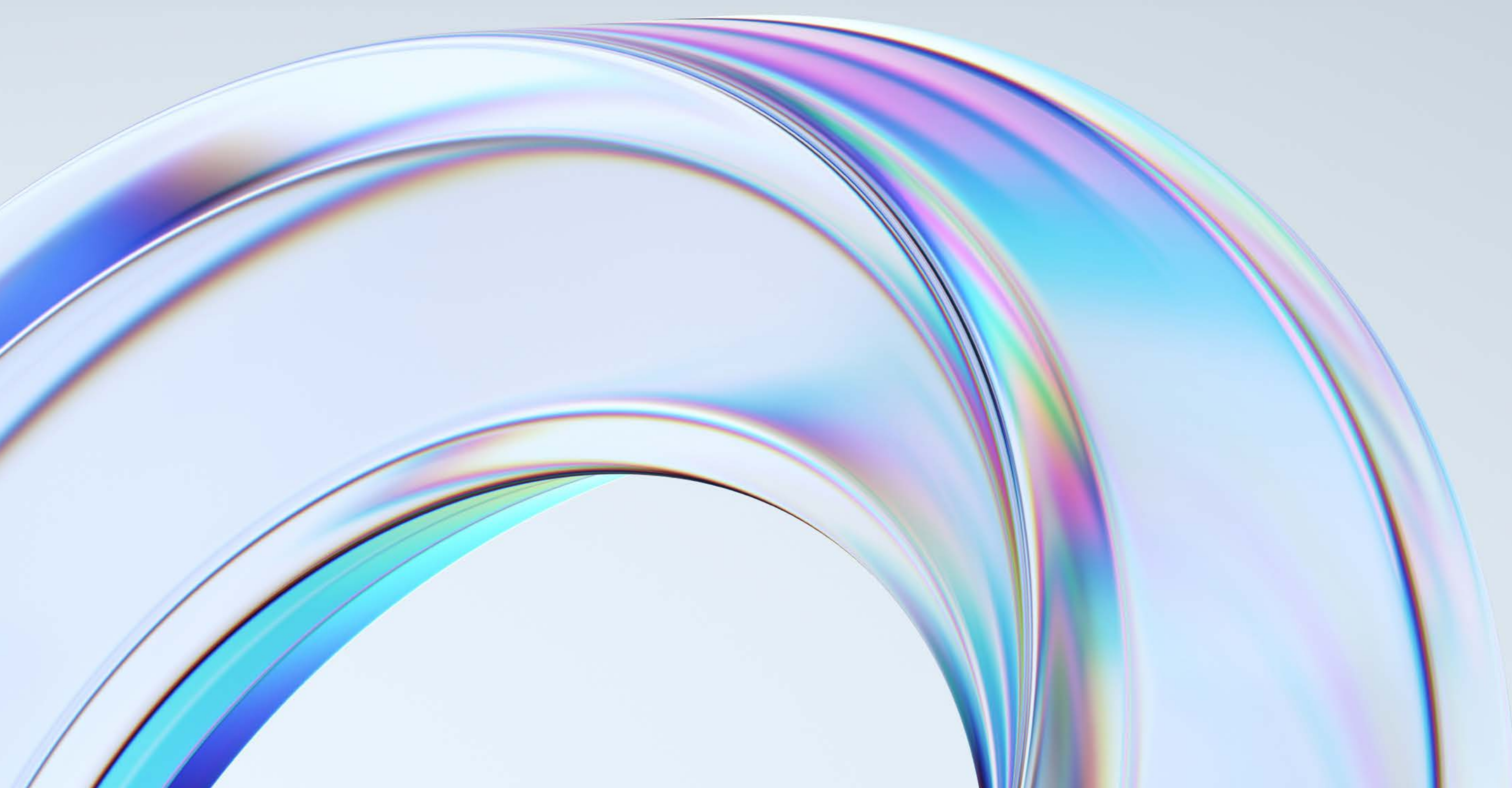
IMPERIAL EQUITIES INC.

Environmental, Social and Governance Report

FOR THE YEAR ENDED SEPTEMBER 30, 2025



contents

Environmental, Social and Governance Report

For the Year ended September 30, 2025

About this Report

This Environmental, Social and Governance ("ESG") report (the "Report", or "ESG Report") outlines Imperial Equities Inc.'s key priorities, initiatives, achievements and plans. It highlights our ongoing commitment to sustainability and addresses the related challenges that face the business for the year ended September 30, 2025.

ESG Metrics reflect the available data on our 33 properties that were owned as of September 30, 2025. This Report has been prepared with reference to the Canadian Sustainability Disclosure Standards ("CSDS"), and Sustainability Accounting Standards Boards ("SASB") Real Estate Standard and Global Reporting Initiative ("GRI").

This Report has been approved by management and the Board of Directors of the Company. All amounts are in Canadian dollars unless otherwise noted.

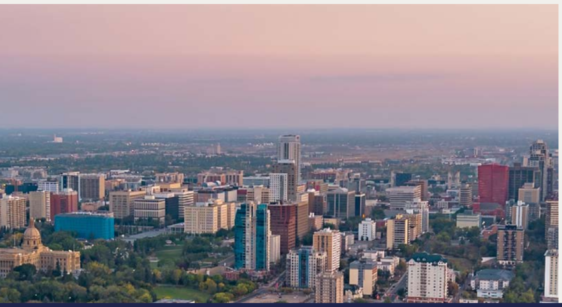
We intend to report directly on our own activities, along with those of our tenants and key suppliers to the extent that their activities are conducted on property owned by us and are thereby covered as part of our Scope 2 and Scope 3 emissions.

Environmental data, including greenhouse gas ("GHG") emissions, energy use intensity, and water consumption are primarily derived from our utility service provider reports. Previously reported figures may be restated due to improved data availability, quality enhancements or changes in the property portfolio from acquisitions and dispositions.

About Imperial Equities Inc.

Imperial Equities Inc. (the "Company") is focused on the acquisition, development and redevelopment of industrial real estate. We specialize in industrial class properties with a focus on Western Canada. As of September 30, 2025 we own and manage 33 properties totaling approximately 1,015,000 square feet of Gross Leasable Area ("GLA") in Alberta and British Columbia.

For more information about the Company, please refer to its 2025 Annual Reports and Annual Management Information Circulars which are available on SEDAR + at www.sedarplus.ca.



Wajax Campus, *Fort McMurray AB*

Sustainability Framework

We have identified the following initial key areas within our ESG Framework. As we progress in our work on the framework and our materiality assessment, we anticipate that these areas of focus may be further refined.

Environmental	Social	Governance
• Decarbonization • Resource management • Climate resilience	• People and culture • Volunteering and giving • Tenant engagement	• Corporate governance • Risk management • Compliance & reporting

Environmental

Decarbonization

The building and construction sector is responsible for a significant share of greenhouse gas emissions, accounting for 34% of global energy related emissions[1]. We believe that focusing on reducing greenhouse gas emissions through improving building efficiency provides benefits to tenants and protects our ability to attract and maintain our tenant base, through lower utilities costs and higher quality industrial buildings. Additionally, we have identified the risk of future emissions reduction regulations, and carbon pricing mechanisms as having potential negative impacts on our net operating income and cash flows.

Resource Management

Buildings are resource intensive to operate, specifically for energy consumption, and water consumption. The use of resources has a direct impact on operating costs for tenants, and on costs for us when we have vacant buildings. As a result, we believe working with tenants to reduce use and waste of these resources will be necessary to manage costs, encourage tenant retention, and reduce potential regulatory cost burden.

Climate Resilience

The physical impacts of climate change through severe weather would impact us through the increased risk of damage to buildings, which could result in higher operating costs, increased insurance costs, or reductions in insurability. We will explore opportunities as they arise to retrofit buildings to manage the risks of climate change, as well as continuing to work with external consultants for insurance to maintain our existing comprehensive insurance coverage.

We have designated the year ended September 30, 2025 as our baseline year for data collection related to our proposed ESG metrics. The verifiable baseline data is currently derived from 6 properties where we pay utilities directly and are therefore able to obtain the utility usage information directly. We intend to progressively expand the data footprint by obtaining information from tenants in accordance with terms within our leases regarding the sharing of utility data.

1 United Nations Environment Programme (UNEP): Building fast. Falling short.

We will use the following metrics to assess progress towards our environmental goals.

Key Performance Metric	Measuring Unit	Year ended September 30, 2025 Baseline Status	Target Horizon (to be determined)	Primary Financial & Strategic Driver
1. Greenhouse Gas Intensity	tCO_2 / ft2 / year	Establishing Baseline (6/33 properties)	**10% Reduction** from baseline	Mitigation of Federal Carbon Pricing Escalation; Increased tenant retention through lower operating costs
2. Energy Use Intensity (EUI)	GJ / ft2 / year	Establishing Baseline (6/33 properties)	**10% Reduction** from baseline	Directly Lowers Tenant Triple-Net (NNN) Operating Costs to support strong tenant retention
3. Water Consumption Intensity	m3 / ft2 / year	Establishing Baseline (6/33 properties)	**10% Reduction** from baseline	Minimizes Municipal Utility Overhead; Promotes Resource Stewardship

See Appendix A for our definition of these key metrics.

To achieve these goals without diluting shareholder value, we will utilize an integrated capital strategy combining operational cash flow, green financial instruments, and provincial incentive frameworks:

Sustainability-Linked Credit Allocations:

Working closely with current financial partners to access preferential-rate capital allocations by linking borrowing structures to verified drops in building EUI.

Provincial & Municipal Grant Optimization:

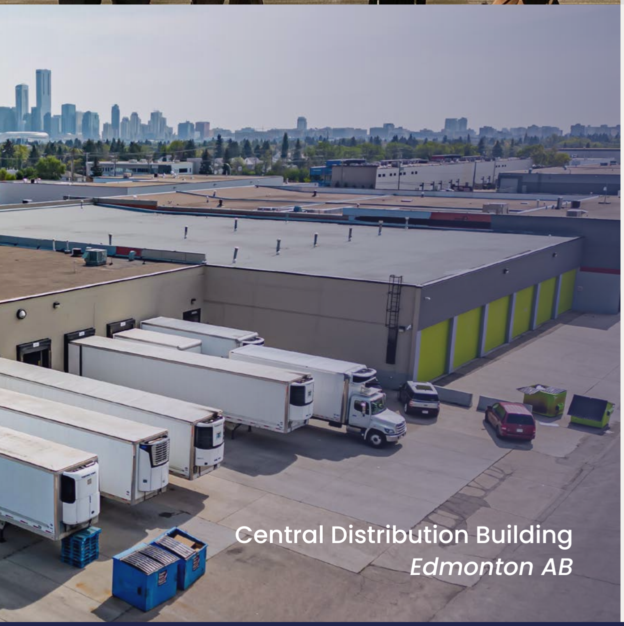
Actively leveraging localized funding mechanisms—including **Emissions Reduction Alberta (ERA), ATCO,** and **Enbridge** commercial incentive tracks—to subsidize up to 30%–50% of qualifying energy audit fees, LED modifications, and high-efficiency HVAC replacements.

Asset Value Uplift Projections:

External commercial real estate data indicates that low-carbon, highly efficient industrial facilities command rental premiums and benefit from compressed capitalization rates when valued by institutional markets. This strategy directly supports capital appreciation across our 33 holdings.

During the year, we were focused on the development of the above metrics, and the calculation of baseline data to be used in future years. We continued to incorporate improvements to our buildings intended to assist with the reduction of greenhouse gas emissions, and improve resource management as opportunities arose, including replacement of older HVAC units with newer, more efficient units on specific buildings, and ongoing transitions to LED lighting.

Russell Hendrix Building
Edmonton AB


Central Distribution Building
Edmonton AB

Social

People & Culture

Currently, we directly employ 7 people. A partner organization employs 9 people whose activities primarily involve work for us. The organization also outsources specialized work to third-party contractors. In addition, we hire a number of consultants and experts whose work helps to support our overall strategic direction, and our measurement and accountability activities. We offer competitive salaries, and a robust employee benefits plan for health and dental.

We also continue to support diversity and inclusion in our workforce. Three of 16 total employees are women, and all are full-time equivalents. Among our senior leadership, one of the three key executives is a woman, namely the Chief Financial Officer. In addition, two of five Board members are women.

Volunteering & Giving

We have a long history of supporting community organizations and initiatives. Over the last 20 years, we have made donations totaling over $1.3 million to charitable organizations, including more than $70,000 in donations in fiscal 2025. Additionally, we allocate a portion of our business development funds to sponsorships, including local sports teams, and charitable events. The President & CEO and the CFO are actively involved in various volunteer activities in the community, and in fiscal 2025, the President & CEO received the Alberta Order of Excellence in recognition of his many contributions to Alberta.

Tenant Engagement

We focus on building long-term relationships with our tenants, through responsible property management, and flexible and creative responses to tenant needs. As at September 30, 2025, we were 97.8% occupied, and during the year renewed or extended 5 leases. During the year, we worked with a number of tenants on building enhancements that were incorporated as part of lease renewals or extensions. This practice helps tenants manage operating cash flows by having the landlord bear the up-front cost and recouping those costs over the life of the lease. We believe the benefits of this practice include stability from longer lease terms, and increased loyalty of existing tenants.

Governance

Corporate Governance

Our ESG matters are managed by the following:

Board, Committee or Team	Responsibilities
Board of Directors	Oversee ESG matters, including ESG Strategy and risks.
President and CEO	Develop the ESG strategy, and oversee ESG activities.
Director of Financial Planning, Reporting and Analysis and Chief Financial Officer	Implement the sustainability framework Manage corporate and asset-level sustainability initiatives Develop and implement ESG metrics, and support strategy development.

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

ESG issues will be reviewed annually by the Board of Directors, but the tasks of implementing our ESG program will be delegated to management, who will link with key stakeholders, including tenants and suppliers, for the purposes of gathering information on Scope 2 and Scope 3 emissions and will communicate how we are handling ESG matters. The Board of Directors will review our sustainability reporting. At this point, ESG issues will be discussed by the entire Board of Directors during regular meetings. The Board will evaluate whether it needs to consider an ESG-designated committee later.

Risk Management

Risk management involves the identification of risks and assessing their potential impact on us, as well as developing strategies to transfer, mitigate or manage the risks accordingly. We currently have an informal approach to operational risks, which are discussed internally when new projects occur, properties are acquired or there are changes to business operations.

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

We commission environmental site assessments to determine the presence or extent of environmental issues on any property we consider adding to our portfolio. Similarly, reports are also commissioned periodically if properties are refinanced, renovated or considered for disposition. These reports create a benchmark for assessing issues which require mitigation and for documenting resolution.

We and our tenants maintain insurance policies sufficient to offset any negative impacts of issues over which neither we nor our tenants have direct control. These include extreme weather events, such as the 2020 floods in Fort McMurray which impacted one of our properties, and failure of municipal infrastructure that causes damage or business interruption to our or our tenants' assets.

We also work closely with tenants on matters of health and safety to ensure that day-to-day management of properties is conducted in a manner that ensures worker safety is paramount and that incidents are limited or prevented altogether. Tenant-specific policies and protocols are adhered to by us when we or our partner organization are onsite.

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

Compliance and Reporting

The responsibility for compliance with evolving sustainability-related disclosure requirements, investor expectations and emerging standards lies primarily with our management. Our Director of Financial Planning, Reporting and Analysis will be the individual primarily responsible for developing the internal processes to effectively report on ESG matters, with assistance from the CEO and CFO. Our sustainability reporting is currently informed by various components of established frameworks including the Global Reporting Initiative ("GRI"), and Canadian Sustainability Disclosure Standards, with reference to the International Sustainability Standards Board.

Moving forward, we will provide a dedicated ESG performance update alongside our annual audited financial disclosures. Managed by the Director of Financial Planning, Reporting and Analysis, this reporting will track our progress from the fiscal year 2025 baselines, offering clear data as we expand utility tracking across all 33 properties. This ongoing disclosure ensures complete accountability to our shareholders, tenants, and lenders as we future proof our portfolio.

Appendix A: Key Metric Definitions

Metric 1: Greenhouse Gas (GHG) Intensity *(decarbonization)*

- **Definition:** The total volume of carbon dioxide equivalent emissions (Total CO_2) emitted per square foot of leasable asset area per year (tCO_2/ft2/year).
- **Calculation Methodology:** Annual consumption data of on-site natural gas combustion and purchased electricity multiplied by localized provincial emission factors (Alberta and British Columbia utility coefficients), divided by total building GLA.
- **Financial Relevance:** This metric directly measures our exposure to Western Canada's carbon compliance costs. Lowering portfolio GHG intensity protects net operating income (NOI) and insulates operations from policy changes.

Metric 2: Energy Use Intensity (EUI) *(resource management)*

- **Definition:** The normalized total energy consumed (combining natural gas in gigajoules and electricity converted to gigajoules) per square foot of building space annually (GJ/ft2/year).
- **Calculation Methodology:** Aggregate annual utility meter inputs normalized against seasonal climate deviations (Heating Degree Days in Alberta/BC) to assess true physical asset efficiency.
- **Financial Relevance:** In industrial real estate, EUI directly impacts tenant retention. Lowering asset EUI directly reduces energy expenses, helping keep our properties highly cost-competitive for tenants.

Metric 3: Water Consumption Intensity *(resource management)*

- **Definition:** The normalized volume of water consumed across our real estate holdings, measured in cubic meters per square foot of gross leasable area per year (m3/ft2/year).
- **Calculation Methodology:** Aggregate annual municipal water meter data across all landlord-controlled and charge-back utility accounts, divided by total applicable property GLA.
- **Financial Relevance:** While separate from carbon intensity calculations, tracking and lowering water consumption intensity reduces overall triple-net operational burdens for occupiers. It builds localized climate resilience, protects property infrastructure from unaddressed leaks, and aligns Imperial Equities with comprehensive resource conservation standards demanded by institutional investors.

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