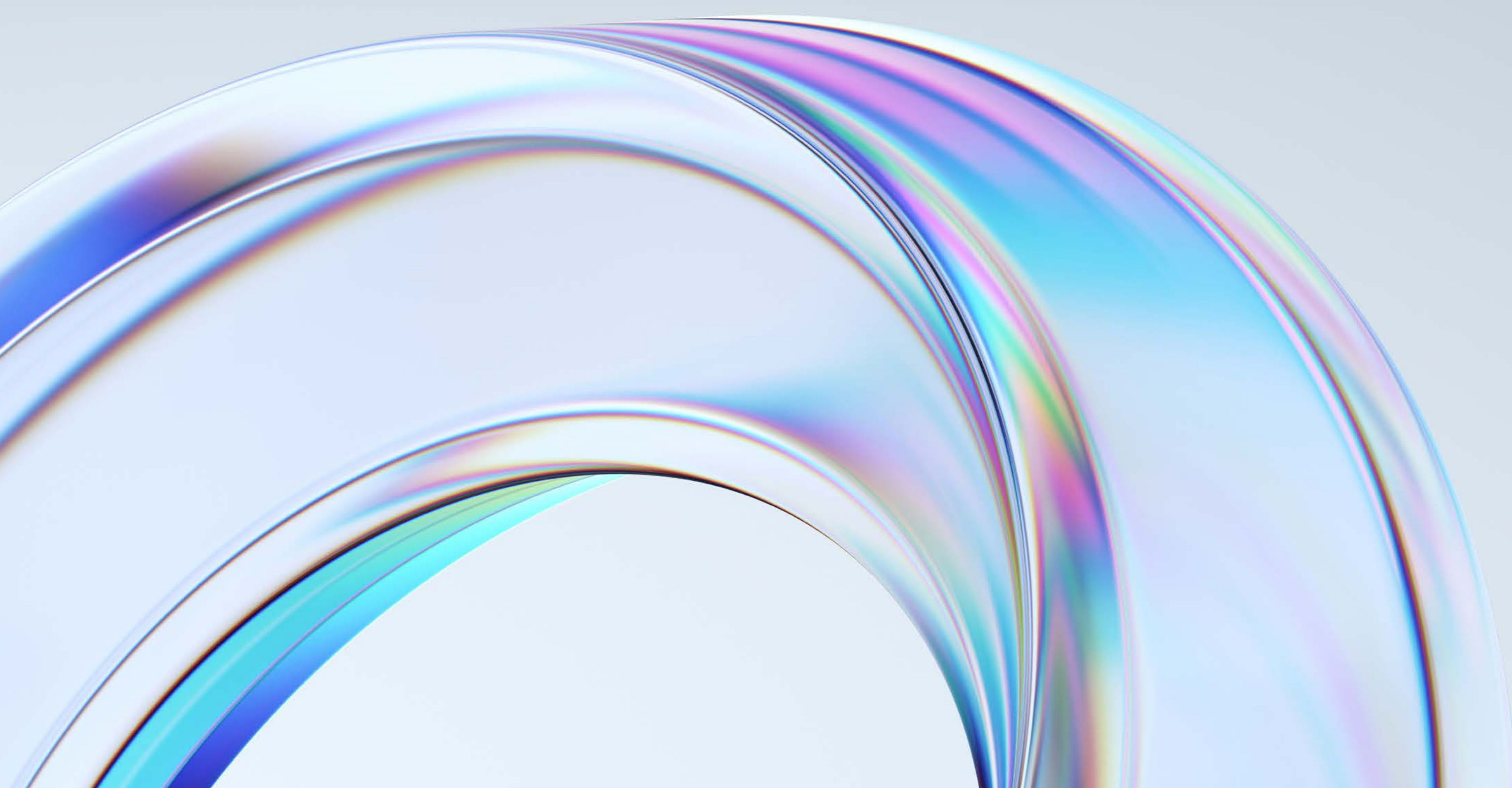
IMPERIAL EQUITIES INC.

3rd Quarter Report 2026

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2026



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President's Report

Q3 2026

2026 Q3 Message

From CEO, Sine Chadi

> **For the past several quarters I have written about maintaining flexibility and waiting for the right market opportunities. Flexibility, however, is only worth holding onto if it is eventually put to use. This quarter, we took decisive action, and we put it to use.**

During this Q3 we completed two acquisitions: a parcel of land held for development with income already in place, and a single tenant industrial building. Subsequent to this quarter we closed on a further building in Grande Prairie, our largest acquisition of the year. These are exactly the assets we described in previous reports as our targets, well located, income producing, and leased to established tenants.

We funded this growth without stretching the balance sheet. Refinancing mortgages on renewal released equity for the acquisitions, and an increase to one of our lines of credit added further capacity. The weighted average interest rate on our mortgages declined to 4.00% from 4.41% a year ago, and our debt to total assets ratio stands at 47%, modestly above last year and still well below our historical level of 50%.

This financing strategy carries a near term cost we have accepted deliberately. By renewing on shorter terms while rates were falling, a significant number of mortgages come due over the coming year, and in the fourth quarter we will renew the last two facilities that had been locked in below 3%. We do not anticipate difficulty in renewing them, and each renewal remains an opportunity to release equity for growth, as it has been throughout this year.

Operationally, the portfolio is in the strongest position it has held in some time. Building occupancy improved to 98.4% from 93.5% a year ago. Only two vacancies remained at the end of this Q3, and one of them has since been leased, bringing our occupancy level to 100% of our leasable space. We also renewed a lease well ahead of its expiry for a further ten-year term, a reflection of the tenant relationships this Company has built since 1998.

Reported revenue does not yet show the effect of any of this. Rental revenue and income from operations were modestly below the prior year, the result of a building sold last year, a vacancy carried into the current year, and a new lease that only commenced in June. The two acquisitions closed too late in the quarter to contribute meaningfully. Even so, earnings per share improved to $0.26 from $0.19, and the cash available to fund our properties and our growth rose substantially over the prior year.

We enter the final quarter of fiscal 2026 with a larger portfolio, higher occupancy, a lower cost of debt, and a pipeline we continue to work. Alberta and British Columbia remain well supported, and we will keep acquiring on the terms we always have: patiently, and only where the asset earns its place.

I want to thank our Team, our Board, and our Shareholders for their continued support. I welcome your outreach at any point through the year, and we look forward to reporting on a full year of this progress.

Sincerely,

Sine Chadi, President

MD&A

Management's Discussion & Analysis

For the three and nine months ended June 30, 2026

Imperial Equities Inc.
MD&A as at August 18, 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 nine months ended June 30, 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 August 18, 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 measures 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.ca.

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 nature of the Company's overall business or strategy during the three and nine months ended June 30, 2026.

Q3 2026 was an active quarter for the Company. The Company completed two acquisitions of investment properties. The first acquisition was of 4.55 acres of land held for development with an in-place lease, for a gross purchase price of $3,400,000. This was funded through cash, and a non-revolving demand facility of $1,750,000 was subsequently secured by the property and funded after quarter end. The second property, the Interstate Battery building, consisting of land and a 22,315 ft^2 building, was acquired for a gross purchase price of $5,000,000. This purchase was funded with cash and a $3,500,000 mortgage. Subsequent to quarter end, the Company closed the acquisition of the Wajax Grande Prairie building, a 40,411 ft^2 building on 4.55 acres of land for a gross purchase price of $10,950,000, which was funded through cash and a $8,200,000 mortgage. During the quarter, the Company continued to adjust its debt strategy, refinancing and increasing a mortgage upon renewal, which generated $2,300,000 in additional cash that was applied to the outstanding bank facilities. This brought the total of funds generated in the year-to-date through refinancing of mortgages to $6,730,000. The available room on the bank facilities funded the annual payment of property taxes and was used towards the purchase price of the acquisitions completed in the quarter. The Company was also able to access an additional $2,500,000 in bank operating facilities with an increase to the availability of one of its lines of credit. The lower interest rate environment continued to benefit the Company by both reducing interest expense and lowering the required monthly payments on mortgages that were renewed over the last 12 months.

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 nature of investment properties held since the year ended September 30, 2025.

Our Operations and Financing

Income from operations ('000s)

Q3 2026		YTD 2026	
$ 3,195		$ 9,701	
Q3 2025		YTD 2025	
$ 3,259	-1.96%	$ 9,957	-2.57%

The decrease in income from operations is primarily due to a decrease in rental revenue. The sale of a building in Q4 2025, and the vacancy of another building starting in Q3 2025 reduced the inflows of rental revenue going into fiscal 2026. This was offset slightly by the acquisition of a new building in 2025 in Sparwood B.C. Additionally, the building that was vacant starting in 2025 was leased however the lease period only commenced in June of 2026, generating limited revenue for the quarter. The addition of the land held for development with an in-place lease, and the Interstate Battery building will generate revenue in the future, however had only a limited impact in the quarter due to the timing of the acquisitions.

Operating expense recovery percentage [1]

Q3 2026		YTD 2026	
80%		82%	
Q3 2025		YTD 2025	
75%	6.67%	81%	1.23%

Operating expense recoveries for Q3 2026 were within the Company's target range of 80-85%. The operating expense recovery percentage in Q3 2025 was lower as a result of properties that were vacant and therefore not generating recoverable income. Additionally, there were higher non-recoverable repairs and maintenance expenses in the prior year due to special projects undertaken on certain buildings in the year. As recoverable expenses can be incurred in varying times over the year, but recoverable revenues are only adjusted to actual in Q4 of each year, some fluctuations in this percentage are expected between quarters.

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

Funds available for property operations [1]

Q3 2026	YTD 2026
$ 670,937	$ 2,001,727
Q3 2025	YTD 2025
$ 433,239 54.87%	$ 1,075,357 86.15%

Funds available for property operations increased despite lower operating income because of continued reductions in interest costs, and lower principal repayments on mortgages. Interest costs in the current year are lower due to overall lower market rates on bank operating facilities and mortgages renewed over the past year. Principal repayments are lower for the year to date, due to lower overall mortgage balances, with a mortgage being repaid on the sale of a building in Q4 2025, and with the Company increasing amortization periods on certain mortgage renewals during the year, to reduce monthly payments.

Debt to total assets ratio [1]

Q3 2026		
47%		
Q3 2025	46%	1.02%

The debt to total assets ratio was higher than the prior year ratio as a result of increases in the overall debt balances for new mortgages completed during the period, and the three refinancings of mortgages upon renewal. The balance of debt to total assets remains under the Company's historical level of 50%.

Weighted average interest rates on mortgages

Q3 2026		
4.00%		
Q3 2025	4.41%	-9.30%

The weighted average interest rate on mortgages decreased in the current quarter compared to the same quarter of the prior year due to the renewals of mortgages over the 9 month period at lower rates. Only one mortgage that was renewed during the quarter was renewed at a higher rate. This mortgage had previously been locked into a low rate for a longer term and came due in this current period. In Q4, the Company will renew the last two mortgages that were locked into mortgages at rates less than 3%.

Our Investment Properties and Leasing Activities

	Q3 2026	Q3 2025	% Change
Total number of investment properties	**35**	33	6.06%
Gross Leasable Area ("GLA")[2] (excluding property classified as held for sale)	**1,039,860**	1,014,599	2.49%
Building Occupancy	**98.4%**	93.5%	5.24%
Average lease term to maturity (years)	**4.61**	4.65	-0.91%

The increase in the number of investment properties is due to the acquisition of the land held for development and the Interstate Battery building in Q3 2026.

The net increase in GLA since Q3 2025 is primarily due to the acquisition of the 22,315 ft^2 Interstate Battery building. There were also adjustments to GLA as a result of remeasurements made during the period.

At June 30, 2026, the Company had only two vacancies totalling 16,622 ft^2. Subsequent to quarter end, 9,503 ft^2 of this vacant space was leased, resulting in an occupancy rate of 99.3%. In the prior year, the Company also had a 12,125 ft^2 building which was vacant but is leased in the current year.

The average lease term to maturity has decreased, due to the elapsing of time over the term of the leases. This was partially offset by new long-term leases signed in the period.

Renewals (GLA) [2]

Q3 2026	YTD 2026
29,450	67,769
Q3 2025	YTD 2025
22,594 30.34%	103,349 -34.43%

The Company renewed one additional lease in the three months ended June 30, 2026. The lease was renewed in advance of its expiry date for an additional 10 year period. The Company also renewed two leases with tenants with leases that expired during the fiscal year.

(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)

Q3 2026	YTD 2026
20,660	45,384
Q3 2025	YTD 2025
5,000 313.20%	5,000 807.68%

The Company added two new leases in Q3 2026 with the acquisition of two properties: land held for development and the Interstate Battery building. For the nine month period, new leases included the leasing of two vacant buildings, and the short term lease of a vacant location in a multi tenant building. This vacant location was leased under a long-term lease subsequent to Q3 2026.

Leases expiring in the next twelve months (GLA) (2)

Q3 2026		
41,450		
Q3 2025	79,043	-47.56%

The Company has 3 leases that will expire in the next 12 months, two in single tenant buildings, and one in a multi-tenant building. Lease negotiations are expected to commence closer to the expiry dates of the existing leases.

(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 June 30,			Nine months ended June 30,		
	2026	2025	Variance	2026	2025	Variance
Rental revenue	$ 4,868	$ 4,940	$ (72)	$ 14,496	$ 14,754	$ (258)
Property operating expenses	1,673	1,681	(8)	4,795	4,797	(2)
Income from operations	3,195	3,259	(64)	9,701	9,957	(256)
Finance costs	1,179	1,315	(136)	3,642	3,906	(264)
Finance income	(165)	(145)	(20)	(505)	(348)	(157)
Administrative expenses	425	360	65	1,332	1,283	49
Amortization of deferred leasing commissions	108	117	(9)	306	338	(32)
Amortization of right-of-use assets	49	44	5	139	133	6
Loss on sale of investment property	-	-	-	-	141	(141)
Valuation gains from investment properties, net	(1,387)	(706)	(681)	(954)	(99)	(855)
Income before income tax	2,986	2,274	712	5,741	4,603	1,138
Income tax expense (recovery)	543	443	100	1,123	(302)	1,425
Net income and comprehensive income	$ 2,443	$ 1,831	$ 612	$ 4,618	$ 4,905	$ (287)
Earnings per share basic and diluted (in dollars)	$ 0.26	$ 0.19	$ 0.07	$ 0.49	$ 0.52	$ (0.03)
Dividends per share (in dollars)	$ 0.02	$ 0.02	$ -	$ 0.06	$ 0.06	$ -

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 nine months ended June 30, 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 relating to lower rent due to vacancies, and a building that was sold in Q4 2025 that had previously generated rental revenue. Recovery revenue increased slightly in Q3 2026 compared to the same periods in the prior year, due to higher expected property taxes, and recoverable repairs and maintenance expenses being billed to tenants during the period, however this increase did not fully offset the reduced minimum rent.

Income from operations was $3,194,235 and $9,700,665 for the three and nine months ended June 30, 2026 compared to $3,259,592 and $9,957,712 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 property operating expenses were consistent between the periods.

Net income increased to $2,443,240 for the three months ended June 30, 2026 compared to $1,831,080 for the same period in the prior year. The increase was primarily due to increased valuation gains on investment properties.

Net income for the nine month period ended June 30, 2026 decreased to $4,618,222 compared to $4,904,678 for the same period in the prior year. This was primarily due to the impact of one-time deferred tax recovery resulting from the cancellation of the proposed increase in capital gains inclusion rates. The increase in net income from this recovery was offset by lower valuation gains on investment properties for the nine month period in comparison to the current year-to-date period.

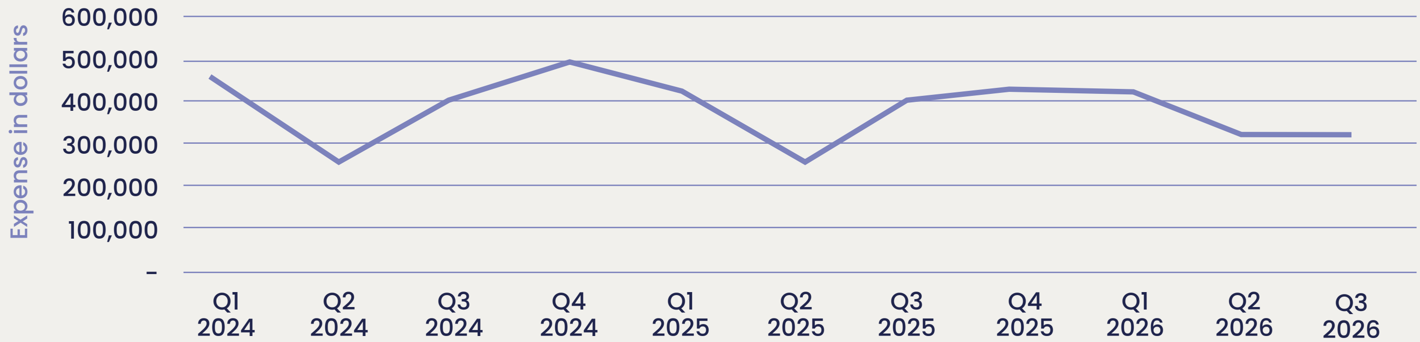
Property Operating Expenses

	Three months ended June 30,			Nine months ended June 30,		
	2026	**2025**	**Variance**	**2026**	**2025**	**Variance**
Property taxes	**$ 1,031,522**	$ 934,216	$ 97,306	**$ 2,735,718**	$ 2,616,351	$ 119,367
Insurance	**48,343**	56,102	(7,759)	**149,784**	175,873	(26,089)
Repairs and maintenance	**505,666**	594,031	(88,365)	**1,617,443**	1,663,837	(46,394)
Utilities	**87,766**	96,234	(8,468)	**292,515**	340,630	(48,115)
	$ 1,673,297	$ 1,680,583	$ (7,286)	**$ 4,795,460**	$ 4,796,691	$ (1,231)

Property operating expenses for the three and nine months ended June 30, 2026 were consistent with the same periods in the prior year. Increases in property taxes have been offset by decreases in insurance, utilities, and repairs and maintenance. 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 nine months ended June 30, 2026 were lower than the same periods in the prior year due to the timing of various repair projects. Larger repair projects for painting and stucco on the exterior or buildings, and replacements of HVAC units were completed in the prior year and will not need to be done again in the near future. The Company completed two projects to replace the roofs on two buildings during Q3 2026; however, these projects were capitalized to the related investment properties and did not impact the repairs and maintenance expense. Utilities decreased in the nine months ended June 30, 2026 as there were fewer vacancies compared to the same period in the prior year. Vacancies result in the Company having to pay for the cost of utilities which would normally be paid by a tenant.

Repairs & Maintenance Expense
(excl property management fees)



Finance Costs

	Three months ended June 30,			Nine months ended June 30,		
	2026	2025	Variance	2026	2025	Variance
Interest on mortgages	**$ 885,433**	$ 976,482	$ (91,049)	**$ 2,722,257**	$ 2,952,869	$ (230,612)
Interest on bank operating facilities	**267,293**	295,423	(28,130)	**848,019**	862,773	(14,754)
Interest on lease obligations	**6,511**	2,754	3,757	**10,744**	8,651	2,093
Amortization of deferred financing fees	**19,715**	15,674	4,041	**61,428**	52,118	9,310
Financing fees	**-**	25,000	(25,000)	**-**	30,000	(30,000)
	$ 1,178,952	$ 1,315,333	$ (136,381)	**$ 3,642,448**	$ 3,906,411	$ (263,963)

Finance costs for the three and nine months ending June 30, 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 bank operating facilities balances on average over the period. Financing fees that were incurred in the prior year on the renewals of bank operating facilities are recorded when paid and had not yet been incurred as of Q3 2026 in the current year.

Administrative Expenses

	Three months ended June 30,			Nine months ended June 30,		
	2026	2025	Variance	2026	2025	Variance
Salaries and benefits	**$ 299,762**	$ 227,897	$ 71,866	**$ 909,204**	$ 651,029	$ 258,175
Public company costs	**16,734**	12,998	3,736	**81,007**	77,564	3,443
Professional fees	**570**	-	570	**14,300**	35,864	(21,564)
Office and other	**107,692**	74,205	33,487	**298,588**	273,402	25,186
Bad debts	**(250)**	44,580	(44,830)	**28,690**	244,710	(216,020)
	$ 424,508	$ 359,680	$ 64,828	**$ 1,331,789**	$ 1,282,569	$ 49,220

Administrative expenses increased for the three and nine months ended June 30, 2026 as a result of 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, general counsel and the Chief Operating Officer. This was partially offset by a decrease in bad debts expense for the three and nine months ended June 30, 2026. In the prior year, a tenant of the Company defaulted on their lease, and was locked out of the premises in Q3 2025. Outstanding rent from this tenant was allowed for in Q2 2025. In the nine months ended June 30, 2026, bad debts consisted of an outstanding tenant receivable for operating costs that was written off after discussions with the tenant as part of a lease renewal process.

Amortization of deferred leasing and right-of-use assets are 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 an 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 the three and nine months ended June 30, 2026 there was a valuation gain. The change in investment properties fair value is discussed below in “Investment properties”.

Selected Statement of Financial Position Information

As At (in thousands)	June 30, 2026	September 30, 2025	Variance
Investment properties	$ 237,295	$ 227,029	$ 10,266
Right-of-use asset	445	86	359
Mortgages and loans receivable	259	5,850	(5,591)
Total non-current assets	237,999	232,965	5,034
Current portion of mortgage receivable	10,922	5,485	5,437
Current assets	4,114	2,105	2,009
Total current assets	15,036	7,590	7,446
Total assets	$ 253,035	$ 240,555	$ 12,480
Mortgages	$ 8,631	$ 19,985	$ (11,354)
Security deposits	891	821	70
Term loan	169	214	(45)
Lease liability	276	-	276
Deferred taxes	16,339	15,862	477
Total non-current liabilities	26,306	36,882	(10,576)
Current portion of mortgages	84,823	66,332	18,491
Bank operating facilities	24,856	23,265	1,591
Other current liabilities	1,477	2,554	(1,077)
Total current liabilities	111,156	92,151	19,005
Total liabilities	137,462	129,033	8,429
Equity	115,573	111,522	4,051
Total equity and liabilities	$ 253,035	$ 240,555	$ 12,480

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
Additions:			
Property improvements and additions	5,727,525	3,444,860	9,172,385
Capitalized property taxes and other	-	76,295	76,295
Leasing commissions	660,918	-	660,918
Amortization of tenant inducements	(95,141)	-	(95,141)
Amortization of deferred leasing commissions	(305,780)	-	(305,780)
Change in straight-line rental revenue	(196,321)	-	(196,321)
Fair value gains (losses), net	607,174	346,345	953,519
Balance, June 30, 2026	**$ 230,492,125**	**$ 6,803,136**	**$ 237,295,261**

The fair value of investment properties increased by $10,265,875 between September 30, 2025 and June 30, 2026. The net increase is a result of the following:

- The acquisition of land held for development with a fair value of $3,868,000. A fair value gain of $468,000 was recorded over the purchase price.
- The acquisition of an income producing property consisting of land and building with a fair value of $5,723,000. A fair value gain of $723,000 was recorded over the purchase price.
- The Company recorded an increase in fair value of $524,000 on a multi-tenant property as a result of increases in market rent assessment for a space that was vacant at June 30, 2026, but leased subsequent to quarter end.
- 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 nine months ended June 30, 2026 were $86,000.
- Increases were offset by a decrease of $107,000 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 $154,161 between September 30, 2025 and June 30, 2026 for principal payments received. During the prior quarter, management became aware that the borrower on the Vendor-take-back ("VTB") mortgage with a balance of $5,600,671 at June 30, 2026 (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 the prior quarter, 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. The Company ended a vehicle lease early and entered into a new vehicle lease during Q1 2026. The net change from this was an increase of $14,000 in the ROU asset and lease liability. The principal payments on the lease liabilities for the three and nine months ended June 30, 2026 were $46,101 and $147,325 respectively (three and nine months ending June 30, 2025 - $49,857 and $149,183).

Current assets include receivables, prepaid expenses and deposits and cash balances with banks. The balance has increased primarily due to increased cash and prepaid expenses and deposits.

Prepaid expenses increased 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 are paid in full in June, and so at June 30 approximately half of the balance of property taxes is recorded as prepaid. Prepaids and deposits also includes a $500,000 deposit towards the acquisition of a property that closed subsequent to the period end.

Cash increased due to timing of the receipt of funds from the refinancing of one of the Company's mortgages at renewal. This refinancing generated an additional $2,300,000, of which the Company used approximately $1,300,000 towards the purchase of the Interstate Battery property. The remaining balance of cash was applied against the outstanding line of credit subsequent to quarter end.

Mortgages including both current and long-term portions and unamortized finance fees have a balance of $93,454,366 at June 30, 2026 (September 30, 2025 - $86,316,497). The balance outstanding increased as a result of two new mortgages completed in the nine months, one on a property acquired in the prior year in Sparwood B.C., and one on the Interstate Battery property acquired during Q3 2026. Additionally, the Company refinanced 3 mortgages that renewed during the nine-month period, resulting in a net increase in the balances outstanding of $6,730,000. Offsetting the increases were ongoing principal payments of $4,128,663 for the nine month period. The Company renewed 3 mortgages during Q3 2026, with a total of 9 mortgages renewed during the nine month period (excluding the three mortgages that matured and were refinanced). During the quarter, the Company also committed to a demand pre-development facility on the newly acquired land held for development with a balance of $1,750,000 that was fully funded subsequent to quarter end.

Security deposits increased at June 30, 2026 compared to September 30, 2025 as the result of four new tenant deposits. Two deposits were received from tenants who commenced new leases of previously vacant space, and two deposits were received as part of the acquisition of the two new investment properties during Q3 2026.

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 component of the deferred tax liability totalling $15,524,947 (September 30, 2025 – $14,966,816). The increase in deferred tax is due to the changes in the value of the investment properties, including the addition of the two new properties during the quarter.

Bank operating facilities at June 30, 2026 have a total balance of $24,855,980 (September 30, 2025 - $23,265,456) with two of the Company's major lenders. During the quarter, the limit of one of the lines of credit was increased from $15,500,000 to $18,000,000. There were no other changes to the terms of the lines of credit. The increase in the outstanding balances is due to the timing of the payment of property taxes, which are due at June 30, and the acquisition of two properties during Q3 2026.

The total **term loan** balance of $228,984 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 June 30, 2026 compared to September 30, 2025 is due primarily to a decrease of $748,543 in income taxes payable as the Company paid its outstanding taxes from fiscal 2025 and started making instalments towards its fiscal 2026 income taxes. Payables and accruals decreased due to a trade payable for a roof replacement that was outstanding at September 30, 2025 and paid subsequently.

Selected Cash Flow Information

(in thousands)	Three months ended June 30,			Nine months ended June 30,		
	2026	2025	Variance	2026	2025	Variance
Cash (used in) provided by operating activities	**$ (505)**	$ 330	$ (835)	**$ 5,472**	$ 6,613	$ (1,141)
Cash (used in) provided by investing activities	**(8,583)**	(1,226)	(7,357)	**(8,589)**	711	(9,300)
Cash provided by (used in) financing activities	**10,240**	795	9,445	**4,258**	(7,319)	11,577
Increase (decrease) in cash and cash equivalents	**1,152**	(101)	1,253	**1,141**	5	1,136
Cash and cash equivalents, beginning of period	**259**	412	(153)	**270**	306	(36)
Cash and cash equivalents, end of period	**$ 1,411**	$ 311	$ 1,100	**$ 1,411**	$ 311	$ 1,100

Cash (used in) provided by operating activities for the three months ended June 30, 2026 decreased compared to the same period in the prior year primarily due to the timing of cash flows from higher prepaid expenses and deposits. Prepaids and deposits have higher prepaid property taxes due to higher property tax costs and a deposit of $500,000 on the property purchase that was completed subsequent to quarter end.

Cash (used in) provided by investing activities for the three and nine months ended June 30, 2026 increased over the same period in the prior year due to the acquisition of two investment properties in the current period and higher additions to properties. Included in the additions to investment properties in the three and nine month periods are the costs related to roof replacements on two properties. The nine months ended June 30, 2025 included proceeds from the sale of an investment property.

Cash provided by (used in) financing activities increased for the three and nine months ended June 30, 2026 compared to the same period in the prior year due primarily to the additional cash from new mortgages and refinancing existing mortgages, offset by draws on the bank operating facilities for property tax payments and property acquisitions. For the three and nine months ended June 30, 2026, there were net increases in cash of $1,151,813 and $1,141,064 respectively.

Summary of Quarterly Results

(in thousands)	2026 Q3	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4
Revenue	4,868	4,840	4,788	5,165	4,940	4,906	4,908	5,056
Total Comprehensive (Loss) Income	2,443	1,446	729	(39)	1,831	1,946	1,128	889
EPS-Basic (in dollars)	0.26	0.15	0.08	-	0.19	0.21	0.12	0.09
EPS-Diluted (in dollars)	0.26	0.15	0.08	-	0.19	0.21	0.12	0.09

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 usually in Q3 and Q4 of each year. 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. In Q3 2026, the Company had larger valuation gains on properties than previous quarters.

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

(in thousands)	2026 Q3	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4
Valuation gains (losses) from investment properties, net	1,387	208	(641)	(873)	706	(741)	134	476

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 to bring the fair value to the sales price. The property was subsequently sold in Q4 2025. 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 Q3 2026, the fair value gain was a combination of increases in fair value on properties acquired during the quarter, and an increase in fair value on a property where a lease signed subsequent to quarter end indicated an increase in market rent.

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 nine months ended June 30, 2026, other than an increase of $2,500,000 in the availability of the outstanding bank operating facilities.

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

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

	June 30, 2026	September 30, 2025
Available bank credit facilities	$ 26,000,000	$ 23,500,000
Bank facilities outstanding	(24,855,980)	(23,265,456)
Available credit facilities	**$ 1,144,020**	**$ 234,544**

During the nine months ended June 30, 2026, the Company completed the refinancing of three mortgages and used the additional proceeds of $6,730,000 for acquisitions, and the payment of property taxes. During Q3 2026, the Company's available room under its bank operating facilities increased from $23,500,000 to $26,000,000 as the result of an increase in one of the lines of credit. There were no changes to the terms of the line of credit other than this increase.

The timing of the payment of property taxes impacts the credit facility balance at June, as property taxes are a significant cash outflow at the end of June, with repayment through recovery revenue occurring evenly through the year.

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. During Q3 2026, the Company entered into a mortgage of $3,500,000 on one of the newly acquired properties. Subsequent to quarter end, the Company received $1,750,000 from a non-revolving facility secured by the new land held for development that was acquired in Q3 2026.

At June 30, 2026 eighteen (September 30, 2025 – sixteen) mortgages are due in the next twelve months with combined principal balances of $78,471,629 (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 completed the renewal of one of the mortgages and started the process of refinancing another mortgage that was up for renewal. 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 continue to be assessing the potential refinancing of mortgages as they come due to generate additional funds for growth.

Investment properties unencumbered with debt are valued at $9,068,636 at June 30, 2026 (September 30, 2025 - $10,711,636). The balance decreased due to the placement of a mortgage on a previously unencumbered property.

The debt to total assets ratio of the Company was 47% at June 30, 2026 which is higher 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 completed the acquisition of an investment property on July 31, 2026. The investment property consisting of land and building that is currently occupied under lease located in Grande Prairie, Alberta. The gross purchase price was $10,950,000 and it was funded through a mortgage of $8,200,000 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 nine months ended June 30, 2026 of $385,684 and $1,078,195 (three and nine months ended June 30, 2025 - $393,542 and $1,143,234) respectively were paid to Sable Realty & Management Ltd. ("Sable"), a company controlled by Sine Chadi, a director and officer of the Company. Fees paid to Sable are pursuant to a contract with the Company to compensate Sable for the management and maintenance of the Company's properties for a fee of 4% of minimum rents collected by the Company. Maintenance is performed by Sable's trained personnel and includes the use of its trucks, tools, and equipment. Maintenance costs also include reimbursements for purchases of materials and supplies. The Company recovers most of the management and maintenance fees from tenants under their occupancy costs.

Acquisition, disposition and leasing fees in the aggregate amount of $34,000 and $299,068 for the three and nine months ended June 30, 2026 (three and nine months ended June 30, 2025 – $130,734 and $420,550) were paid to North American Realty Corp. ("NARC"), a company controlled by Sine Chadi.

Vehicle leasing fees of $2,250 and $6,750 for the three and nine months ended June 30, 2026 (three and nine months ended June 30, 2025 – $2,250 and $6,750) 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 $135,000 for the three and nine months ended June 30, 2026 (three and nine months ended June 30, 2025 – $45,000 and $135,000).

Rent collected from Sable for commercial leased space for the three and nine months ended June 30, 2026 was $24,900 and $74,700 (three and nine months ended June 30, 2025 – $24,412 and $73,237). Sable leases a 7,871 ft^2 building in Edmonton, Alberta from the Company.

Contracts with Sable and NARC have been in place since 1999 with no changes to the terms. They can be viewed on-line at <www.sedarplus.ca>. 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 nine months ended June 30, 2026 were $10,000 and $40,000 (three and nine months ended June 30, 2025 $7,500 and $35,000).

Compensation to Key Management Personnel

Compensation of key management personnel is as follows:

	Salaries and wages	Short-term benefits	Three months ended June 30,		Nine months ended June 30,	
			2026	2025	2026	2025
Sine Chadi, President & CEO	$ 75,000	$ 2,383	**$ 77,383**	$ 77,048	**$ 231,928**	$ 231,143
Meghan DeRoo McConnan, CFO	55,000	1,827	**56,827**	56,750	**170,326**	170,250
Total	$ 130,000	$ 4,210	**$ 134,210**	$ 133,798	**$ 402,254**	$ 401,393

Planned Expenditures

At the date of this MD&A, the Company has no planned expenditures.

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.

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 nine months ended June 30, 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 nine months ended June 30, 2026.

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 Q3 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.

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 nine months ended June 30, 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.

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 June 30, 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 August 18, 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 nine months ended June 30, 2026, the Company declared and paid dividends of $0.02 per share, totalling $189,025 and $567,075 respectively.

On July 2, 2026, the Company declared a quarterly dividend of $0.02 per share totalling $189,025 which was paid on August 7, 2026 to shareholders of record effective July 23, 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 measures 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 June 30,		Nine months ended June 30,	
	2026	2025	2026	2025
Property tax and insurance recoveries	**$ 871,646**	$ 854,339	**$ 2,608,809**	$ 2,632,936
Operating expense recoveries	**474,619**	412,778	**1,326,835**	1,238,629
Total recoveries	**$ 1,346,265**	$ 1,267,117	**$ 3,935,644**	$ 3,871,565
Total property operating expenses	**$ 1,673,297**	$ 1,680,583	**$ 4,795,460**	$ 4,796,691
% of property operating expense recoveries	**80%**	75%	**82%**	81%

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 June 30,		Nine months ended June 30,	
	2026	2025	2026	2025
Income from operations	$ 3,194,235	$ 3,259,592	$ 9,700,665	$ 9,957,712
Less: interest on financing*	1,152,726	1,296,905	3,570,276	3,845,642
Less: principal payments on mortgages	1,370,572	1,529,448	4,128,662	5,036,713
Funds available for property improvements and growth	$ 670,937	$ 433,239	$ 2,001,727	$ 1,075,357

*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:	June 30, 2026	September 30, 2025
Total Assets	$ 253,035,348	$ 240,554,628
Mortgages excluding transaction fees	93,530,714	86,378,871
Bank operating facilities	24,855,980	23,265,456
Debt	$ 118,386,694	$ 109,644,327
Ratio of debt to assets	47%	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 Q3

Financial Statements

For the three and nine months ended June 30, 2026

Universal Rail Building,
Edmonton AB

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		June 30, 2026 (Unaudited)		September 30, 2025 (Audited)
Assets					
Investment properties	3,14	$	**237,295,261**	$	227,029,386
Right-of-use assets	5		**444,988**		85,912
Mortgages and loans receivable	4		**258,760**		5,850,315
Total non-current assets			**237,999,009**		232,965,613
Current portion of mortgages and loans receivable	4		**10,922,215**		5,484,821
Receivables			**83,857**		764,839
Prepaid expenses and deposits			**2,619,083**		1,069,235
Cash			**1,411,184**		270,120
Total current assets			**15,036,339**		7,589,015
Total Assets		$	**253,035,348**	$	240,554,628
Liabilities					
Mortgages	6	$	**8,631,083**	$	19,984,779
Security deposits			**891,265**		820,876
Term loan			**169,127**		214,086
Lease liabilities	5,14		**276,269**		-
Deferred taxes	9		**16,338,799**		15,861,581
Total non-current liabilities			**26,306,543**		36,881,322
Income taxes payable			**217,221**		965,764
Current portion of lease liabilities	5,14		**172,636**		98,141
Current portion of mortgages	6		**84,823,283**		66,331,718
Current portion of term loan			**59,767**		57,709
Bank operating facilities	7		**24,855,980**		23,265,456
Payables and accruals			**1,026,963**		1,432,710
Total current liabilities			**111,155,850**		92,151,498
Total Liabilities			**137,462,393**		129,032,820
Equity					
Issued share capital			**5,947,346**		5,947,346
Contributed surplus			**501,200**		501,200
Retained earnings			**109,124,409**		105,073,262
Total Equity			**115,572,955**		111,521,808
Total Equity and Liabilities		$	**253,035,348**	$	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 STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	Notes	Three months ended June 30, 2026	Three months ended June 30, 2025	Nine months ended June 30, 2026	Nine months ended June 30, 2025
Rental revenue	10,14	**$ 4,867,532**	$ 4,940,175	**$ 14,496,125**	$ 14,754,403
Property operating expenses	14	**1,673,297**	1,680,583	**4,795,460**	4,796,691
Income from operations		**3,194,235**	3,259,592	**9,700,665**	9,957,712
Finance costs	11	**1,178,952**	1,315,333	**3,642,448**	3,906,411
Finance income		**(165,437)**	(145,062)	**(505,473)**	(348,043)
Administration expenses		**424,508**	359,680	**1,331,789**	1,282,569
Amortization of deferred leasing commissions		**108,244**	116,778	**305,780**	337,973
Amortization of right-of-use assets		**48,647**	44,457	**138,778**	133,369
Loss on the sale of investment property	14	**-**	-	**-**	141,202
Valuation gains from investment properties, net	3	**(1,386,512)**	(705,599)	**(953,519)**	(98,556)
Income before income tax		**2,985,833**	2,274,005	**5,740,862**	4,602,787
Income tax expense (recovery)	9	**542,593**	442,925	**1,122,640**	(301,891)
Net income and comprehensive income		**$ 2,443,240**	$ 1,831,080	**$ 4,618,222**	$ 4,904,678
Weighted average number of shares outstanding - basic & diluted		**9,451,242**	9,451,242	**9,451,242**	9,451,242
Earnings per share - basic and diluted		**$ 0.26**	$ 0.19	**$ 0.49**	$ 0.52

See accompanying notes to the interim condensed financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS 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	-	-	-	(567,075)	**(567,075)**
Net income and comprehensive income	-	-	-	4,618,222	**4,618,222**
Balance, June 30, 2026	9,451,242	$ 5,947,346	$ 501,200	$ 109,124,409	**$ 115,572,955**

See accompanying notes to the interim condensed financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Notes	Three months ended June 30, 2026	Three months ended June 30, 2025	Nine months ended June 30, 2026	Nine months ended June 30, 2025
Operating activities					
Net income		**$ 2,443,240**	$ 1,831,080	**$ 4,618,222**	$ 4,904,678
Finance costs		**1,178,952**	1,315,333	**3,642,448**	3,906,411
Finance income		**(165,437)**	(145,062)	**(505,473)**	(348,043)
Leasing commissions		**(2,542)**	(181,026)	**(660,918)**	(346,550)
Items not affecting cash:					
Amortization of right-of-use assets		**48,647**	44,457	**138,778**	133,369
Amortization of tenant inducements		**31,714**	31,714	**95,141**	95,141
Amortization of deferred leasing commissions		**108,244**	116,778	**305,780**	337,973
Loss on sale of investment properties		**-**	-	**-**	141,202
Valuation gains on investment properties, net		**(1,386,512)**	(705,599)	**(953,519)**	(98,556)
Straight-line rental revenue		**52,711**	63,697	**196,321**	170,635
Deferred income taxes	9	**72,408**	530,647	**477,218**	(719,843)
Net change in operating working capital	12	**(2,886,937)**	(2,571,965)	**(1,882,319)**	(1,562,901)
Cash (used in) provided by operating activities		**(505,512)**	330,054	**5,471,679**	6,613,516
Investing activities					
Proceeds on sale of investment properties		**-**	-	**-**	2,058,798
Additions to investment properties		**(8,799,007)**	(1,368,567)	**(9,248,680)**	(1,459,589)
Advances on loans and mortgages receivable		**-**	-	**-**	(272,757)
Principal received on mortgages and loans receivable		**63,624**	117,156	**201,228**	63,663
Interest received on mortgages and loans receivable		**152,352**	28,215	**458,406**	328,151
Change in payables and accruals for investing		**-**	(2,504)	**-**	(7,041)
Cash provided by (used in) investing activities		**(8,583,031)**	(1,225,700)	**(8,589,046)**	711,225
Financing activities					
Proceeds from new mortgages		**8,900,000**	-	**20,950,000**	-
Repayment of mortgages on maturity		**(3,065,692)**	**-**	**(9,669,494)**	-
Repayment of mortgages through principal instalments		**(1,370,572)**	(1,529,448)	**(4,128,662)**	(5,036,713)
Fees associated with new or renewed mortgages		**(10,873)**	-	**(75,403)**	(19,493)
Advances from term loan		**-**	-	**-**	310,013
Repayment of term loan		**(14,514)**	(13,821)	**(42,901)**	(24,227)
Finance costs paid		**(1,178,373)**	(1,304,412)	**(3,651,233)**	(3,776,014)
Principal repayments on lease liabilities		**(46,101)**	(49,857)	**(147,325)**	(149,183)
Dividends paid		**(189,025)**	(189,025)	**(567,075)**	(567,075)
Net advances from bank operating facilities		**7,215,506**	3,881,568	**1,590,524**	1,943,422
Cash provided by (used in) financing activities		**10,240,356**	795,005	**4,258,431**	(7,319,270)
Increase (decrease) in cash and cash equivalents		**1,151,813**	(100,641)	**1,141,064**	5,471
Cash and cash equivalents, beginning of period		**259,371**	412,129	**270,120**	306,017
Cash and cash equivalents, end of period		**$ 1,411,184**	$ 311,488	**$ 1,411,184**	$ 311,488

Supplemental cash flow information (Note 12)

See accompanying notes to the interim condensed 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 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 August 18, 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 nine months ended June 30, 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.

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
Additions:			
Property improvements and additions	5,727,525	3,444,860	9,172,385
Capitalized property taxes and other	-	76,295	76,295
Leasing commissions	660,918	-	660,918
Amortization of tenant inducements	(95,141)	-	(95,141)
Amortization of deferred leasing commissions	(305,780)	-	(305,780)
Change in straight-line rental revenue	(196,321)	-	(196,321)
Fair value gains, net	607,174	346,345	953,519
Balance, June 30, 2026	**$ 230,492,125**	**$ 6,803,136**	**$ 237,295,261**

Property acquisitions

Acquisition date	Property type	Region	Purchase price	Fair value at June 30, 2026
May 22, 2026	Land held for development	Edmonton	$ 3,400,000	$ 3,867,500
June 30, 2026	Income producing property	Edmonton	5,000,000	5,723,000
			$8,400,000	$ 9,590,500

Both properties have in-place leases and were valued using the Company's standard methodologies for land held for development, and income producing property as described in the September 30, 2025 annual financial statements.

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.

3. Investment properties (cont'd)

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

Valuation technique – Direct Comparison

At June 30, 2026

Land held for development - Weighted average price per acre		
Edmonton	Red Deer	Rural Alberta
$ 831,218	$ 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

Valuation technique – Income capitalization

At June 30, 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%	1.74%	1.14%	1.43%	1.47%
Structural reserve percentage	0.50%-2.00%	1.35%	0.58%	1.41%	1.86%
Net operating income		$ 504,811	$ 1,268,554	$ 372,545	$ 577,205
Capitalization rate	4.50%-8.00%	6.18%	6.50%	7.30%	6.08%
Fair value (total)		$ 119,153,125	$ 62,936,000	$ 20,456,000	$ 27,947,000

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 $244,873 (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.

3. Investment properties (cont'd)

Fair value sensitivity

The following table summarizes the fair value sensitivity at June 30, 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%	5.86%	$ 250,174,772	$ 19,682,647	$ (500,000)	$ 14,148,621	$ 222,625,209	$ (7,866,916)
-0.25%	6.11%	$ 239,930,710	$ 9,438,585	$ (250,000)	$ 14,398,621	$ 226,558,898	$ (3,933,227)
0.00%	6.36%	$ 230,492,125	$ -	$ -	$ 14,648,621	$ 230,492,125	$ -
0.25%	6.61%	$ 221,768,893	$ (8,723,232)	$ 250,000	$ 14,898,621	$ 234,426,275	$ 3,934,150
0.50%	6.86%	$ 213,681,467	$ (16,810,658)	$ 500,000	$ 15,148,621	$ 238,359,964	$ 7,867,839

4. Mortgages and loans receivable

	June 30, 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 $496, with a maturity date of May 1, 2028, at which time any outstanding balance is repayable in full.	**$ 38,454**	$ 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 payments commencing January 1, 2025 and a maturity date of December 31, 2034.	**244,873**	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)).	**1,315,809**	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)).	**5,600,671**	5,658,179
Mortgage receivable, bearing interest at 5.00% per annum, with monthly blended payments of principal and interest of $23,519, and a maturity date of September 1, 2026. Secured by a first mortgage charge against land and building.	**3,981,168**	4,046,043
	11,180,975	11,335,136
Less current portion	**(10,922,215)**	(5,484,821)
Long-term portion	**$ 258,760**	$ 5,850,315

4. Mortgages and loans receivable (cont'd)

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 mortgage is carried at fair value.

ii) During Q2 2026, the Company became aware that the mortgagor had defaulted on certain terms of the mortgage. The Company continues to monitor the mortgagor's process towards remedying the defaults. The mortgagor continues to make regular payments on the mortgage. 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 as at June 30, 2026.

5. Leases

The Company as a lessee

The Company's lease liabilities 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:

			June 30, 2026	September 30, 2025
	Office	Vehicles	**Total**	Total
Balance, beginning of year	$ 62,518	$ 23,394	**$ 85,912**	$ 263,737
Additions	484,738	17,025	**501,763**	-
Disposals	-	(3,909)	**(3,909)**	-
Amortization	(117,916)	(20,862)	**(138,778)**	(177,825)
Balance, end of year	$ 429,340	$ 15,648	**$ 444,988**	$ 85,912

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

	June 30, 2026	September 30, 2025
Balance, beginning of year	**$ 98,141**	$ 297,315
Additions of assets under lease	**501,763**	-
Termination of lease	**(3,674)**	-
Lease payments	**(157,834)**	(210,446)
Accretion of interest	**10,509**	11,272
Total	**448,905**	98,141
Less: Current portion	**(172,636)**	(98,141)
Long-term portion	**$ 276,269**	$ -

During the nine months ended June 30, 2026, the Company renewed its lease for office space with a term ending January 31, 2029. The right-of-use asset and lease liability was calculated as the present value of future lease payments discounted at the Company's incremental borrowing rate of 5.40%.

5. Leases (cont'd)

The Company disposed of one of its vehicle leases and entered into a new vehicle lease during the nine months ended June 30, 2026. The new vehicle right-of-use asset and corresponding lease liability were recognized based on 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 was included in interest expense.

The remaining lease term for the office asset is 31 months (September 30, 2025 – 5 months) and includes an option to extend the lease. There are no variable lease payments linked to an index and no termination options or options to purchase.

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:

June 30, 2026	**Within 1 year**	**1-2 years**	**2-3 years**	**Total**
Lease payments	$ 192,574	$ 183,750	$ 105,000	$ 481,324
Finance charges	(19,938)	(10,616)	(1,865)	(32,419)
Net present values	**$ 172,636**	**$ 173,134**	**$ 103,135**	**$ 448,905**
September 30, 2025				
Lease payments	$ 99,908	$ -	$ -	$ 99,908
Finance charges	(1,767)	-	-	(1,767)
Net present values	**$ 98,141**	**$ -**	**$ -**	**$ 98,141**

6. Mortgages

	Maturity Date	Monthly blended principal and interest payments	Rate	June 30, 2026	September 30, 2025
(iii)	July 1, 2026	$ 76,219	2.710%	$ 8,067,786	$ 8,584,873
(iv)	July 1, 2026	39,884	2.710%	4,221,724	4,492,306
	August 1, 2026	21,295	4.188%	2,733,311	2,838,030
	September 1, 2026	100,705	4.950%	16,751,065	17,035,993
	October 1, 2026	65,250	2.940%	6,976,386	7,405,500
	November 1, 2026	39,621	4.663%	5,889,958	6,039,642
	December 1, 2026	31,349	4.669%	2,108,475	2,313,521
	December 1, 2026	28,482	4.669%	1,915,667	2,101,962
(i)	December 1, 2026 (2025 - December 1, 2025)	39,063 (2025 - 43,161)	4.037% (2025 - 6.760%)	3,032,608	3,279,488
(i)	January 1, 2027 (2025 - January 1, 2026)	17,783 (2025 - 18,660)	3.910% (2025 - 5.930%)	894,762	1,023,558
(ii)	February 1, 2027 (2025 - October 1, 2025)	38,706 (2025 - 53,312)	3.830% (2025 - 7.020%)	6,427,158	3,952,361
(ii)	February 1, 2027 (2025 - November 1, 2025)	26,912 (2025 - 35,967)	3.880% (2025 - 6.640%)	4,449,845	2,724,272
(i)	February 1, 2027 (2025 - January 1, 2026)	22,589 (2025 - 23,512)	4.220% (2025 - 5.930%)	1,128,788	1,289,683
(i)	February 1, 2027 (2025 - February 1, 2026)	38,214 (2025 - 27,167)	4.230% (2025 - 4.300%)	3,327,403	3,506,915
(i)	February 1, 2027 (2025 - February 1, 2026)	25,561 (2025 - 26,677)	4.230% (2025 - 4.300%)	3,311,406	3,443,592
(i)	February 1, 2027 (2025 - February 1, 2026)	16,717 (2025 - 16,761)	4.220% (2025 - 4.300%)	1,165,284	1,277,026
(i)	June 1, 2027 (2025 – April 1, 2026)	26,151 (2025 - 26,460)	4.010% (2025 - 4.270%)	2,550,485	2,704,835
(i)	June 1, 2027 (2025 – April 1, 2026)	27,476 (2025 - 28,047)	4.010% (2025 - 4.270%)	3,519,518	3,657,669
(ii)	July 1, 2027 (2025 – April 1, 2026)	28,230 (2026 - 33,136)	3.940% (2025 - 6.010%)	5,400,000	3,119,077
	July 1, 2027	18,316	3.950%	3,500,000	-
	January 1, 2028	6,466	4.222%	1,037,614	-
(i)	April 1, 2028 (2025 – April 1, 2026)	24,740 (2025 – 23,715)	4.139% (2025 – 2.680%)	1,537,778	1,716,831
	June 11, 2029	42,759	3.480%	3,583,693	3,871,737
	Total mortgages			$ 93,530,714	$ 86,378,871
	Less: current portion of principal payments			(84,823,283)	(66,331,718)
	Less: Balance of unamortized finance fees			(76,348)	(62,374)
				$ 8,631,083	$ 19,984,779
	Weighted average rate			4.00%	4.44%

6. Mortgages (cont'd)

Footnotes:

(i) Mortgages renewed during the nine months ended June 30, 2026.
(ii) The Company refinanced these mortgages over the nine months ended June 30, 2026. The mortgage balances increased by a total of $6,730,000 and the additional funds were used to reduce the outstanding bank operating facilities and for the acquisition of investment properties.
(iii) Mortgages renewed subsequent to June 30, 2026.
(iv) Subsequent to period end, the Company entered into an agreement to refinance this mortgage to a balance of $7,500,000 with proceeds expected to be received in Q4 2026 and applied against the outstanding lines of credit.

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

During the quarter, the Company entered into a pre-development loan agreement for $1,750,000 to fund the acquisition of land. The loan is a non-revolving demand facility, secured by 4.55 Acres of land held for development that is currently leased, bearing interest at prime plus 1%, and is due on demand. The loan was funded subsequent to quarter end.

7. Bank operating facilities

		June 30, 2026		September 30, 2025
LOC with a limit of $18,000,000	**$**	**17,470,228**	$	15,376,917
LOC with a limit of $8,000,000		**7,385,752**		7,888,539
Bank operating facilities	**$**	**24,855,980**	$	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 except as noted below.

The Company's LOC with a limit of $18,000,000 was increased from $15,500,000 to $18,000,000 during the quarter ended June 30, 2026 as a part of the annual renewal process. There were no changes to the specific covenants related to this credit facility, or to the investment properties that secure the facility. At June 30, 2026 the Company remained in compliance with the LTV and DSCR requirements of this facility.

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 nine months ended June 30, 2026, the Company paid dividends of $0.02 per share for a total of $189,025 and $567,075 respectively (three and nine months ended June 30, 2025 - $0.02 per share for a total of $189,025 and $567,075 respectively).

Stock options

	Number	Weighted average exercise price
Outstanding at September 30, 2025 and June 30, 2026	**400,000**	**$ 3.93**
Exercisable at September 30, 2025 and June 30, 2026	**400,000**	**$ 3.93**

8. Equity (cont'd)

The weighted average contractual life for the share options outstanding at June 30, 2026 is 3.64 years (September 30, 2025 - 4.41 years).

Earnings per share

The impact of the 400,000 stock options that are exercisable at June 30, 2026 and 200,000 stock options that were exercisable at June 30, 2025 is 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 June 30,		Nine months ended June 30,	
	2026	2025	**2026**	2025
Current tax expense	**$ 470,185**	$ (84,837)	**$ 645,422**	$ 450,956
Prior period adjustments	**-**	(2,885)	**-**	(33,004)
Deferred tax (recovery) expense	**72,408**	530,647	**477,218**	(719,843)
	$ 542,593	$ 442,925	**$ 1,122,640**	$ (301,891)

b) Deferred taxes

	June 30, 2026	September 30, 2025
Deferred tax assets are attributable to the following:		
Lease liabilities	**$ 155,894**	$ 85,085
Finance fees	**15,539**	7,244
Capital losses	**-**	51,628
Total deferred tax assets	**171,433**	143,957
Offset of deferred tax liabilities	**(171,433)**	(143,957)
Net deferred tax assets	**$ -**	$ -
Deferred tax liabilities are attributable to the following:		
Straight-line rent receivable	**$ 311,037**	$ 356,191
Investment properties	**15,524,947**	14,966,816
Mortgages and loans receivable	**37,842**	30,324
Deferred leasing commissions	**474,035**	392,353
Right-of-use-assets	**102,347**	19,760
Capital gains reserve	**60,024**	240,094
Total deferred tax liabilities	**16,510,232**	16,005,538
Offset of deferred tax assets	**(171,433)**	(143,957)
Net deferred tax liabilities	**$ 16,338,799**	$ 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 June 30,		Nine months ended June 30,	
	2026	2025	**2026**	2025
Rental revenue, contractual amount	**$ 3,605,692**	$ 3,610,500	**$ 10,851,943**	$ 10,990,644
Property tax and insurance recoveries	**871,646**	854,339	**2,608,809**	2,632,936
Amortization of tenant inducements	**(31,714)**	(31,714)	**(95,141)**	(95,141)
Straight-line rental revenue	**(52,711)**	(63,698)	**(196,321)**	(170,635)
Other	**-**	157,970	**-**	157,970
Total lease income	**4,392,913**	4,527,397	**13,169,290**	13,515,774
Operating expense recoveries	**474,619**	412,778	**1,326,835**	1,238,629
Total rental revenue	**$ 4,867,532**	$ 4,940,175	**$ 14,496,125**	$ 14,754,403

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

	June 30, 2026	June 30, 2025
One year	**$ 15,110,289**	$ 13,867,855
One to two years	**13,735,410**	12,694,058
Two to three years	**11,329,411**	10,911,718
Three to four years	**9,490,892**	8,519,805
Four to five years	**8,028,393**	6,965,977
Thereafter	**27,371,744**	27,132,969
	$ 85,066,139	$ 80,092,382

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 June 30,		Nine months ended June 30,	
	2026	2025	**2026**	2025
Interest on mortgages	**$ 885,433**	$ 976,482	**$ 2,722,257**	$ 2,952,869
Interest on bank operating facilities	**267,293**	295,423	**848,019**	862,773
Interest on lease obligations	**6,511**	2,754	**10,744**	8,651
Amortization of deferred financing fees	**19,715**	15,674	**61,428**	52,118
Finance fees	**-**	25,000	**-**	30,000
Total	**$ 1,178,952**	$ 1,315,333	**$ 3,642,448**	$ 3,906,411

12. Supplemental cash flow information

	Three months ended June 30,		Nine months ended June 30,	
	2026	2025	**2026**	2025
Change in operating working capital:				
Receivables	**$ (51,426)**	$ (80,468)	**$ 680,982**	$ 273,019
Prepaid expenses and deposits	**(2,533,970)**	(1,708,893)	**(1,549,848)**	(805,926)
Security deposits	**14,021**	-	**70,389**	-
Payables and accruals	**(585,089)**	(694,882)	**(335,299)**	(133,805)
Income taxes payable	**269,527**	(87,722)	**(748,543)**	(896,189)
Net change in operating working capital	**$ (2,886,937)**	$ (2,571,965)	**$ (1,882,319)**	$ (1,562,901)
Interest paid	**$ 1,178,373**	$ 1,304,412	**$ 3,651,233**	$ 3,776,014
Income taxes paid	**$ 200,658**	$ -	**$ 1,393,965**	$ 1,314,235

Non-cash transactions:

	Three months ended June 30,		Nine months ended June 30,	
	2026	2025	**2026**	2025
Non-cash transactions:				
Acquisition of lease asset	**$ -**	$ -	**$ 501,763**	$ -
Disposition of a lease asset	**$ -**	$ -	**$ (3,909)**	$ -

13. Fair value of financial instruments

The carrying value of financial instruments at June 30, 2026 is as follows:

	June 30, 2026	September 30, 2025
Financial assets		
Cash and cash equivalents	**$ 1,411,184**	$ 270,120
Receivables	**83,857**	764,839
Mortgages and loans receivable	**11,180,975**	11,335,136
	12,676,016	12,370,095
Financial liabilities		
Bank operating facilities	**$ 24,855,980**	$ 23,265,456
Payables and accruals	**1,026,963**	1,432,710
Lease liabilities	**448,905**	98,141
Security deposits	**891,265**	820,876
Term loan	**228,894**	271,795
Mortgages	**93,454,366**	86,316,497
	$ 120,906,373	$ 112,205,475

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

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 measured at fair value as they are prepayable without penalty. The fair value of the mortgages at June 30, 2026 totals $5,296,977 (September 30, 2025 - $5,376,435). The remaining mortgage and loan receivables are recorded at amortized cost with a total carrying value of $5,883,998 (September 30, 2025 - $5,885,152). The estimated fair value of the mortgage and loan receivables carried at amortized cost at June 30, 2026 is $6,026,000 (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 June 30, 2026 is based on a discount rate of 4.02% (September 30, 2025 – 4.26%).

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 June 30, 2026 is $92,472,000 (September 30, 2025 - $86,391,000). The estimated fair value of the term loan at June 30, 2026 is $225,000 (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:

a) *Management agreements*

	Financial statement category	Three months ended June 30, 2026	Three months ended June 30, 2025	Nine months ended June 30, 2026	Nine months ended June 30, 2025
Property management and maintenance fees paid to Sable	Property operating expenses (Statement of income)	**$ 385,684**	$ 393,542	**$ 1,078,195**	$ 1,143,234
Acquisition fees paid to NARC	Investment properties (Statement of financial position)	**34,000**	8,000	**34,000**	8,000
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)	**-**	122,734	**265,068**	346,550
Vehicle lease payments paid to NAML	Lease liabilities (Statement of financial position)	**2,250**	2,250	**6,750**	6,750
		$ 421,934	$ 526,526	**$ 1,384,013**	$ 1,570,534

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

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:

	Financial statement category	Three months ended June 30, 2026	Three months ended June 30, 2025	Nine months ended June 30, 2026	Nine months ended June 30, 2025
Leased office space and parking	Lease liabilities (Statement of financial position)	**$ 45,000**	$ 45,000	**$ 135,000**	$ 135,000
Rent at Sable Centre	Rental revenue (Statement of income)	**(24,900)**	(24,412)	**(74,700)**	(73,237)
Net payments for the period		**$ 20,100**	$ 20,588	**$ 60,300**	$ 61,763

14. Related party transactions (cont'd)

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 nine months ended June 30, 2026 were $10,000 and $40,000 (June 30, 2025 – $7,500 and $35,000).

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

	Three months ended June 30,		Nine months ended June 30,	
	2026	2025	**2026**	2025
Salaries and wages	**$ 130,000**	$ 130,000	**$ 390,000**	$ 390,000
Short-term employee benefits	**4,210**	3,798	**12,254**	11,393
Total	**$ 134,210**	$ 133,798	**$ 402,254**	$ 401,393

15. Post-reporting date events

On July 2, 2026, the Company declared a quarterly dividend of $0.02 per share totalling $189,025 which was paid on August 7, 2026 to shareholders of record effective July 23, 2026.

On July 31, 2026, the Company completed the purchase of investment property consisting of land and building located in Grande Prairie, Alberta. The gross purchase price was $10,950,000 which was paid using cash and an $8,200,000 mortgage. Included in prepaid expenses and deposits at June 30, 2026 is an initial deposit of $500,000 related to this acquisition.

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