. Subsequent to quarter end, the Company's conditions on the sale were cleared and the sale is expected to close in Q3 2026 for total gross proceeds of \$5,000,000 which will be funded through financing and operating cash flows.

Subsequent to Q2 2026, the Company entered into a conditional purchase agreement with an unrelated third party for the purchase of land for development located in Edmonton, Alberta. The land is currently being leased. As of the date of this MD&A, conditions have not been lifted. Management expects the acquisition will close in Q3 2026 for a gross purchase price of \$3,400,000, which will be funded through financing and operating cash flows.

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



Master Group Building
Edmonton AB

Changes in Accounting Policies and Critical Accounting Estimates

New and Amended Standards Adopted

Certain amendments disclosed in Note 2 of the unaudited interim condensed financial statements for the three and six months ended March 31, 2026 had an effective date of October 1, 2025 for the Company but did not have a material impact on the interim condensed financial statements or accounting policies for the three and six months ended March 31, 2026.

Future Accounting Standards

Standards, amendments, and interpretations that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective are described in Note 2 of the unaudited interim condensed financial statements for the three and six months ended March 31, 2026.

IFRS 18 Presentation and Disclosure in Financial Statements is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. New key concepts include the structure of the statement of profit or loss, required disclosures in the financial statements for

certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The effective date for this standard is for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact of this standard on its financial statements.

Critical Judgments and Accounting Estimates

The preparation of the interim condensed financial statements in accordance with IAS 34 requires the Company to make various estimates and assumptions. Future events may result in significant differences between estimates and actual results.

There has been no significant change in our critical judgements or accounting estimates in Q2 2026 from those described in the MD&A for the year ended September 30, 2025, in the Changes in Accounting Policies and Critical Accounting Estimates section and Note 3 of the September 30, 2025 audited financial statements.

Other

Risks and Risk Management

The nature and extent of the Company's significant risks has not changed materially from those described in the Risks and Risk Management section of the MD&A for the year ended September 30, 2025.

Financial Instruments and Market Risk

At March 31, 2026, the nature and extent of the Company's use of financial instruments did not change materially from those described in the Financial Instruments section of the MD&A for the year ended September 30, 2025.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Disclosure Controls and Procedures

There have been no material changes to the risks associated with disclosure controls and procedures and internal controls over financial reporting since those described in the Disclosure Controls and Procedures section of the MD&A for the year ended September 30, 2025.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. At May 13 2026 total issued and outstanding shares are 9,451,242, and total outstanding and exercisable stock options are 400,000..

Dividends

During the three and six months ended March 31, 2026, the Company declared and paid dividends of \$0.02 per share, totalling \$189,025 and \$378,050 respectively.

On April 1, 2026, the Company declared a quarterly dividend of \$0.02 per share totalling \$189,025 which was paid on May 4, 2026 to shareholders of record effective April 20, 2026.

Non-IFRS Financial Measures

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

Operating expense recoveries and percentage of property operating expense recoveries:

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

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

The calculation is as follows:

	Three months ended March 31,		Six months ended March 31,	
	2026	2025	2026	2025
Property tax and insurance recoveries	\$ 864,134	\$ 889,298	\$ 1,737,163	\$ 1,778,596
Operating expense recoveries	432,550	413,076	852,218	825,852
Total recoveries	\$ 1,296,684	\$ 1,302,374	\$ 2,589,381	\$ 2,604,448
Total property operating expenses	\$ 1,543,630	\$ 1,538,738	\$ 3,122,162	\$ 3,116,108
% of property operating expense recoveries	84%	85%	83%	84%

Funds available for property improvements and growth:

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

The calculation is as follows:	Three months ended March 31,		Six months ended March 31,	
	2026	2025	2026	2025
Income from operations	\$ 3,296,535	\$ 3,367,325	\$ 6,506,430	\$ 6,698,120
Less: interest on financing*	(1,153,137)	(1,258,779)	(2,417,550)	(2,548,737)
Less: principal payments on mortgages	(1,377,984)	(1,604,669)	(2,758,091)	(3,507,265)
Funds available for property improvements and growth	\$ 765,414	\$ 503,877	\$ 1,330,789	\$ 642,118

*interest on financing excludes interest income, interest on lease obligations, and amortization of deferred finance fees

Debt:

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

The calculation is as follows:	March 31, 2026	September 30, 2025	March 31, 2025
Total Assets	\$ 239,454,237	\$ 240,554,628	\$ 238,478,175
Mortgages excluding transaction fees	89,066,977	86,378,868	90,448,281
Bank operating facilities	17,640,474	23,265,456	19,355,662
Debt	\$ 106,707,451	\$ 109,644,324	\$ 109,803,943
Ratio of debt to assets	45%	46%	46%

Unencumbered Properties:

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



2026 Q2 Financial Statements

For the three and six months ended March 31, 2026

Universal Rail Building,
Edmonton AB





IMPERIAL EQUITIES INC. Q2 2026 Interim Condensed Financial Statements

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Imperial Equities Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Notes	March 31, 2026 (Unaudited)	September 30, 2025 (Audited)
Assets			
Investment properties	3, 14	\$ 227,299,869	\$ 227,029,386
Right-of-use assets	7	493,635	85,912
Mortgages and loans receivable	4	5,816,582	5,850,315
Total non-current assets		233,610,086	232,965,613
Current portion of mortgages and loans receivable	4	5,414,930	5,484,821
Income taxes receivable		52,306	-
Receivables		32,431	764,839
Prepaid expenses and deposits		85,113	1,069,235
Cash		259,371	270,120
Total current assets		5,844,151	7,589,015
Total Assets		\$ 239,454,237	\$ 240,554,628
Liabilities			
Mortgages	5	\$ 4,214,587	\$ 19,984,779
Security deposits		877,244	820,876
Term loan		184,396	214,086
Lease liabilities	7,14	319,401	-
Deferred taxes	9	16,266,391	15,861,581
Total non-current liabilities		21,862,019	36,881,322
Income taxes payable		-	965,764
Current portion of lease liabilities	7,14	175,605	98,141
Current portion of mortgages	5	84,767,200	66,331,718
Current portion of term loan		59,012	57,709
Bank operating facilities	6	17,640,474	23,265,456
Payables and accruals		1,631,186	1,432,710
Total current liabilities		104,273,477	92,151,498
Total Liabilities		126,135,496	129,032,820
Equity			
Issued share capital		5,947,346	5,947,346
Contributed surplus		501,200	501,200
Retained earnings		106,870,195	105,073,262
Total Equity		113,318,741	111,521,808
Total Equity and Liabilities		\$ 239,454,237	\$ 240,554,628

Post-reporting date events (Note 15)

Signed "Sine Chadi", Director

Signed "Kevin Lynch", Director

See accompanying notes to the interim condensed financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	Notes	Three months ended March 31,		Six months ended March 31,	
		2026	2025	2026	2025
Rental revenue	10,14	\$ 4,840,165	\$ 4,906,064	\$ 9,628,593	\$ 9,814,228
Property operating expense	14	1,543,630	1,538,739	3,122,163	3,116,108
Income from operations		3,296,535	3,367,325	6,506,430	6,698,120
Finance costs	11	1,181,474	1,279,354	2,463,496	2,591,078
Finance income		(167,723)	(88,165)	(340,036)	(202,981)
Administration expenses		504,406	598,655	907,280	922,888
Amortization of deferred leasing		98,799	117,092	197,536	221,195
Amortization of right-of-use assets		45,954	44,456	90,131	88,913
Loss on the sale of investment property	14	-	-	-	141,202
Valuation (gain) loss from investment properties, net	3	(207,707)	740,691	432,993	607,043
Income before income tax		1,841,332	675,242	2,755,030	2,328,782
Income tax expense (recovery)	9	395,590	(1,270,945)	580,047	(744,816)
Net income and comprehensive income		\$ 1,445,742	\$ 1,946,187	\$ 2,174,983	\$ 3,073,598
Weighted average number of shares outstanding - basic and diluted		9,451,242	9,451,242	9,451,242	9,451,242
Earnings per share basic and diluted		\$ 0.15	\$ 0.21	\$ 0.23	\$ 0.33

See accompanying notes to the interim condensed financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

	Number of shares	Capital stock	Contributed surplus	Retained earnings	Total
Balance, October 1, 2024	9,451,242	\$ 5,947,346	\$ 251,600	\$ 100,963,197	\$ 107,162,143
Dividends paid	-	-	-	(756,099)	(756,099)
Share based compensation	-	-	249,600	-	249,600
Net income and comprehensive income	-	-	-	4,866,164	4,866,164
Balance, September 30, 2025	9,451,242	5,947,346	501,200	105,073,262	111,521,808
Dividends paid	-	-	-	(378,050)	(378,050)
Net income and comprehensive income	-	-	-	2,174,983	2,174,983
Balance, March 31, 2026	9,451,242	\$ 5,947,346	\$ 501,200	\$ 106,870,195	\$ 113,318,741

See accompanying notes to the interim condensed financial statements.

IMPERIAL EQUITIES INC.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)

	Notes	Three months ended March 31,		Six months ended March 31,	
		2026	2025	2026	2025
Operating activities					
Net income (loss) from operations		\$ 1,445,742	\$ 1,946,187	\$ 2,174,983	\$ 3,073,598
Finance costs		1,181,474	1,279,354	2,463,496	2,591,078
Finance income		(167,723)	(88,165)	(340,036)	(202,981)
Leasing commissions		(142,097)	(129,344)	(658,376)	(165,524)
Items not affecting cash:					
Amortization of right-of-use asset		45,954	44,456	90,131	88,913
Amortization of tenant inducements		31,713	31,713	63,427	63,427
Amortization of deferred leasing commissions		98,799	117,092	197,536	221,195
Loss on sale of investment property		-	-	-	141,202
Valuation (gain) loss on investment properties		(207,707)	740,691	432,993	607,043
Straight-line rental revenue		66,500	58,902	143,610	106,938
Deferred income taxes	9	170,054	(1,622,051)	404,810	(1,250,490)
Net change in operating working capital	12	445,129	1,099,536	1,004,618	1,009,063
Cash provided by operating activities		2,967,838	3,478,371	5,977,192	6,283,462
Investing activities					
Proceeds on sale of investment properties		-	-	-	2,058,798
Additions to investment properties		-	(99,997)	(449,673)	(91,022)
Advances on loans and mortgages receivable		-	-	-	(272,757)
Principal received on mortgages and loans receivable		62,089	-	137,604	35,444
Interest received on mortgages and loans receivable		153,872	111,099	306,056	210,999
Change in payables and accruals for investing		-	(4,582)	-	(4,537)
Cash provided by (used in) investing activities		215,961	6,520	(6,013)	1,936,925
Financing activities					
Proceeds from new mortgages		11,000,000	-	12,050,000	-
Repayment of mortgages on maturity		(6,603,802)	-	(6,603,802)	-
Repayment of mortgages through principal instalments		(1,377,984)	(1,604,669)	(2,758,091)	(3,507,265)
Fees associated with new or renewed mortgages		(48,526)	(8,499)	(64,530)	(19,493)
Advances from term loan		-	310,013	-	310,013
Repayment of term loan		(14,338)	(10,406)	(28,387)	(10,406)
Finance costs paid		(1,228,313)	(1,261,660)	(2,472,862)	(2,471,602)
Principal repayments on lease liability		(49,808)	(49,727)	(101,224)	(99,326)
Dividends paid		(189,025)	(189,025)	(378,050)	(378,050)
Net advances from bank operating facilities		(5,115,387)	(564,661)	(5,624,982)	(1,938,146)
Cash provided by (used in) financing activities		(3,627,183)	(3,378,634)	(5,981,928)	(8,114,275)
Decrease in cash and cash equivalents		(443,384)	106,257	(10,749)	106,112
Cash and cash equivalents, beginning of period		702,755	305,872	270,120	306,017
Cash and cash equivalents, end of period		\$ 259,371	\$ 412,129	\$ 259,371	\$ 412,129

Supplemental cash flow information (Note 12)

See accompanying notes to the interim condensed financial statements.

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

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 is an industrial landlord, and its operations consist of the acquisition, development, and redevelopment of industrial, agricultural, and commercial properties primarily in Edmonton, throughout Alberta and in British Columbia. The Company’s common shares trade on the TSX Venture Exchange (TSXV) under the symbol “IEI”.

2. Statement of compliance and basis of presentation

Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosures normally included in the annual financial statements have been omitted or condensed.

The Board of Directors authorized these interim condensed financial statements for issue on May 13, 2026.

Basis of presentation

These interim condensed financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended September 30, 2025, except as explained below, and should be read in conjunction with the Company’s annual September 30, 2025 financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB.

The interim condensed statements are for the three and six months ended March 31, 2026, and are presented in Canadian dollars, which is the functional currency of the Company.

Use of estimates, judgments, and assumptions

The preparation of these interim condensed financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The significant judgments made by management when applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s annual September 30, 2025 audited financial statements.

New and amended standards adopted

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosure* clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, add new disclosures for certain instruments with contractual terms that can change cash flows, and make updates to the disclosure for equity instruments designated at fair value through other comprehensive income. The effective date for these amendments is for annual reporting periods beginning on or after January 1, 2025. These amendments did not have a material effect on the interim condensed financial statements.

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

2. Statement of compliance and basis of presentation (cont'd)

New and amended standards not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. New key concepts include the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The effective date for this standard is for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact of this standard on its financial statements.

3. Investment properties

		Income producing properties	Held for development	Total investment properties
Balance, October 1, 2025	\$	224,093,750	\$ 2,935,636	\$ 227,029,386
<i>Additions:</i>				
Property improvements and additions		449,673	-	449,673
Leasing commissions		658,376	-	658,376
Amortization of tenant inducements		(63,427)	-	(63,427)
Amortization of deferred leasing commissions		(197,536)	-	(197,536)
Change in straight-line rental revenue		(143,610)	-	(143,610)
Fair value gains (losses), net		(432,993)	-	(432,993)
Balance, March 31, 2026	\$	224,364,233	\$ 2,935,636	\$ 227,299,869

Valuation methodology and processes

There have been no changes to the valuation methodology and processes used by the Company since the year ended September 30, 2025.

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

Valuation technique – Direct Comparison

At March 31, 2026

Land held for development - Weighted average price per acre		
Edmonton	Red Deer	Rural Alberta
\$ 790,000	\$ 400,000	\$ 6,428

At September 30, 2025

Land held for development - Weighted average price per acre		
Edmonton	Red Deer	Rural Alberta
\$ 790,000	\$ 400,000	\$ 6,428

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

3. Investment properties (cont'd)

Valuation technique – Income capitalization

At March 31, 2026

		Single tenant - Edmonton region	Single tenant - Alberta urban, outside Edmonton	Single tenant - Rural Alberta and B.C.	Multi tenant - Edmonton
	Range	Weighted Average			
Vacancy loss percentage	1.00%-2.00%	1.78%	1.14%	1.43%	1.46%
Structural reserve percentage	0.50%-2.00%	1.31%	0.58%	1.41%	1.86%
Net operating income		\$ 513,467	\$ 1,268,554	\$ 372,545	\$ 562,572
Capitalization rate	4.50%-8.00%	6.19%	6.50%	7.30%	6.08%
Fair value (total)		\$113,557,234	\$ 62,936,000	\$ 20,456,000	\$ 27,415,000

At September 30, 2025

		Single tenant - Edmonton region	Single tenant - Alberta urban, outside Edmonton	Single tenant - Rural Alberta and B.C.	Multi tenant - Edmonton
	Range	Weighted Average			
Vacancy loss percentage	1.00%-2.00%	1.78%	1.14%	1.42%	1.46%
Structural reserve percentage	0.50%-2.00%	1.45%	0.58%	1.41%	1.86%
Net operating income		\$ 511,426	\$ 1,268,554	\$ 370,772	\$ 562,781
Capitalization rate	4.50%-8.00%	6.19%	6.50%	7.29%	6.08%
Fair value (total)		\$113,470,750	\$ 62,936,000	\$ 20,264,000	\$ 27,423,000

A balance of \$249,766 (September 30, 2025 - \$259,250) is included with the carrying value of a specific property for the purposes of the valuation calculation, however, is classified separately as a mortgage receivable for financial statement presentation.

Fair value sensitivity

The following table summarizes the fair value sensitivity at March 31, 2026 for the Company's income producing properties which are most sensitive to changes in capitalization rate, and normalized net operating income:

Capitalization rate				Normalized net operating income			
Rate sensitivity	Weighted average cap rate	Fair value	Change in fair value	Sensitivity	Normalized NOI	Fair value	Change in fair value
-0.50%	5.87%	\$ 243,490,018	\$ 19,125,783	\$ (500,000)	\$ 13,781,872	\$ 216,509,377	\$ (7,854,857)
-0.25%	6.12%	\$ 233,536,197	\$ 9,171,962	\$ (250,000)	\$ 14,031,872	\$ 220,436,806	\$ (3,927,429)
0.00%	6.37%	\$ 224,364,233	\$ -	\$ -	\$ 14,281,872	\$ 224,364,233	\$ -
0.25%	6.62%	\$ 215,885,491	\$ (8,478,744)	\$ 250,000	\$ 14,531,872	\$ 228,291,663	\$ 3,927,428
0.50%	6.87%	\$ 208,024,237	\$ (16,339,997)	\$ 500,000	\$ 14,781,872	\$ 232,219,091	\$ 7,854,857

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

4. Mortgages and loans receivable

	March 31, 2026	September 30, 2025
Loan receivable from a tenant, bearing interest at 5.5% per annum, repayable in equal monthly payments of principal and interest of \$496, with a maturity date of May 1, 2028, at which time any outstanding balance is repayable in full.	\$ 39,406	\$ 41,272
Loan receivable from a tenant, bearing interest at 8.5% per annum, repayable in equal monthly payments of principal and interest of \$3,358, with a maturity date of December 31, 2034.	249,766	259,250
Mortgage receivable, bearing interest at 8.00% per annum, repayable in monthly blended payments of principal and interest of \$10,303, due on demand (2025 - October 31, 2025). Secured by a first mortgage charge against land and building (Note 4 (i)).	1,320,765	1,330,392
Mortgage receivable, with a stated rate of 5% per annum, and an effective rate of 6.010% per annum, with monthly blended payments of principal and interest of \$34,315, and a maturity date of May 28, 2027. Secured by a first mortgage charge against land (Note 4(ii)).	5,619,279	5,658,179
Mortgage receivable, bearing interest at 5.00% per annum, with monthly blended payments of principal and interest of \$23,519, and a maturity date of September 1, 2026. Secured by a first mortgage charge against land and building.	4,002,296	4,046,043
	11,231,512	11,335,136
Less current portion	(5,414,930)	(5,484,821)
Long-term portion	\$ 5,816,582	\$ 5,850,315

- i) The mortgage maturity date was extended from its prior maturity date to December 31, 2025 during Q1 2026. Subsequently, the maturity date expired, and the mortgage receivable became due on demand. The Company has agreed to renew this mortgage on a month-to-month basis. The mortgagor continues to make monthly payments. The mortgage receivable can be prepaid in whole or in part without penalty and is carried at fair value.
- ii) During the quarter ended March 31, 2026, the Company became aware that the mortgagor had defaulted on certain terms of the mortgage. The Company has had discussions with the mortgagor regarding remedying the defaults and is monitoring the situation. The mortgagor continues to make regular payments. The security on the mortgage was assessed to have a value in excess of the outstanding debt, and as such no impairment has been recognized on this balance at March 31, 2026.

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

5. Mortgages

Maturity Date	Monthly blended principal and interest payments	Rate	March 31, 2026	September 30, 2025
*** April 1, 2026	\$ 26,460	4.270%	\$ 2,602,417	\$ 2,704,835
*** April 1, 2026	28,047	4.270%	3,565,990	3,657,669
*** April 1, 2026	33,136	6.010%	3,011,517	3,119,077
*** April 1, 2026	23,715	2.675%	1,596,716	1,716,831
July 1, 2026	76,219	2.710%	8,241,309	8,584,873
July 1, 2026	39,884	2.710%	4,312,525	4,492,306
August 1, 2026	21,295	4.188%	2,768,580	2,838,030
September 1, 2026	100,705	4.950%	16,847,204	17,035,993
October 1, 2026	65,250	2.940%	7,120,469	7,405,500
November 1, 2026	39,621	4.663%	5,940,429	6,039,642
December 1, 2026	31,349	4.669%	2,177,614	2,313,521
December 1, 2026	28,482	4.669%	1,978,483	2,101,962
* December 1, 2026 (2025 - December 1, 2025)	39,063 (2025 - 43,161)	4.037% (2025 - 6.73%)	3,118,868	3,279,488
* January 1, 2027 (2025 - January 1, 2026)	17,783 (2025 - 18,660)	3.910% (2025 - 5.930%)	939,150	1,023,558
** February 1, 2027 (2025 - October 1, 2025)	38,706 (2025 - 53,312)	3.830% (2025 - 7.020%)	6,481,876	3,952,361
** February 1, 2027 (2025 - November 1, 2025)	26,912 (2025 - 35,967)	3.88% (2025 - 6.640%)	4,487,521	2,724,272
* February 1, 2027 (2025 - January 1, 2026)	22,589 (2025 - 23,512)	4.220% (2025 - 5.930%)	1,184,363	1,289,683
* February 1, 2027 (2025 - February 1, 2026)	38,214 (2025 - 27,167)	4.230% (2025 - 4.300%)	3,406,611	3,506,915
* February 1, 2027 (2025 - February 1, 2026)	25,561 (2025 - 26,677)	4.230% (2025 - 4.300%)	3,356,063	3,443,592
* February 1, 2027 (2025 - February 1, 2026)	16,717 (2025 - 16,761)	4.220% (2025 - 4.300%)	1,202,984	1,277,026
January 1, 2028	6,466	4.222%	1,046,095	-
June 11, 2029	42,759	3.480%	3,680,194	3,871,737
<i>Total mortgages</i>			\$ 89,066,978	\$ 86,378,871
<i>Less: current portion of principal payments</i>			(84,767,200)	(66,331,718)
<i>Less: Balance of unamortized finance fees</i>			(85,191)	(62,374)
			\$ 4,214,587	\$ 19,984,779
Weighted average rate			4.05%	4.44%

* Mortgages renewed during the six months ended March 31, 2026.

** The Company refinanced these mortgages during the three months ended March 31, 2026. The mortgages were increased by a total of \$4,260,000 and the additional funds were used to reduce the outstanding lines of credit.

*** Mortgages renewed subsequent to March 31, 2026.

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

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

6. Bank operating facilities

	March 31, 2026	September 30, 2025
LOC with a limit of \$15,500,000	\$ 12,160,959	\$ 15,376,917
LOC with a limit of \$8,000,000	5,479,515	7,888,539
Bank operating facilities	\$ 17,640,474	\$ 23,265,456

There have been no changes to the terms of the bank operating facilities, which consist of lines of credit ("LOC") since the year ended September 30, 2025.

Under the terms of the LOC with a limit of \$15,500,000, starting May 1, 2025, the Company was in violation of the covenant requiring a minimum of 90% occupancy of the secured buildings as the result of the vacancy of one of the buildings securing the LOC. Under the terms of the LOC, a 6 month grace period commenced, wherein the property was subject to a reduced LTV of 50%, and the DCSR requirements remain unchanged. The grace period expired October 31, 2025 resulting in the LTV on the specific property being reduced to 0%, with the DCSR requirements remaining unchanged. During the three months ended March 31, 2026, the property was leased and the Company returned to compliance with the minimum 90% occupancy requirement. At March 31, 2026 the Company remained in compliance with the LTV and DCSR requirements, and the availability of the facility remained unchanged.

7. Leases

The Company as a lessee

The Company's lease liability and right-of-use assets relate to the Company's office lease and the lease of two vehicles. The Company has no short-term leases or leases of low value assets.

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

			March 31, 2026	September 30, 2025
	Office	Vehicles	Total	Total
Balance, beginning of period	\$ 62,518	\$ 23,394	\$ 85,912	\$ 263,737
Additions	484,738	17,025	501,763	-
Disposals	-	(3,909)	(3,909)	-
Amortization	(76,366)	(13,765)	(90,131)	(177,825)
Balance, end of period	\$ 470,890	\$ 22,745	\$ 493,635	\$ 85,912

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

7. Leases (cont'd)

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

	March 31, 2026	September 30, 2025
Balance, beginning of period	\$ 98,141	\$ 297,315
Additions of assets under lease	501,763	-
Termination of lease	(3,674)	-
Lease payments	(105,223)	(210,446)
Accretion of interest	3,999	11,272
Total	495,006	98,141
Less: Current portion	(175,605)	(98,141)
Long-term portion	\$ 319,401	\$ -

During the six months ended March 31, 2026, the Company renewed its lease for office space for a term ending January 2029. The right-of-use asset and lease rate was recognized at the present value of future lease payments discounted at the Company's incremental borrowing rate of 5.40%. The Company also disposed of one of its vehicle leases and entered into a new vehicle lease. The new vehicle lease was recorded at the net present value of future lease payments discounted at the Company's incremental borrowing rate of 5.40%. The prior lease was terminated early, resulting in a disposal of the right-of-use asset and settlement of the lease liability. This disposition resulted in a loss of \$235 which is included in interest expense.

The remaining lease term for the office asset is 34 months (September 30, 2025 – 5 months) and includes an option to extend the lease. There is no variable lease payments linked to an index and no termination options or options to purchase.

The weighted average remaining lease term for the vehicles is 14 months (September 30, 2025 – 9 months). There are no variable lease payments linked to an index. One vehicle lease includes an option to purchase, and an option to terminate the lease early with payment of a termination penalty, which have not been included in the lease liability as they are not reasonably certain to be exercised. Future lease payments are as follows:

	Within 1 year	1-2 years	2-3 years	Total
March 31, 2026				
Lease payments	\$ 197,936	\$ 186,000	\$ 150,000	\$ 533,936
Finance charges	(22,331)	(12,953)	(3,646)	(38,930)
Net present values	\$ 175,605	\$ 173,047	\$ 146,354	\$ 495,006
September 30, 2025				
Lease payments	\$ 99,908	\$ -	\$ -	\$ 99,908
Finance charges	(1,767)	-	-	(1,767)
Net present values	\$ 98,141	\$ -	\$ -	\$ 98,141

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

8. Equity

Dividends

Holders of common shares are entitled to receive dividends when declared by the Company's Board of Directors. During the three and six months ended March 31, 2026, the Company paid dividends of \$0.02 per share for a total of \$189,025 and \$378,050 respectively (three and six months ended March 31, 2025 - \$0.02 per share for a total of \$189,025 and \$378,050 respectively).

Stock options

	Number	Weighted average exercise price
Outstanding at September 30, 2025 and March 31, 2026	400,000	\$ 3.93
Exercisable at September 30, 2025 and March 31, 2026	400,000	\$ 3.93

The weighted average contractual life for the share options outstanding at March 31, 2026 is 3.89 years (September 30, 2025 - 4.41 years).

Earnings per share

The impact of the 400,000 stock options that are exercisable at March 31, 2026 and 200,000 stock options that were exercisable at March 31, 2025 were anti-dilutive and therefore the stock options were excluded in the calculation of diluted earnings per share in both periods.

9. Income taxes

a) Provision for income taxes

Components of income tax expense (recovery)

	Three months ended March 31,		Six months ended March 31,	
	2026	2025	2026	2025
Current tax expense	\$ 225,536	\$ 351,106	\$ 175,237	\$ 535,793
Prior period adjustments	-	-	-	(30,119)
Deferred tax expense	170,054	(1,622,051)	404,810	(1,250,490)
	\$ 395,590	\$ (1,270,945)	\$ 580,047	\$ (744,816)

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

9. Income taxes (cont'd)

b) Deferred taxes	March 31, 2026		September 30, 2025	
Deferred tax assets are attributable to the following:				
Lease liabilities	\$	169,835	\$	85,085
Finance fees		11,005		7,244
Capital losses		-		51,628
Total deferred tax assets		180,840		143,957
Offset of deferred tax liabilities		(180,840)		(143,957)
Net deferred tax assets	\$	-	\$	-
Deferred tax liabilities are attributable to the following:				
Straight-line rent receivable	\$	323,160	\$	356,191
Investment properties		15,356,183		14,966,816
Mortgages and loans receivable		35,958		30,324
Deferred leasing commissions		498,346		392,353
Right-of-use-assets		113,536		19,760
Capital gains reserve		120,048		240,094
Total deferred tax liabilities		16,447,231		16,005,538
Offset of deferred tax assets		(180,840)		(143,957)
Net deferred tax liabilities	\$	16,266,391	\$	15,861,581

10. Rental revenue

The Company leases its commercial properties under operating leases with current terms ranging between 1 and 13 years. Some leases have options to extend for further five-year terms. Two leases have early termination clauses under specific circumstances. Rental revenue includes the following:

	Three months ended March 31,		Six months ended March 31,	
	2026	2025	2026	2025
Rental revenue, contractual amount	\$ 3,641,695	\$ 3,694,306	\$ 7,246,249	\$ 7,380,145
Property tax and insurance recoveries	864,134	889,298	1,737,163	1,778,596
Amortization of tenant inducements	(31,714)	(31,714)	(63,427)	(63,427)
Straight-line rental revenue	(66,500)	(58,902)	(143,610)	(106,938)
Total lease income	4,407,615	4,492,988	8,776,375	8,988,376
Operating expense recoveries	432,550	413,076	852,218	825,852
Total rental revenue	\$ 4,840,165	\$ 4,906,064	\$ 9,628,593	\$ 9,814,228

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

10. Rental revenue (cont'd)

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

	March 31, 2026		March 31, 2025	
One year	\$	14,488,301	\$	14,144,974
One to two years		12,029,993		12,696,841
Two to three years		10,839,660		10,991,367
Three to four years		8,992,431		8,663,523
Four to five years		7,674,613		6,792,291
Thereafter		25,231,105		28,046,209
	\$	79,256,103	\$	81,335,205

The future contracted minimum rent receivable could be negatively impacted by a tenant having financial difficulties and being unable to meet their rent obligations. The future rent receivable assumes all tenants will honor the financial obligations of their leases, to the terms of their leases, with no defaults or variations in the contracted amounts.

11. Finance costs

The components of finance costs are as follows:

	Three months ended March 31,		Six months ended March 31,					
	2026	2025	2026	2025				
Interest on mortgages	\$	898,068	\$	976,966	\$	1,836,824	\$	1,976,387
Interest on bank operating facilities		255,069		281,813		580,726		567,350
Interest on lease obligations		3,038		2,885		4,233		5,897
Amortization of deferred financing fees		25,299		17,689		41,713		36,444
Finance fees		-		-		-		5,000
Total	\$	1,181,474	\$	1,279,353	\$	2,463,496	\$	2,591,078

12. Supplemental cash flow information

	Three months ended March 31,		Six months ended March 31,					
	2026	2025	2026	2025				
Change in operating working capital:								
Receivables	\$	37,798	\$	133,584	\$	732,408	\$	353,487
Prepaid expenses and deposits		45,158		(84,850)		984,122		902,967
Security deposits		47,204		-		56,368		-
Payables and accruals		490,749		812,508		249,790		561,076
Income taxes payable		(175,780)		238,294		(1,018,070)		(808,467)
Net change in operating working capital	\$	445,129	\$	1,099,536	\$	1,004,618	\$	1,009,063
Interest paid	\$	1,228,313	\$	1,261,660	\$	2,473,097	\$	2,471,602
Income taxes paid (received)	\$	451,614	\$	(41,756)	\$	1,243,606	\$	1,159,667

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

12. Supplemental cash flow information (cont'd)

Non-cash transactions:

	Three months ended March 31,		Six months ended March 31,	
	2026	2025	2026	2025
Non-cash transactions:				
Acquisition of lease asset	\$ 484,738	\$ -	\$ 501,763	\$ -
Disposition of a lease asset	\$ -	\$ -	\$ (3,909)	\$ -

13. Fair value of financial instruments

	March 31, 2026	September 30, 2025
Financial assets		
Cash and cash equivalents	\$ 259,371	\$ 270,120
Receivables	32,431	764,839
Mortgages and loans receivable	11,231,512	11,335,136
	\$ 11,523,314	\$ 12,370,095
Financial liabilities		
Bank operating facilities	\$ 17,640,474	\$ 23,265,456
Payables and accruals	1,631,186	1,432,710
Lease liability	495,006	98,141
Security deposits	877,244	820,876
Term loan	243,408	271,795
Mortgages	88,981,787	86,316,497
	\$ 109,869,105	\$ 112,205,475

Measurement of fair value

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

Mortgages and loans receivable include two mortgages that are measured at fair value as they are prepayable without penalty. The fair value of the mortgages at March 31, 2026 totals \$5,323,062 (September 30, 2025 - \$5,376,435). The remaining mortgage and loan receivables are recorded at amortized cost with a total carrying value of \$5,908,492 (September 30, 2025 - \$5,885,152). The estimated fair value of the mortgage and loan receivables carried at amortized cost at March 31, 2026 is \$6,059,000 (September 30, 2025 - \$6,184,000).

The fair value of mortgages and loans receivable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar debt with similar terms and conditions. The estimated fair value of the mortgages and loans receivable at March 31, 2026 is based on a discount rate of 4.28% (September 30, 2025 - 4.26%).

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

13. Fair value of financial instruments (cont'd)

The fair value of mortgages payable and term loan is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at March 31, 2026 is \$87,993,000 (September 30, 2025 - \$86,391,000). The estimated fair value of the term loan at March 31, 2026 is \$239,000 (September 30, 2025 - \$266,000). These estimates are subjective as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for these calculations was 6.09% (September 30, 2025 – 6.09%).

14. Related party transactions

Sable Realty & Management Ltd. ("Sable"), a company controlled by the President and CEO of the Company, provides property management services to the Company. North American Realty Corp. ("NARC"), which is controlled by the President and CEO of the Company, provides asset management services to the Company. North American Mortgage and Leasing Corp. ("NAML") provides vehicles under lease to the Company.

There have been no changes to the nature of related party transactions since the year ended September 30, 2025. Transactions with related parties during the period are summarized below:

		Three months ending		Six months ending	
		March 31,		March 31,	
	Financial statement category	2026	2025	2026	2025
a) Management agreements					
Property management and maintenance fees paid to Sable	Property operating expenses (Statement of income)	\$ 340,110	\$ 329,959	\$ 692,511	\$ 783,651
Disposition fees paid to NARC	Loss on sale of investment properties (Statement of income)	-	-	-	66,000
Leasing fees paid to NARC	Investment properties (Statement of financial position)	95,723	187,636	265,068	223,816
Vehicle lease payments paid to NAML	Lease liabilities (Statement of financial position)	2,250	2,250	4,500	4,500
		\$ 438,083	\$ 519,845	\$ 962,079	\$ 1,077,967

At March 31, 2026 the Company has \$nil in outstanding payables to Sable (September 30, 2025 – \$31,198) to Sable.

IMPERIAL EQUITIES INC.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Three and six months ended March 31, 2026

14. Related party transactions (cont'd)

b) Other related party transactions

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

		Three months ending March 31,		Six months ending March 31,	
Financial statement category		2026	2025	2026	2025
Leased office space and parking	Lease Liabilities (Statement of financial position)	\$ 45,000	\$ 45,000	\$ 90,000	\$ 90,000
Rent at Sable Centre	Rental revenue (Statement of income)	(25,633)	(25,633)	(51,266)	(51,266)
Net payments for the period		\$ 19,367	\$ 19,367	\$ 38,734	\$ 38,734

- ii) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the three and six months ended March 31, 2026 were \$20,000 and \$30,000 (March 31, 2025 – \$17,500 and \$27,500).

- iii) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The amount disclosed in the table are recognized as an expense during the year. There were no other transactions with key management personnel.

		Three months ending March 31,		Six months ending March 31,	
		2026	2025	2026	2025
Salaries and wages	\$	130,000	\$ 130,000	\$ 260,000	\$ 260,000
Short-term employee benefits		3,939	3,798	8,044	7,596
Total	\$	133,939	\$ 133,798	\$ 268,044	\$ 267,596

15. Post-reporting date events

On April 1, 2026, the Company declared a quarterly dividend of \$0.02 per share totalling \$189,025 which was paid on May 4, 2026 to shareholders of record effective April 20, 2026.

During the quarter, the Company entered into a conditional purchase and sale agreement to acquire land and building located in Edmonton, Alberta. The gross purchase price is \$5,000,000. The conditions were waived after March 31, 2026, and the sale is anticipated to close during the quarter ending June 30, 2026.

Subsequent to quarter end, the Company entered into a conditional purchase and sale agreement to acquire 4.5 acres of leased land in Edmonton, Alberta. The gross purchase price is \$3,400,000. The sale is anticipated to close during the quarter ending June 30, 2026.



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